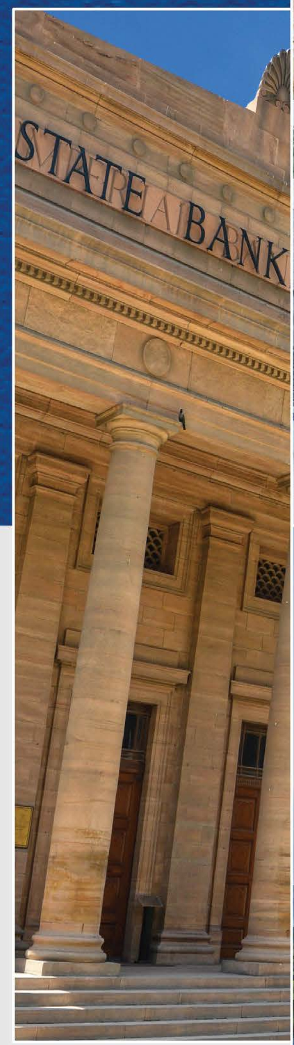
Annual
Financial Statements
2025-26



State Bank of Pakistan

ANNUAL
FINANCIAL STATEMENTS
2025-26

STATE BANK OF PAKISTAN

State Bank of Pakistan
بینک دولت پاکستان

Jameel Ahmad
Governor

جمیل احمد
گورنر

LETTER OF TRANSMITTAL

August 27, 2026

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, 2026 for submission to the Majlis-e-Shoora (Parliament).

With warm regards,

Yours sincerely,

Syed Yousuf Raza Gilani
Chairman
Senate
Islamabad

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State Bank of Pakistan, I.I. Chundrigar Road, Karachi.

State Bank of Pakistan
بینک دولت پاکستان

Jameel Ahmad
Governor

جمیل احمد
گورنر

LETTER OF TRANSMITTAL

August 27, 2026

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, 2026 for submission to the Majlis-e-Shoora (Parliament).

With warm regards,

Yours sincerely,

Sardar Ayaz Sadiq
Speaker
National Assembly
Islamabad

+92-21-99212447-48 +92-21-99212446 governor.office@sbp.org.pk www.sbp.org.pk StateBank_Pak State Bank of Pakistan
State Bank of Pakistan, I.I. Chundrigar Road, Karachi.

State Bank of Pakistan
بینک دولت پاکستان

Jameel Ahmad
Governor

جمیل احمد
گورنر

LETTER OF TRANSMITTAL

August 27, 2026

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, 2026.

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

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

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

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, 2026, 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, 2026, 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	**Foreign currency accounts and investments** (Refer note 8 of the annexed unconsolidated financial statements)	
	The Bank maintained certain foreign currency accounts and investments which aggregated to Rs 5,361,076 million as at June 30, 2026. 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.	Our audit procedures, among others, included the following: ▪ We obtained understanding of the processes, evaluated the design and tested operating effectiveness of key controls throughout the year over recognition, derecognition and valuation of investments and related revenue; ▪ We sent direct confirmations to counterparties to confirm the balances of foreign currency accounts and investments; ▪ We obtained bank reconciliation statements for nostro balances and tested reconciling items on a sample basis;

Key Audit Matter	How the matter was addressed in our audit
	▪ We compared the prices to independent sources on a sample basis where quoted market prices were used; and ▪ 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.

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.

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

-sd-
KPMG Taseer Hadi & Co.
Chartered Accountants
Dated: August 27, 2026
Karachi
UDIN: AR202610106Ta7vEkAC9

-sd-
BDO Ebrahim & Co.
Chartered Accountants
Dated: August 27, 2026
Karachi
UDIN:AR2026100672Wlq1UwTk

STATE BANK OF PAKISTAN
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
ASSETS			
Gold reserves held by the Bank	6	**2,334,001,810**	1,942,111,796
Local currency - coins	7	**316,996**	365,337
Foreign currency accounts and investments	8	**5,361,076,214**	4,451,861,826
Earmarked foreign currency balances	9	**21,055,256**	21,490,540
Special drawing rights of the International Monetary Fund	10	**82,864,227**	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	11	**44,918**	46,407
Current account with National Institute of Banking and Finance Pakistan - a subsidiary		**287,976**	31,674
Securities purchased under agreement to resell	12	**15,600,925,584**	12,542,992,513
Investments - local	13	**3,561,507,139**	5,323,529,219
Loans, advances and bills of exchange	14	**1,576,776,318**	1,912,227,436
Assets held with the Reserve Bank of India	15	**40,519,454**	34,523,443
Balances due from the Governments of India and Bangladesh	16	**20,060,049**	18,663,258
Property, plant and equipment	17	**93,272,569**	95,244,573
Intangible assets	18	**506,651**	465,567
Other assets	19	**38,960,068**	30,214,433
Total assets		**28,732,175,229**	26,381,185,647
LIABILITIES			
Banknotes in circulation	20	**12,659,485,095**	11,269,452,815
Bills payable		**1,228,162**	1,246,964
Current accounts of governments	21	**3,323,820,706**	2,026,532,555
Current account with SBP Banking Services Corporation - a subsidiary		**6,031,327**	1,443,515
Payable under bilateral currency swap agreement	22	**1,239,512,346**	1,197,854,251
Deposits of banks and financial institutions	23	**1,795,136,291**	1,682,462,467
Other deposits and accounts	24	**227,728,239**	1,255,603,330
Payable to the International Monetary Fund	25	**3,120,366,246**	2,705,516,088
Securities sold under agreement to repurchase	26	**109,157,662**	101,304,723
Other liabilities	27	**146,882,332**	128,940,534
Deferred liability - unfunded staff retirement benefits	28	**67,434,088**	63,747,016
Total liabilities		**22,696,782,494**	20,434,104,258
Net assets		**6,035,392,735**	5,947,081,389
REPRESENTED BY			
Share capital	29	**100,000,000**	100,000,000
Reserves	30	**1,160,953,937**	1,035,437,914
Unappropriated profit		**1,858,260,566**	2,428,364,394
Unrealised exchange gain	31	**125,437,080**	125,437,080
Unrealised appreciation on gold reserves held by the Bank	32	**2,324,337,661**	1,935,263,396
Unrealised diminution on remeasurement of foreign currency accounts and investments		**(277,611)**	(39,621)
Unrealised appreciation on remeasurement of investments - local	13.9	**356,221,613**	211,927,986
Surplus on revaluation of property		**110,459,489**	110,690,240
Total equity		**6,035,392,735**	5,947,081,389
CONTINGENCIES AND COMMITMENTS	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 52 form an integral part of these unconsolidated financial statements.

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Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		-------------(Rupees in '000)-------------	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	34	**2,037,354,449**	2,801,277,476
- fair value through other comprehensive income	34	**63,059,588**	25,891,994
Interest / mark-up expense	35	**(194,487,249)**	(245,236,381)
		1,905,926,788	2,581,933,089
Fair valuation adjustment on COVID-19 loans - net	14.7	**19,646,246**	22,885,675
Commission income	36	**13,048,084**	11,242,910
Exchange gain / (loss) - net	37	**76,341,826**	(54,650,113)
Dividend income		**57,294,600**	13,648,766
Other operating income - net	38	**5,328,142**	4,402,605
Other income - net	39	**1,116,510**	1,214,578
		153,129,162	(24,141,254)
		2,078,702,196	2,580,677,510
Less: operating expenses			
- banknotes' printing charges	40	**29,633,465**	27,869,900
- agency commission	41	**13,399,440**	14,323,087
- general administrative and other expenses	42	**46,130,501**	38,546,061
(Reversal) / charge of provision against other doubtful assets	27.2.1.1	**(285,299)**	109,565
(Reversal) / charge of credit loss allowance on financial instruments - net	43	**(528,672)**	33,866
		(813,971)	143,431
		88,349,435	80,882,479
Profit for the year		**1,990,352,761**	2,499,795,031

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

-sd-	-sd-	-sd-
Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		-------------(Rupees in '000)-------------	
Profit for the year		**1,990,352,761**	2,499,795,031
Other comprehensive income			
Items that may be reclassified subsequently to the profit and loss account:			
Unrealised appreciation on gold reserves held by the Bank	6	**389,074,265**	591,221,681
Changes in the fair value of debt instruments at fair value through other comprehensive income		**(237,990)**	(46,993)
		388,836,275	591,174,688
Items that will not be reclassified subsequently to the profit and loss account:			
Unrealised appreciation on remeasurement of investments - local	13.9	**144,293,627**	113,128,313
Remeasurement loss on defined benefit plans	42.6.3.1	**(1,082,671)**	(6,062,588)
Remeasurement loss on defined benefit plans - Reimbursable from SBP Banking Services Corporation - a subsidiary	42.6.3.1	**(5,493,501)**	(4,977,323)
		137,717,455	102,088,402
Total comprehensive income for the year		**2,516,906,491**	3,193,058,121

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

-sd-	-sd-	-sd-
Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share capital	Reserves: General reserve (note 30.1)	Reserves: Reserve fund	Reserves: Subtotal	Unappropriated profit	Unrealised appreciation on gold reserves held by the Bank (note 32)	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
	-(Rupees in '000)-										
Balance as at June 30, 2024	**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
Other comprehensive income											
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
Total comprehensive income for the year	-	-	-	-	2,363,345,747	591,221,681	113,128,313	(46,993)	(27,707)	125,437,080	3,193,058,121
Appropriations											
Transfer to the general reserves (note 30.1)	-	58,691,713	-	58,691,713	(58,691,713)	-	-	-	-	-	-
Disposal of Equity Investment											
Loss on disposal of equity investment- ZTBL	-	-	-	-	(1,726,708)	-	-	-	-		(1,726,708)
Transactions with owners											
Profit transferred to the Government of Pakistan	-	-	-	-	(2,682,537,380)	-	-	-	-	-	(2,682,537,380)
Balance as at June 30, 2025	**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**
Profit for the year	-	-	-	-	1,990,352,761	-	-	-	-	-	1,990,352,761
Reversal of surplus on revaluation of property	-	-	-	-	-	-	-	-	(230,751)	-	(230,751)
Other comprehensive income											
Unrealised appreciation on remeasurement of investments - local (note 13.9)	-	-	-	-	-	-	144,293,627	-	-	-	144,293,627
Changes in the fair value of debt instruments at fair value through - other comprehensive income	-	-	-	-	-	-	-	(237,990)	-	-	(237,990)
Unrealised appreciation on gold reserves held by the Bank (note 32)	-	-	-	-	-	389,074,265	-	-	-	-	389,074,265
Remeasurements of staff retirement defined benefit plans - SBP (note 42.6.3.1)	-	-	-	-	(1,082,671)	-	-	-	-	-	(1,082,671)
Remeasurements of staff retirement defined benefit plans - reimbursed to SBP Banking Services Corporation a subsidiary (note 42.6.3.1)	-	-	-	-	(5,493,501)	-	-	-	-	-	(5,493,501)
	-	-	-	-	(6,576,172)	389,074,265	144,293,627	(237,990)	-	-	526,553,730
Total comprehensive income for the year	-	-	-	-	1,983,776,589	389,074,265	144,293,627	(237,990)	-	-	2,516,906,491
Appropriations											
Transfer to the general reserves (note 30.1)	-	125,516,023	-	125,516,023	(125,516,023)	-	-	-	-	-	-
Transactions with owners											
Profit transferred to the Government of Pakistan	-	-	-	-	(2,428,364,394)	-	-	-	-	-	(2,428,364,394)
Balance as at June 30, 2026	**100,000,000**	**1,160,925,198**	**28,739**	**1,160,953,937**	**1,858,260,566**	**2,324,337,661**	**356,221,613**	**(277,611)**	**110,459,489**	**125,437,080**	**6,035,392,735**

The annexed notes from 1 to 52 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, 2026

	Note	2026	2025
		--------------(Rupees in '000)-------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	44	**1,865,965,300**	2,542,522,523
(Increase) / decrease in assets:			
Foreign currency accounts and investments		**(15,436,801)**	43,766,068
Gold reserves held by the Bank		**(2,815,749)**	(1,441,498)
Securities purchased under agreement to resell		**(3,057,933,013)**	(717,435,771)
Investments - local		**1,906,315,707**	569,433,693
Loans, advances and bills of exchange		**355,542,457**	160,013,891
Other assets		**(4,829,881)**	(6,561,594)
		(819,157,280)	47,774,789
		1,046,808,020	2,590,297,312
Increase / (decrease) in liabilities:			
Banknotes in circulation - net		**1,390,032,280**	1,571,241,384
Bills payable		**(18,802)**	19,648
Current accounts of Governments		**1,297,288,151**	261,206,774
Current account with SBP Banking Services Corporation - a subsidiary		**4,587,812**	1,069,130
Current account with National Institute of Banking and Finance Pakistan - a subsidiary		**(485,487)**	(129,073)
Payable under bilateral currency swap agreement		**2,804,018**	(5,211,055)
Deposits of banks and financial institutions		**52,391,890**	(291,352,009)
Payment of retirement benefits and employees' compensated absences		**(7,741,003)**	(6,000,175)
Other deposits and accounts		**(1,027,875,091)**	47,809,545
Securities sold under agreement to repurchase		**3,157,871**	(545,956,588)
Other liabilities		**15,218,990**	4,080,536
		1,729,360,629	1,036,778,117
Net cash generated from operating activities		**2,776,168,649**	3,627,075,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**57,294,600**	13,648,766
Capital expenditure		**(2,256,341)**	(1,920,932)
Proceeds from disposal of property, plant and equipment		**415,644**	66,128
Net cash generated from investing activities		**55,453,903**	11,793,962
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		**(2,428,364,394)**	(2,682,537,380)
Net change in balances pertaining to International Monetary Fund		**471,353,733**	470,188,821
Net cash used in financing activities		**(1,957,010,661)**	(2,212,348,559)
Increase in cash and cash equivalents during the year		**874,611,891**	1,426,520,832
Cash and cash equivalents at the beginning of the year		**4,478,021,042**	2,946,083,549
Effect of exchange gain on cash and cash equivalents		**85,129,370**	105,416,661
Cash and cash equivalents at the end of the year	45	**5,437,762,303**	4,478,021,042

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

-sd-	-sd-	-sd-
Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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 less accumulated impairment losses, if any. 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 and previously Companies Ordinance, 1984). 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.

In FY 2024-25, 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 (now Companies Act, 2017). 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.

In FY 2024-25, 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.

d) RAAST Payments Pakistan (Private) Limited - wholly owned subsidiary:

RAAST Payments Pakistan (Private) Limited (RAAST) was incorporated in Pakistan on March 28, 2025 as a private company limited by shares under the Companies Act, 2017 (the Act). The principal line of business of RAAST is to develop, maintain, manage, administer and operate national payment systems with the name of RAAST.

2 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the requirements of the IFRS Accounting 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, 2026

The following standards, amendments and interpretations are effective for the year ended June 30, 2026. 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.

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

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.

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 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
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 20 'Regulatory Assets and Regulatory Liabilities' has been issued by IASB effective from January 01, 2029. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 effective from January 01, 2027 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

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 settlement date, i.e. the date at which the Bank delivers 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 assessmer

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

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.

4.2.11.2 The calculation of ECL

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.

4.2.11.3 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.

4.2.11.4 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.

4.2.11.5 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 un-appropriated profit to the extent reflected in the surplus on revaluation of property account. The amount of sale proceeds exceeding the balance in surplus on revaluation of property account is taken to the unconsolidated profit and loss account.

4.5.1 Leasing arrangements

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

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

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

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which 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 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

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 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 accrued over the life of the loans and advances and/or reverse repo agreement using effective yield method. 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 settlement 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

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

- 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 47.1.2 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 42.6.1 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	2026	2025	2026	2025
		(Net content in troy ounces)		-------------(Rupees in '000)-------------	
Opening balance		**2,081,886**	2,079,961	**1,942,111,796**	1,349,448,617
Additions during the year		**2,245**	1,925	**2,815,749**	1,441,498
Appreciation for the year due to revaluation	32	**-**	-	**389,074,265**	591,221,681
Closing balance	20.1	**2,084,131**	2,081,886	**2,334,001,810**	1,942,111,796

	Note	2026	2025
The gold reserves held by the bank are as follows:		-------------(Rupees in '000)-------------	
- by the issue department	20.1	**2,334,001,810**	1,942,111,796

6.1 During the year, the Bank has recognised an appreciation of Rs. 389,074.27 million (2025: Rs. 591,221.68 million) based on the closing market rate of USD 4,026.05 (2025: USD 3,287.45) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

7 LOCAL CURRENCY - COINS

	Note	2026	2025
		-------------(Rupees in '000)-------------	
Banknotes held by the banking department		**112,936**	118,571
Coins held as an asset of the issue department	7.1	**316,996**	365,337
		429,932	483,908
Less: banknotes held by the banking department	20	**(112,936)**	(118,571)
		316,996	365,337
The local currency - coins are held as follows:			
- by the issue department	20.1	**316,996**	365,337

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	2026	2025
		-------------(Rupees in '000)-------------	
At fair value through profit or loss:			
- unrealised gain on derivative financial instruments		**6,690**	3,114,286
At fair value through other comprehensive income:			
- investments	8.2	**1,562,593,331**	1,305,323,341
At amortised cost:			
- deposit accounts	8.3	**1,931,186,584**	1,462,905,298
- current accounts		**1,983,735**	2,065,275
- securities purchased under agreement to resell	8.4	**1,007,488,777**	1,392,241,973
- money market placements	8.5	**857,828,479**	286,306,556
		3,798,487,575	3,143,519,102
Expected credit loss allowance	8.6	**(11,382)**	(94,903)
		5,361,076,214	4,451,861,826

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

	Note	2026	2025
- by the issue department	20.1	**574,403,291**	28,376,450
- by the banking department		**4,786,672,923**	4,423,485,376
		5,361,076,214	4,451,861,826

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	2026	2025
		------------(Rupees in '000)------------	
Investments			
- High rating		**1,562,593,331**	1,305,323,341
Deposit accounts			
- High rating		**1,931,186,584**	1,462,905,298
Current accounts			
- High rating		**1,983,683**	2,065,217
- Standard rating		**52**	58
		1,983,735	2,065,275
Securities purchased under agreement to resell			
- High rating	8.4	**1,007,488,777**	1,392,241,973
Money market placements			
- High rating	8.5	**857,828,479**	286,306,556
		5,361,080,906	4,448,842,443

8.2 During the year, an unrealised loss - net, amounting to Rs. 3.40 million (2025: unrealised gain - net [Treasury Bills USD] Rs. 5.43 million) related to Treasury Bills USD was recognised in other comprehensive income. The return on these balances ranges from 3.59% to 3.68% (2025: [Treasury Bills USD] 4.28% to 4.53%) per annum. These investments have maturities ranging from July 02, 2026 to October 06, 2026. Further, an unrealised loss - net, amounting to Rs. 178.98 million (2025: [CNY Bonds and Treasury Bills] Nil) related to CNY Bonds and Treasury Bills was recognised in other comprehensive income. The return on these balances ranges from 1.05% to 1.31% (2025: [CNY Bonds and Treasury Bills] Nil) per annum. These investments have maturities ranging from July 08, 2026 to September 03, 2026. In addition it includes investment amounting to Rs. 670,486 million (2025: 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 0.95% to 3.61% (2025: 1.47% to 4.29%) per annum. These investments have maturity ranging from July 03, 2026 to July 29, 2026. During the year, an unrealised loss amounting to Rs. 55.61 million (2025: Rs. 52.43 million) 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 0.10% to 3.95% (2025: 0.01% to 4.00%) per annum. This includes a deposit account of USD 2.24 billion [equivalent to Rs. 622,271.92 million as at June 30, 2026 (2025: USD 2.16 billion (Rs. 612,242.58 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

8.4 These represent lending under repurchase agreements which carries mark-up in Euro and USD at 2.22% and 3.50% per annum respectively (2025: Euro and USD at 2.00% and 4.25% per annum respectively) and maturity of July 01, 2026 (2025: July 01, 2025).

8.5 These represents money market placements carries mark-up in USD and CNH ranges from 0.80% to 3.87% (2025: USD and CNH ranges from 1.10% to 4.40%) having maturity of July 02, 2026 to July 22, 2026 (2025: July 02, 2025 to October 30, 2025).

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:

	Nostro Accounts	
	Stage 1	**2026**
	-------------(Rupees in '000)-------------	
Opening balance	**94,903**	**94,903**
Reversal of expected credit loss during the year	**(83,521)**	**(83,521)**
Closing balance	**11,382**	**11,382**

	Nostro Accounts	
	Stage 1	2025
	--------------(Rupees in '000)--------------	
Opening balance	1,168	1,168
Charge of expected credit loss during the year	93,735	93,735
Closing balance	94,903	94,903

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

	Note	**2026**	2025
SDRs held by banking department are as follows:		**-------------(Rupees in '000)-------------**	
- Principal amount		**82,521,545**	7,370,569
- Accrued Interest on SDR holdings		**342,682**	47,056
		82,864,227	7,417,625

11 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS

Quota allocated by the International Monetary Fund	**765,926,635**	791,831,388
Liability under quota arrangements	**(765,881,717)**	(791,784,981)
	44,918	46,407

	Note	2026	2025
		-------------(Rupees in '000)-------------	

12 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

	Note	2026	2025
Conventional	12.1	**14,952,235,806**	12,152,197,015
Shariah compliant financing facility	12.2	**648,689,778**	390,795,498
		15,600,925,584	12,542,992,513

12.1 This represents collateralized lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 11.51% to 12.50% per annum (2025: 11.04% to 12.00% per annum).The resell arrangement to conventional financial institution are due to mature on July 03, 2026 (2025: July 04, 2025). The face value of securities collateralized as on June 30, 2026 amounted to Rs. 15,408,000 million (2025: Rs. 12,509,800 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 11.56% to 12.50% per annum (2025: 11.13% to 12.00% per annum). The resell arrangement to Islamic financial institution are due to mature on July 03, 2026 (2025: July 04, 2025). The face value of securities collateralized as on June 30, 2026 amounted to Rs. 660,500 million (2025: Rs. 385,500 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	2026	Stage 1	2025
		--------------(Rupees in '000)--------------		--------------(Rupees in '000)--------------	
High rating		**15,600,925,584**	**15,600,925,584**	12,542,992,571	12,542,992,571
Less: expected credit loss allowance	12.5	**-**	**-**	(58)	(58)
	12.4	**15,600,925,584**	**15,600,925,584**	12,542,992,513	12,542,992,513

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

	Note	2026	2025
		-------------(Rupees in '000)-------------	
- by the issue department	20.1	**8,000,000,000**	5,000,000,000
- by the banking department		**7,600,925,584**	7,542,992,513
		15,600,925,584	12,542,992,513

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	2026
	-------------(Rupees in '000)-------------	
Opening balance	**58**	**58**
Reversal of expected credit loss allowance during the year	**(58)**	**(58)**
Closing balance	**-**	**-**

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

13 INVESTMENTS - LOCAL

	Note	2026	2025
		--------------(Rupees in '000)--------------	
At fair value through profit or loss:			
Unrealised gain on local currency derivatives		**3,915,754**	71,693
At amortised cost			
Federal Government securities			
Pakistan Investment Bonds (PIBs)	13.3	**3,049,730,096**	4,979,889,864
Federal government scrips		**2,740,000**	2,740,000
	13.4	**3,052,470,096**	4,982,629,864
Debt securities			
Term finance certificates		**4**	4
Less: expected credit loss allowance	13.5	**(3)**	(3)
		1	1
	13.6	**3,052,470,097**	4,982,629,865
At fair value through other comprehensive income			
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		**317,569,377**	173,887,232
- Unlisted		**46,373,051**	45,761,569
	13.7	**363,942,428**	219,648,801
Investments in wholly owned subsidiaries - at cost			
Pakistan Security Printing Corporation (Private) Limited		**120,149,000**	120,149,000
SBP Banking Services Corporation		**1,000,000**	1,000,000
RAAST Payments Pakistan (Private) Limited		**20,000,000**	-
National Institute of Banking and Finance, Pakistan		**29,860**	29,860
	13.1	**141,178,860**	121,178,860
		3,561,507,139	5,323,529,219
The above investments are held as follows:			
- by the issue department	20.1	**1,710,356,479**	4,264,194,360
- by the banking department		**1,851,150,660**	1,059,334,859
		3,561,507,139	5,323,529,219

13.1 Investments in wholly owned subsidiaries - at cost

	2026				2025			
	Number of shares	**Cost**	**Impairment**	**Carrying amount**	Number of shares	Cost	Impairment	Carrying amount
		Rupees in 000				Rupees in 000		
Unquoted								
Pakistan Security Printing Corporation (Private) Limited (Note 13.1.1)	**21,000,000**	**120,149,000**	**-**	**120,149,000**	21,000,000	120,149,000	-	120,149,000
SBP Banking Services Corporation (Note 13.1.2)	**1,000**	**1,000,000**	**-**	**1,000,000**	1,000	1,000,000	-	1,000,000
RAAST Payments Pakistan (Private) Limited (Note 13.1.3)	**200,000**	**20,000,000**	**-**	**20,000,000**	-	-	-	-
National Institute of Banking and Finance, Pakistan (Note 13.1.4)	**60,000**	**29,860**	**-**	**29,860**	60,000	29,860	-	29,860
Total		**141,178,860**	**-**	**141,178,860**		**121,178,860**	**-**	**121,178,860**

13.1.1 This represents 100% (2025: 100%) holding in Pakistan Security Printing Corporation (Private) Limited (PSPC) having break-up value of Rs. 4,668.39 (2025: Rs. 4,339.73) per share on the basis of the audited financial statements for the year ended June 30, 2026. In 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% (2025: 100%) holding in SBP Banking Services Corporation (the Corporation) (BSC) having break-up value of Rs. 5,328,388 (2025: Rs. 4,002,149) per share on the basis of the audited financial statements for the year ended June 30, 2026.

13.1.3 This represents 100% (2025: NIL) holding in RAAST Payments Pakistan (Private) Limited having break-up value of Rs. 105,418.11 (2025: NIL) per share on the basis of the audited financial statements for the year ended June 30, 2026.

13.1.4 This represents 100% holding in National Institute of Banking and Finance, Pakistan (NIBAF Pakistan) having break-up value of Rs. 74,386.35 (2025: Rs. 73,901.92) per share on the basis of the audited financial statements for the year ended June 30, 2026. NIBAF Pakistan was incorporated in Pakistan on December 27, 2023 under the Companies Act, 2017 as a company limited by guarantee having share capital. In FY 2024-25, 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	2026			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		(Rupees in '000)			
High rating		**3,052,470,096**	-	-	**3,052,470,096**
Rating below standard		**-**	-	**4**	**4**
		3,052,470,096	**-**	**4**	**3,052,470,100**
Less: expected credit loss allowance	13.5	-	-	**(3)**	**(3)**
		3,052,470,096	**-**	**1**	**3,052,470,097**

	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
		4,982,629,864	-	4	4,982,629,868
Less: expected credit loss allowance	13.5	-	-	(3)	(3)
		4,982,629,864	-	1	4,982,629,865

13.3 These include investment in PIBs amounting to Rs. Nil (2025: 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. The PIBs were redeemed during the FY 2025-26 prior to its maturity.

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

	2026	2025
	% per annum	
Pakistan Investment Bonds	**11.21 to 12.47**	11.65 to 20.68
Federal Government scrips	**3**	3

13.4.1 The 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. The PIBs having face value of Rs. 1,883,000 million were redeemed during the FY 2025-26 prior to its maturity. The PIB's having face value of Rs. 4,141,000 million (2025: 2,568,000 million) have been matured till June 30, 2026.

	Note	2026	2025
		(Rupees in '000)	
13.5 Expected credit loss allowance			
Opening balance		**3**	39,478
Reversal of expected credit loss allowance during the year		**-**	(39,475)
Closing balance		**3**	3

13.6 The market value of securities classified as amortised cost as at June 30, 2026 amounted to Rs. 3,073,007 million (2025: Rs 4,979,540 million).

13.7 Investments in shares of banks and other financial institutions

	Note	2026			
		Percentage holding	**Cost**	**Unrealised appreciation / (diminution) (Refer note 13.9)**	**Total**
		%	(Rupees in '000)		
Listed					
- National Bank of Pakistan	13.8	**75.20**	**1,100,805**	**316,468,572**	**317,569,377**
Unlisted					
More than 50% Shareholding	13.7.1				
- House Building Finance Company Limited		**90.31**	**1,482,304**	**2,554,881**	**4,037,185**
- Deposit Protection Corporation of Pakistan	13.7.2	**100**	**500,000**	**(500,000)**	**-**
Less than or equal to 50% Shareholding					
Other investments			**4,637,706**	**37,698,160**	**42,335,866**
			6,620,010	**39,753,041**	**46,373,051**
			7,720,815	**356,221,613**	**363,942,428**

	Note	2025			
		Percentage holding	Cost	Unrealised appreciation / (diminution) (Refer note 13.9)	Total
		%	(Rupees in '000)		
Listed					
- National Bank of Pakistan	13.8	75.20	1,100,805	172,786,427	173,887,232
Unlisted					
More than 50% Shareholding	13.7.1				
- House Building Finance Company Limited		90.31	1,482,304	2,471,900	3,954,204
- Deposit Protection Corporation of Pakistan	13.7.2	100	500,000	(500,000)	-
Less than or equal to 50% Shareholding					
Other investments			4,637,706	37,169,659	41,807,365
			6,620,010	39,141,559	45,761,569
			7,720,815	211,927,986	219,648,801

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

13.7.2 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.

13.8 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), as required under clause 17G (3) of the SBP Act, 1956. As per the Section 9(2) and schedule I of the Pakistan Sovereign Wealth Fund Act, 2023 (the Act) the bank require 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	**2026**	2025
		------------(Rupees in '000)-----------	
13.9 Unrealised appreciation on remeasurement of investments			
Opening balance		**211,927,986**	98,799,673
Appreciation during the year - gross		**144,293,627**	117,931,537
Disposal of investment		**-**	(4,803,224)
Appreciation during the year - net		**144,293,627**	113,128,313
Closing balance		**356,221,613**	211,927,986

14 LOANS, ADVANCES AND BILLS OF EXCHANGE

	Note	**2026**	2025
At amortised cost			
Government owned / controlled financial institutions	14.3	**78,205,444**	112,477,502
Private sector financial institutions	14.4	**713,189,893**	993,617,780
		791,395,337	1,106,095,282
SDRs on-lending to Government of Pakistan (GoP)	14.5	**737,647,550**	762,298,189
Loan to Pakistan Security Printing Corporation (PSPC)	14.8	**19,756,197**	21,968,409
Loan to employees		**29,717,375**	24,050,790
		1,578,516,459	1,914,412,670
Less: expected credit loss allowance	14.9	**(1,740,141)**	(2,185,234)
		1,576,776,318	1,912,227,436

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:

	2026			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	---------------------------------(Rupees in '000)---------------------------------			
Government owned / controlled financial institutions				
High rating	**76,172,762**	**-**	**-**	**76,172,762**
Standard rating	**687,998**	**-**	**-**	**687,998**
Rating below standard	**-**	**-**	**1,344,684**	**1,344,684**
	76,860,760	**-**	**1,344,684**	**78,205,444**

	2026			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	--------------------------------(Rupees in '000)--------------------------------			
Private sector financial institutions				
High rating	**695,494,608**	**-**	**-**	**695,494,608**
Standard rating	**17,304,138**	**-**	**-**	**17,304,138**
Rating below standard	**-**	**-**	**391,147**	**391,147**
	712,798,746	**-**	**391,147**	**713,189,893**
SDRs on-lending to Government of Pakistan (GoP)				
High rating	**737,647,550**	**-**	**-**	**737,647,550**
	737,647,550	**-**	**-**	**737,647,550**
Loan to Pakistan Security Printing Corporation (PSPC)				
Performing Loan	**19,756,197**	**-**	**-**	**19,756,197**
	19,756,197	**-**	**-**	**19,756,197**
Loan to employees				
Performing loans	**29,717,375**	**-**	**-**	**29,717,375**
	29,717,375	**-**	**-**	**29,717,375**
	1,576,780,628	**-**	**1,735,831**	**1,578,516,459**
Less: expected credit loss allowance	**(4,310)**	**-**	**(1,735,831)**	**(1,740,141)**
	1,576,776,318	**-**	**-**	**1,576,776,318**

	2025			
	Stage 1	Stage 2	Stage 3	Total
	--------------------------------(Rupees in '000)--------------------------------			
Government owned / controlled financial institutions				
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
Private sector financial institutions				
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
	992,554,150	-	1,063,630	993,617,780
SDRs on-lending to Government of Pakistan (GoP)				
High rating	762,298,189	-	-	762,298,189
	762,298,189			762,298,189
Loan to Pakistan Security Printing Corporation (PSPC)				
Performing Loan	21,968,409	-	-	21,968,409
	21,968,409	-	-	21,968,409
Loan to employees				
Performing loans	24,050,790	-	-	24,050,790
	24,050,790	-	-	24,050,790
	1,912,228,976	-	2,183,694	1,914,412,670
Less: expected credit loss allowance	(1,540)	-	(2,183,694)	(2,185,234)
	1,912,227,436	-	-	1,912,227,436

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:

	2026			
	Government owned / controlled financial institutions	**Private sector financial institutions**	**Employees**	**Total**
	--------(Rupees in '000)--------			
Stage 1				
Opening balance	**129**	**-**	**1,411**	**1,540**
Charge of expected credit loss allowance during the year	**2,571**	**-**	**199**	**2,770**
Closing balance	**2,700**	**-**	**1,610**	**4,310**
Stage 3				
Opening balance	**1,063,630**	**1,120,064**	**-**	**2,183,694**
(Reversal) / charge of expected credit loss allowance during the year	**(475,947)**	**28,084**	-	**(447,863)**
Closing balance	**587,683**	**1,148,148**	**-**	**1,735,831**
	590,383	**1,148,148**	**1,610**	**1,740,141**

	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)	905	(10,182)
Closing balance	129	-	1,411	1,540
Stage 3				
Opening balance	1,063,630	1,119,080	-	2,182,710
Charge of expected credit loss allowance during the year	-	984	-	984
Closing balance	1,063,630	1,120,064	-	2,183,694
	1,063,759	1,120,064	1,411	2,185,234

14.3 Loans and advances to government owned / controlled financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2026	2025	**2026**	2025	**2026**	2025
		--------(Rupees in '000)--------					
Agricultural sector		**585,488**	649,583	**-**	-	**585,488**	649,583
Industrial sector	14.3.1	**49,239,352**	63,198,450	**-**	-	**49,239,352**	63,198,450
Export sector		**27,891,675**	48,066,394	**3,567**	3,567	**27,895,242**	48,069,961
Housing sector		**-**	-	**2,241**	2,493	**2,241**	2,493
Others	14.3.2 & 14.3.3	**483,121**	557,015	**-**	-	**483,121**	557,015
		78,199,636	112,471,442	**5,808**	6,060	**78,205,444**	112,477,502

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 (2025: 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 (2025: 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.

14.3.3 It also includes balance amounting to Rs. 587.68 million (2025: Rs. 1,063.63 million) pertaining to Bankers Equity Limited (BEL). BEL is in the process of liquidation and an amount of Rs. 475.95 million (2025: Nil) has been received during the year. The remaining balance have been provided for.

14.4 Loans and advances to private sector financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2026	2025	**2026**	2025	**2026**	2025
		----(Rupees in '000)----					
Agricultural sector		**3,288,376**	3,335,428	**1,138,150**	611,674	**4,426,526**	3,947,102
Industrial sector		**304,035,207**	375,365,292	**19,325,367**	25,222,479	**323,360,574**	400,587,771
Export sector	14.4.1	**345,366,733**	540,675,365	**-**	-	**345,366,733**	540,675,365
Others	14.4.2	**35,242,486**	38,193,216	**4,793,574**	10,214,326	**40,036,060**	48,407,542
		687,932,802	957,569,301	**25,257,091**	36,048,479	**713,189,893**	993,617,780

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

14.4.2 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:

	2026	2025
	---(% per annum)---	
Government owned / controlled and private sector financial institutions	**0 to 16.00**	0 to 21.00
Employees loans (where applicable)	**0 to 10.00**	0 to 10.00
SDRs on-lending to Government of Pakistan (GoP)	**2.66 to 2.96**	2.94 to 4.02

14.7 Fair valuation adjustment on COVID-19 loans - net

	2026	2025
	---(Rupees in '000)---	
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	**19,666,588**	23,211,766
Fair valuation loss adjustment on COVID-19 loans on initial recognition	**(20,342)**	(326,091)
	19,646,246	22,885,675

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. 121.21 million (2025: Rs. 1,288.971 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 20.34 million (2025: Rs. 326.09 million). Further, during the year, an aggregate amount of Rs. 19,666.59 million (2025: Rs. 23,211.77 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

14.8 In 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	**2026**	2025
14.9 Credit loss allowance		-------- (Rupees in '000) ------	
Opening balance		**2,185,234**	2,194,432
Reversal of expected credit loss allowance during the year		**(445,093)**	(9,198)
Closing balance		**1,740,141**	2,185,234

15 ASSETS HELD WITH THE RESERVE BANK OF INDIA

	Note	**2026**	2025
Gold reserves			
- Opening balance		**31,329,636**	21,789,100
- Appreciation for the year due to revaluation	27.2.1.1	**6,281,302**	9,540,536
- Closing balance		**37,610,938**	31,329,636
Sterling securities		**1,216,199**	1,285,053
Government of India securities		**420,030**	473,756
Rupee coins		**8,466**	9,521
	15.1	**39,255,633**	33,097,966
Indian notes representing assets receivable from the Reserve Bank of India	15.2	**1,263,821**	1,425,477
	20.1	**40,519,454**	34,523,443

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.

	Note	**2026**	2025
16 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH		-------- (Rupees in '000) ------	
India			
Advance against printing of notes		**39,616**	39,616
Receivable from the Reserve Bank of India		**837**	837
		40,453	40,453

	Note	2026	2025
		-------- (Rupees in '000) ------	
Bangladesh			
Inter office balances		**819,924**	819,924
Loans, advances and commercial papers	16.1	**19,199,672**	17,802,881
		20,019,596	18,622,805
	16.2	**20,060,049**	18,663,258

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	2026	2025
Operating fixed assets	17.1	**93,011,864**	95,117,512
Capital work-in-progress	17.3	**260,705**	127,061
		93,272,569	95,244,573

17.1 Operating fixed assets

	2026										
	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and machinery	Furniture	Fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total
	------------------------------------ (Rupees in '000) ------------------------------------										
As at July 01, 2025											
Cost / revalued amount	19,535,292	66,573,093	3,307,940	7,394,247	2,483,170	59,520	10,064	419,559	5,257,141	1,266,023	106,306,049
Accumulated depreciation	-	(3,619,311)	(682,791)	(1,330,507)	(1,476,506)	(38,396)	(9,577)	(278,986)	(3,192,683)	(559,780)	(11,188,537)
Net book value	19,535,292	62,953,782	2,625,149	6,063,740	1,006,664	21,124	487	140,573	2,064,458	706,243	95,117,512
Year ended June 30, 2025											
Opening net book value	19,535,292	62,953,782	2,625,149	6,063,740	1,006,664	21,124	487	140,573	2,064,458	706,243	95,117,512
Additions	-	13,018	3,622	4,748	46,203	2,743	-	17,811	1,604,001	181,234	1,873,380
Transfers from capital work in progress	-	-	8,430	300	18,262	-	-	7,233	-	-	34,225
	-	13,018	12,052	5,048	64,465	2,743		25,044	1,604,001	181,234	1,907,605
Transfer from the Corporation											
Cost	-	-	-	-	-	-	-	-	338	-	338
Accumulated depreciation	-	-	-	-	-	-	-	-	(338)	-	(338)
	-	-	-	-	-	-	-	-	-	-	-
Transfer to the Corporation											
Cost	-	-	-	-	(2,500)	-	-	-	-	-	(2,500)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(2,500)	-	-	-	-	-	(2,500)
Disposals											
Cost	-	-	(239,181)	-	(62,936)	(13,811)	-	(160,799)	(1,986,024)	(182,580)	(2,645,331)
Accumulated depreciation	-	-	57,688	-	24,120	13,811	-	160,799	1,923,972	123,891	2,304,281
	-	-	(181,493)	-	(38,816)	-		-	(62,052)	(58,689)	(341,050)
Depreciation charge	-	(1,207,034)	(216,003)	(493,042)	(153,761)	(3,217)	(130)	(44,161)	(1,324,041)	(228,314)	(3,669,703)
Net book value	19,535,292	61,759,766	2,239,705	5,575,746	876,052	20,650	357	121,456	2,282,366	600,474	93,011,864
As at June 30, 2026											
Cost / revalued amount	19,535,292	66,586,111	3,080,811	7,399,295	2,482,199	48,452	10,064	283,804	4,875,456	1,264,677	105,566,161
Accumulated depreciation	-	(4,826,345)	(841,106)	(1,823,549)	(1,606,147)	(27,802)	(9,707)	(162,348)	(2,593,090)	(664,203)	(12,554,297)
Net book value	**19,535,292**	**61,759,766**	**2,239,705**	**5,575,746**	**876,052**	**20,650**	**357**	**121,456**	**2,282,366**	**600,474**	**93,011,864**
Useful life / rate of depreciation	-	90-99 years	20-40 years	20-40 years	10%	10%	20%	20%	33.33%	20%	

	2025										
	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and machinery	Furniture	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	44,375	10,064	319,038	3,312,807	1,102,469	102,695,251
Accumulated depreciation	-	(2,412,474)	(450,728)	(886,599)	(1,222,747)	(36,544)	(9,406)	(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	7,831	658	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	7,831	658	63,804	444,592	632,912	94,083,747
Additions	-	73,312	23,983	277,515	132,483	15,145	-	103,127	1,968,149	343,159	2,936,873
Transfers from capital work in progress	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	8,142	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	189,861
	(29,001)	-	-	-	-	-	-	-	(1,026)	(49,030)	(79,057)
Depreciation charge	-	(1,206,837)	(232,063)	(443,908)	(267,750)	(1,852)	(171)	(26,549)	(346,807)	(218,422)	(2,744,359)
Net book value	19,535,292	62,953,782	2,625,149	6,063,740	1,006,664	21,124	487	140,573	2,064,458	706,243	95,117,512
As at June 30, 2025											
Cost / revalued amount	19,535,292	66,573,093	3,307,940	7,394,247	2,483,170	59,520	10,064	419,559	5,257,141	1,266,023	106,306,049
Accumulated depreciation	-	(3,619,311)	(682,791)	(1,330,507)	(1,476,506)	(38,396)	(9,577)	(278,986)	(3,192,683)	(559,780)	(11,188,537)
Net book value	19,535,292	62,953,782	2,625,149	6,063,740	1,006,664	21,124	487	140,573	2,064,458	706,243	95,117,512
Useful life / rate of depreciation	-	90-99 years	20-40 years	20-40 years	10%	10%	20%	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	2026	2025
		-------- (Rupees in '000) ------	
Freehold land		**982,973**	984,267
Leasehold land		**2,846,829**	2,905,907
Buildings on freehold land		**1,073,840**	1,152,070
Buildings on leasehold land		**1,552,409**	1,678,352
		6,456,051	6,720,596

17.3 Capital work-in-progress

Buildings on freehold land	**64,643**	34,033
Buildings on leasehold land	**103,111**	30,287
Plant and machinery	**92,951**	62,741
	260,705	127,061

18 INTANGIBLE ASSETS

	Note		
Software	18.1	**480,083**	465,567
Capital work-in-progress		**26,568**	-
		506,651	465,567

		Note	2026	2025
			(Rupees in '000)	
18.1	**Intangible assets**			
	Cost		**1,872,142**	1,454,972
	Accumulated amortisation		**(1,406,575)**	(1,273,557)
	Opening net book value		**465,567**	181,415
	Additions during the year		**300,025**	417,170
	Disposals during the year		**(182)**	-
	Amortisation charge during the year	42	**(285,327)**	(133,018)
	Closing net book value		**480,083**	465,567
	Cost		**2,171,985**	1,872,142
	Accumulated amortisation		**(1,691,902)**	(1,406,575)
	Closing net book value		**480,083**	465,567
	Useful life		**3 years**	3 years

		Note	2026	2025
			(Rupees in '000)	
19	**OTHER ASSETS**			
	Commission receivable and others	19.1 & 19.2	**24,618,927**	12,159,735
	Other advances, deposits and prepayments		**14,341,141**	18,054,698
			38,960,068	30,214,433

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

19.2 This also includes receivable from RAAST a subsidiary, against expenses paid on their behalf amounting to Rs. 90.27 million (2025: Nil).

		Note	2026	2025
			(Rupees in '000)	
20	**BANKNOTES IN CIRCULATION**			
	Total banknotes issued	20.1	**12,659,598,031**	11,269,571,386
	Banknotes held by the banking department	7	**(112,936)**	(118,571)
	Notes in circulation		**12,659,485,095**	11,269,452,815

20.1 The liability for banknotes issued by the issue department is recorded at its face value in the unconsolidated balance sheet. In accordance with section 32 of SBP Act 1956, the liabilities of issue department shall be an amount equal to total of the amount of the 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	2026	2025
		(Rupees in '000)	
Gold reserves held by the Bank	6	**2,334,001,810**	1,942,111,796
Local currency - coins	7	**316,996**	365,337
Foreign currency accounts and investments	8	**574,403,292**	28,376,450
Securities purchased under agreement to resell	12.4	**8,000,000,000**	5,000,000,000
Investments - local	13	**1,710,356,479**	4,264,194,360
Assets held with the Reserve Bank of India	15	**40,519,454**	34,523,443
		12,659,598,031	11,269,571,386

		Note	2026	2025
			--------------(Rupees in '000)-------------	
21	**CURRENT ACCOUNTS OF GOVERNMENT**			
21.1	**Current accounts of governments - payable balances**			
	Federal Government	21.2	**1,283,329,998**	586,617,308
	Provincial Governments			
	- Punjab	21.3	**1,500,565,304**	847,525,288
	- Sindh	21.4	**279,143,301**	345,438,769
	- Khyber Pakhtunkhwa	21.5	**95,401,413**	82,147,062
	- Balochistan	21.6	**87,539,097**	105,707,100
	Government of Azad Jammu and Kashmir		**50,490,245**	38,464,846
	Gilgit - Baltistan Administration Authority		**27,351,348**	20,632,182
			2,040,490,708	1,439,915,247
			3,323,820,706	2,026,532,555
21.2	**Federal Government**			
	Non-food account		**1,270,518,069**	570,735,174
	Zakat fund account		**8,700,353**	11,770,558
	Other accounts		**4,111,576**	4,111,576
			1,283,329,998	586,617,308
21.3	**Provincial Government - Punjab**			
	Non-food account		**1,485,859,461**	844,819,475
	Zakat fund account		**1,812,599**	1,297,083
	Other accounts		**12,893,244**	1,408,730
			1,500,565,304	847,525,288
21.4	**Provincial Government - Sindh**			
	Non-food account		**272,695,483**	340,114,046
	Zakat fund account		**5,657,982**	5,117,429
	Other accounts		**789,836**	207,294
			279,143,301	345,438,769
21.5	**Provincial Government - Khyber Pakhtunkhwa**			
	Non-food account		**91,359,488**	73,584,551
	Zakat fund account		**3,263,473**	5,155,121
	Other accounts		**778,452**	3,407,390
			95,401,413	82,147,062
21.6	**Provincial Government - Balochistan**			
	Non-food account		**86,387,368**	101,817,259
	Zakat fund account		**-**	3,435,109
	Other accounts		**1,151,729**	454,732
			87,539,097	105,707,100

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%. In FY 2024-25, the agreement has been further renewed for a period of three years.

		Note	2026	2025
			--------------(Rupees in '000)-------------	
23	**DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS**			
	Foreign currency			
	Scheduled banks	23.1	**65,790,199**	67,415,121
	Held under cash reserve requirement	23.1	**312,004,515**	320,016,466
	Others		**28,185,077**	29,766,189
			405,979,791	417,197,776
	Local currency			
	Scheduled banks	23.1	**1,357,430,882**	1,225,474,880
	Financial institutions	23.1	**31,620,310**	39,686,883
	Others		**105,308**	102,928
			1,389,156,500	1,265,264,691
			1,795,136,291	1,682,462,467

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

		Note	2026	2025
			--------------(Rupees in '000)-------------	
24	**OTHER DEPOSITS AND ACCOUNTS**			
	Foreign currency			
	Foreign central bank		**979,824**	1,003,157
	International organisations		**71,046,385**	1,080,120,622
	Others		**27,980,985**	29,171,774
		24.1 & 24.2	**100,007,194**	1,110,295,553
	Local currency			
	Special debt repayment	24.3	**24,243,841**	24,243,841
	Government	24.4	**17,850,348**	17,850,348
	Foreign central bank		**109**	2,005
	International organisations		**61,885**	237,967
	Others*		**85,564,862**	102,973,616
			127,721,045	145,307,777
			227,728,239	1,255,603,330

* This includes deposit account of BSC maintained by the Bank amounting to Rs. 176.81 million (2025: Rs. 542.58 million).

This includes deposit account of RAAST maintained by the Bank amounting to Rs. 231.99 million (2025: Rs. Nil).

24.1 This includes FCY deposits equivalent to Rs. 1,112,646 million (based on exchange rate as of June 30, 2026) (2025: Rs. 1,135,058 million based on exchange rate as of June 30, 2025), carrying interest at Secured Overnight Financing Rate (SOFR) 180 days average + 1.72% (2025: (SOFR) 180 days average + 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.

		2026	2025
24.2	The interest rate profile of the interest bearing deposits is as follows:	-----------(% per annum)-----------	
	Foreign central bank	**-**	4.63 to 5.88
	International organisations	**5.37 to 6.00**	6.01 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.

		Note	2026	2025
25	**PAYABLE TO THE INTERNATIONAL MONETARY FUND**		**--------------(Rupees in '000)-------------**	
	Borrowings under:			
	- fund facilities	25.1 & 25.3	**2,008,231,060**	1,556,216,156
	- allocation of SDRs	25.2 & 25.3	**1,112,135,098**	1,149,299,843
			3,120,366,158	2,705,515,999
	Current account for administrative charges		**88**	89
			3,120,366,246	2,705,516,088

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 192.17 million (2025: SDR 462.17 million) in 08 different tranches (2025:

In FY 2024-25 the Bank obtained further financing 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 December 2025 and May 2026, of SDR 760 million each (2025: 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 untill 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.

		Note	2026	2025
			--------(% per annum) in SDR--------	
25.3	Interest profile of amount payable to the IMF is as under:			
	Fund facilities	25.3.1	**3.26 to 3.56**	3.52 to 5.02
	Allocation of SDR		**2.66 to 2.96**	2.92 to 4.02

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 of 0.6% (2025: 0.6% to 1%).

26 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up of 10.50 % per annum (2025: 10% per annum) and is due to mature on July 02, 2026 (2025: July 02, 2025).

26.1 Pakistan Investment Bonds (PIB) having maturity of 5 years are pledged as security under borrowing having carrying value of Rs. 109,259.92 million (2025: Rs. 101,548.66 million).

		Note	2026	2025
			(Rupees in '000)	
27	**OTHER LIABILITIES**			
	Provision against overdue mark-up	27.1	**18,805,579**	17,408,788
	Special reserve provision under Financial Inclusion and Infrastructure Project (FIIP)		**29,913,643**	27,700,433
	Deferred Grant Income under FIIP		**1,297,262**	1,993,459
	Remittance clearance account		**24,531**	41,720
	Exchange loss payable under exchange risk coverage scheme		**814,928**	854,195
	Unrealised loss on local currency derivatives		**2,722,808**	1,937,855
	Unrealized loss on foreign currency derivatives		**7,775**	31,193
	Other accruals and provisions	27.2	**70,050,566**	63,792,979
	Others		**23,245,240**	15,179,912
			146,882,332	128,940,534

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

		Note	2026	2025
			(Rupees in '000)	
27.2	**Other accruals and provisions**			
	Agency commission		**13,079,717**	13,121,449
	Provision for employees' compensated absences	42.6.9	**8,971,036**	7,843,457
	Provision for other doubtful assets	27.2.1	**42,101,933**	36,105,930
	Other provisions	27.2.2	**4,086,092**	4,130,701
	Others		**1,811,788**	2,591,442
			70,050,566	63,792,979

		Note	2026	2025
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		**40,519,454**	34,523,473
	- banking department		**40,505**	40,483
		27.2.1.2	**40,559,959**	34,563,956
	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	**42,101,933**	36,105,930

		Note	2026	2025
27.2.1.1	**Movement of provisions against other doubtful assets**			
	Opening balance		**36,105,930**	26,455,829
	(Reversal) / charge during the year		**(285,299)**	109,565
	Appreciation relating to gold reserves held by the Reserve Bank of India	15	**6,281,302**	9,540,536
	Closing balance		**42,101,933**	36,105,930

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 (2025: Rs. 260.36 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600.00 million (2025: Rs. 1,600.00 million) and other provision made in respect of litigations and claims against the Bank amounting to Rs. 2,225.73 million (2025: Rs. 2,269.90 million).

	Note	2026	2025
		--------------(Rupees in '000)-------------	

28 DEFERRED LIABILITY - UNFUNDED STAFF RETIREMENT BENEFITS

	Note	2026	2025
Pension fund		**40,719,850**	38,477,195
Gratuity scheme		**238,623**	264,643
Benevolent fund scheme		**316,229**	371,586
Post retirement medical benefits		**19,419,193**	18,873,756
Income Continuation Plan		**2,927,389**	2,411,107
Six months post retirement facility		**2,838,002**	2,239,323
Deferred liabilities - severance benefit		**810,400**	872,367
Gratuity - Contractual employees		**26,844**	45,702
	42.6.3	**67,296,530**	63,555,679
Provident fund scheme		**137,558**	191,337
		67,434,088	63,747,016

29 SHARE CAPITAL

2026	2025		2026	2025
-----------(Number of shares)---------			--------------(Rupees in '000)-------------	
Authorised share capital				
5,000,000,000	5,000,000,000	Ordinary shares of Rs. 100 each	**500,000,000**	500,000,000
Issued, subscribed and paid-up capital				
1,000,000,000	1,000,000,000	Fully paid-up ordinary shares of Rs. 100 each	**100,000,000**	100,000,000

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. 125,516.02 million (2025: Rs 58,691.71 million) to general reserve.

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.

32 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK

	Note	2026	2025
		--------------(Rupees in '000)-------------	
Opening balance		**1,935,263,396**	1,344,041,715
Appreciation for the year due to revaluation	6	**389,074,265**	591,221,681
Closing balance		**2,324,337,661**	1,935,263,396

33	CONTINGENCIES AND COMMITMENTS	Note	2026	2025
			--------------(Rupees in '000)-------------	

33.1 Contingencies

		Note	2026	2025
a)	Contingent liability in respect of guarantees given on behalf of:			
	Federal Government	33.1.1	-	661,750
	Federal Government owned / controlled bodies and authorities		**765,367**	1,161,957
			765,367	1,823,707
b)	Other claims against the Bank not acknowledged as debts	33.1.2	**1,687,123**	3,476,940

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.

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

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

			2026	2025
33.2	**Commitments**		--------------(Rupees in '000)-------------	
33.2.1	Foreign currency forward and swap contracts - sale		**993,320,575**	1,275,796,384
33.2.2	Foreign currency forward and swap contracts - purchase		**998,481,231**	1,282,507,827
33.2.3	Capital commitments	33.2.3.1	**1,273,465**	2,151,720

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

33.2.4 The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 1,229,868 million) [(2025: PKR of CNY 30,000 million (Rs. 1,188,102 million)] to People's Bank of China under bilateral currency swap agreement as disclosed in note 22 to these unconsolidated financial statements.

	Note	2026	2025
		--------------(Rupees in '000)-------------	
34 DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS MEASURED:			
At amortised cost			
Discount, interest / mark-up on government transactions:			
- Federal Government securities		**418,836,781**	904,836,908
- Federal Government scrips		**82,200**	82,200
- SDRs on-lending to Government of Pakistan (GoP)	14.5	**20,696,877**	24,289,442
Securities purchased under agreement to resell		**1,487,308,330**	1,706,350,798
Interest income on preference shares		**-**	4,335,064
Return on loans and advances to financial institutions		**29,170,313**	64,241,800
Foreign currency deposits		**78,925,293**	96,943,046
Others		**2,334,655**	198,218
		2,037,354,449	2,801,277,476
At fair value through other comprehensive income			
Foreign currency securities		**63,059,588**	25,891,994

		Note	2026	2025
			--------------(Rupees in '000)-------------	
35	**INTEREST / MARK-UP EXPENSE**			
	Deposits		**60,281,934**	73,586,438
	Interest on bilateral currency swap		**38,854,077**	42,399,726
	Interest on special drawing rights - fund facilities		**59,549,253**	54,774,992
	Securities sold under agreement to repurchase		**4,695,068**	37,529,717
	Charges on allocation of special drawing rights of the IMF		**31,106,917**	36,945,508
			194,487,249	245,236,381
36	**COMMISSION INCOME**			
	Market treasury bills	36.1	**3,650,645**	3,762,721
	Management of public debts	36.1	**8,813,805**	6,904,612
	Prize bonds and national saving certificates	36.1	**581,117**	573,015
	Draft / payment orders		**2,517**	2,491
	Others		**-**	71
			13,048,084	11,242,910

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

		2026	2025
		-------------- (Rupees in '000) -------------	
37	**EXCHANGE GAIN / (LOSS) - NET**		
	Gain / (loss) on:		
	- Foreign currency placements, deposits, securities and other accounts - net	**9,153,772**	45,300,846
	- IMF fund facilities	**56,503,575**	(78,272,170)
	- Special drawing rights of the IMF	**10,684,479**	(21,678,789)
		76,341,826	(54,650,113)
38	**OTHER OPERATING INCOME - NET**		
	Penalties levied on banks and financial institutions	**1,582,340**	2,071,865
	License / credit information bureau fee recovered	**1,994,927**	1,424,902
	Others	**1,750,875**	905,838
		5,328,142	4,402,605
39	**OTHER INCOME - NET**		
	Gain / (loss) on disposal of property, plant and equipment	**74,594**	(12,929)
	Grant income under foreign assistance program	**727,148**	193,887
	Others	**314,768**	1,033,620
		1,116,510	1,214,578

40 BANKNOTES' PRINTING CHARGES

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

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	2026	2025
			-------------- (Rupees in '000) -------------	
42	**GENERAL ADMINISTRATIVE AND OTHER EXPENSES**			
	Salaries and other benefits		**10,902,420**	9,179,221
	Charge against retirement benefits and employees' compensated absences	42.1 & 42.6.4	**10,345,404**	10,157,139
	Rent and taxes		**2,448**	2,706
	Insurance expenses		**89,300**	95,826
	Electricity, gas and water		**159,514**	160,106
	Depreciation	17.1	**3,669,703**	2,744,359
	Amortisation	18.1	**285,327**	133,018
	Repairs and maintenance		**1,956,566**	1,171,610
	Auditors' remuneration	42.5	**18,492**	17,612
	Legal and professional charges		**102,748**	229,621
	Travelling		**146,052**	140,538
	Daily expenses		**67,856**	95,108
	Postages, telegram / telex and telephone		**355,216**	310,816
	Training		**306,463**	304,010
	Stationery expenses		**6,568**	13,118
	Books and newspapers charges		**36,060**	26,836
	Advertisement expenses		**41,206**	99,182
	Board committee expenses		**33,594**	18,771
	Recruitment charges		**34,521**	30,423
	Others		**365,734**	413,459
			28,925,192	25,343,479
	Expenses reimbursed to:			
	SBP Banking Services Corporation - a subsidiary (the Corporation)	42.3	**17,205,309**	13,202,582
			46,130,501	38,546,061

42.1 This includes an amount relating to defined contribution plan aggregating to Rs. 733.87 million (2025: Rs. 593.92 million) and employees compensated absences amounting to Rs 1,385.33 million (2025: 1,498.83 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	2026	2025
42.3	**Expenses reimbursable to SBP Banking Services Corporation - a subsidiary**		-------------- (Rupees in '000) -------------	
	Salaries and other benefits		**9,669,659**	9,346,583
	Rent and taxes		**83,357**	88,298
	Insurance		**41,241**	45,611
	Electricity, gas and water		**937,779**	1,024,550
	Repairs and maintenance		**612,886**	584,729
	Auditors' remuneration	42.5	**18,492**	17,612
	Legal and professional charges		**19,349**	34,190
	Travelling expenses		**19,190**	25,615
	Daily expenses		**44,778**	63,856
	Fuel charges		**11,181**	10,445
	Conveyance charges		**39,576**	45,982
	Postage and telephone		**14,518**	15,347
	Training expenses		**67,585**	90,779
	Remittance of treasure		**546,700**	568,340

	Note	2026	2025
		(Rupees in '000)	
Stationery expenses		**35,516**	18,675
Books and newspapers charges		**1,082**	2,103
Advertisement expenses		**8,455**	11,403
Bank guards' charges		**308,520**	301,562
Uniforms		**44,348**	64,257
Depreciation		**685,977**	674,067
Charge against retirement benefits and employees' compensated absences		**14,797,365**	10,746,877
Others		**1,079,007**	898,107
		29,086,561	24,678,988
Less: Limitation on reimbursement of expenses	42.3.1	**11,881,252**	11,476,406
Net reimbursable from State Bank of Pakistan		**17,205,309**	13,202,582

42.3.1 Limitation on reimbursement of expenses

	Note	2026	2025
Interest income from investments funding the deferred liabilities (a)		**11,881,252**	11,476,406
Interest cost related to defined benefit plans (b)		**12,014,052**	12,908,143
Lower of (a) or (b)	42.3.1.1	**11,881,252**	11,476,406

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

	2026			2025		
	BDO Ebrahim & Co	KPMG Taseer Hadi & Co.	Total	BDO Ebrahim & Co	KPMG Taseer Hadi & Co.	Total
	(Rupees in '000)					
State Bank of Pakistan						
Audit fee (including out of pocket expenses)	**8,323**	**8,799**	**17,122**	7,927	8,381	16,308
Sindh Sales Tax on services	**666**	**704**	**1,370**	634	670	1,304
	8,989	**9,503**	**18,492**	8,561	9,051	17,612
SBP Banking Services Corporation						
Audit fee (including out of pocket expenses)	**8,323**	**8,799**	**17,122**	7,927	8,381	16,308
Sindh Sales Tax on services	**666**	**704**	**1,370**	634	670	1,304
	8,989	**9,503**	**18,492**	8,561	9,051	17,612
	17,978	**19,006**	**36,984**	17,122	18,102	35,224

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:

	2026	2025
- discount rate for year end obligation	**11.75% p.a**	11.75% p.a
- salary increase rate	**23.00% p.a**	23.00% p.a
- pension indexation rate	**12.00% p.a**	12.00% p.a
- medical cost increase rate	**11.75% p.a**	11.75% p.a
- petrol price increase rate (where applicable)	**11.75% p.a**	6% p.a
- personnel turnover	**6.64% p.a**	5.16% 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.

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

	2026								
	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, 2025	**38,477,195**	**264,643**	**18,873,756**	**371,586**	**2,239,323**	**2,411,107**	**872,367**	**45,702**	**63,555,679**
Current service cost	**360,640**	**14,985**	**215,519**	**3,553**	**160,414**	**-**	**61,831**	**12,495**	**829,437**
Interest cost on defined benefit obligation	**4,288,150**	**27,164**	**2,160,480**	**41,032**	**254,167**	**280,661**	**97,871**	**5,179**	**7,154,704**
	4,648,790	**42,149**	**2,375,999**	**44,585**	**414,581**	**280,661**	**159,702**	**17,674**	**7,984,141**
Benefits paid and contributions - net	**(3,964,602)**	**(66,915)**	**(973,375)**	**(41,564)**	**(152,397)**	**(45,011)**	**(78,847)**	**(3,250)**	**(5,325,961)**
Remeasurements:									
actuarial (gains) / losses from changes in financial assumptions	**154,549**	**6,649**	**1,320,492**	**9,401**	**13,486**	**2,571**	**21,544**	**(4,530)**	**1,524,162**
experience adjustments	**1,403,918**	**(7,903)**	**(2,177,679)**	**(67,779)**	**323,009**	**278,061**	**(164,366)**	**(28,752)**	**(441,491)**
	1,558,467	**(1,254)**	**(857,187)**	**(58,378)**	**336,495**	**280,632**	**(142,822)**	**(33,282)**	**1,082,671**
Present value of defined benefit obligation as on June 30, 2026	**40,719,850**	**238,623**	**19,419,193**	**316,229**	**2,838,002**	**2,927,389**	**810,400**	**26,844**	**67,296,530**

	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

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

	2026								
	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	**154,549**	**6,649**	**1,320,492**	**9,401**	**13,486**	**2,571**	**21,544**	**(4,530)**	**1,524,162**
- Experience adjustments	**1,403,918**	**(7,903)**	**(2,177,679)**	**(67,779)**	**323,009**	**278,061**	**(164,366)**	**(28,752)**	**(441,491)**
	1,558,467	**(1,254)**	**(857,187)**	**(58,378)**	**336,495**	**280,632**	**(142,822)**	**(33,282)**	**1,082,671**
Reimbursed to SBP Banking Services Corporation - a subsidiary*	**859,540**	**-**	**2,824,152**	**(95,567)**	**1,005,239**	**900,137**	**-**	**-**	**5,493,501**

	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

42.6.4 Amount recognised in the unconsolidated profit and loss account

	2026								
	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**	**-**	**61,831**	**12,495**	**829,437**
Interest cost on defined benefit obligation	**4,288,150**	**27,164**	**2,160,480**	**41,032**	**254,167**	**280,661**	**97,871**	**5,179**	**7,154,704**
	4,648,790	**42,149**	**2,375,999**	**44,585**	**414,581**	**280,661**	**159,702**	**17,674**	**7,984,141**

	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
	3,989,355	43,237	2,418,938	62,558	382,582	274,865	872,367	30,425	8,074,327

42.6.5 Movement of present value of defined benefit obligation

	2026								
	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, 2025	**38,477,195**	**264,643**	**18,873,756**	**371,586**	**2,239,323**	**2,411,107**	**872,367**	**45,702**	**63,555,679**
Amount recognised in the unconsolidated profit and loss account	**4,648,790**	**42,149**	**2,375,999**	**44,585**	**414,581**	**280,661**	**159,702**	**17,674**	**7,984,141**
Remeasurements	**1,558,467**	**(1,254)**	**(857,187)**	**(58,378)**	**336,495**	**280,632**	**(142,822)**	**(33,282)**	**1,082,671**
Benefits paid and contributions - net	**(3,964,602)**	**(66,915)**	**(973,375)**	**(41,564)**	**(152,397)**	**(45,011)**	**(78,847)**	**(3,250)**	**(5,325,961)**
Net recognised liabilities at June 30, 2026	**40,719,850**	**238,623**	**19,419,193**	**316,229**	**2,838,002**	**2,927,389**	**810,400**	**26,844**	**67,296,530**

	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	38,477,195	264,643	18,873,756	371,586	2,239,323	2,411,107	872,367	45,702	63,555,679

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)------	
Pension			
Discount rate	1%	(2,673,686)	3,426,086
Future salary increase	1%	378,302	(359,924)
Future pension increase	1%	3,102,383	(2,709,997)
Expected mortality rates	1 Year	1,885,874	(1,751,471)
Gratuity			
Discount rate	1%	(14,236)	15,813
Future salary increase	1%	15,768	(14,483)
Gratuity Contractual Employee			
Discount rate	1%	(692)	734
Future salary increase	1%	849	(815)
Post retirement medical benefit scheme			
Discount rate	1%	(1,472,958)	3,026,550
Future Post-Retirement medical cost increase	1%	3,005,740	(2,381,115)
Expected mortality rates	1 Year	1,692,256	(1,506,440)
Benevolent			
Discount rate	1%	(16,359)	18,255
Six months post retirement facility			
Discount rate	1%	(249,391)	289,769
Future salary increase	1%	279,256	(245,814)
Income Continuation Plan			
Discount Rate	1%	(277,308)	323,883
Future Salary Increase	1%	251,896	(852,942)
Expected mortality rates	1 Year	265,520	(267,751)
Severance benefit - NCBS			
Discount Rate	1%	(46,293)	51,573
Future Salary Increase	1%	52,501	(48,094)
Expected mortality rates	1 Year	1,951	(1,945)

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 Continuatio n Plan	Severance Benefit	Gratuity-Contractual Employees
Weighted average duration of the defined benfit obligation	7 Years	6 Years	14 Years	5 Years	9 Years	10 Years	6 Years	3 Years

42.6.8 Estimated expenses to be charged to the unconsolidated profit and loss account for the year ending June 30, 2027

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2027 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	284,245	12,465	152,785	1,381	139,042	-	61,831	9,451	661,200
Interest cost on defined benefit obligation	4,784,582	28,038	2,281,755	37,157	333,465	343,968	95,222	3,154	7,907,341
Amount chargeable to the unconsolidated profit and loss account	5,068,827	40,503	2,434,540	38,538	472,507	343,968	157,053	12,605	8,568,541

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. 8,971.04 million (2025: Rs. 7,843.46 million). An amount of Rs. 1,385.33 million (2025: Rs. 1,498.83 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, 2027 would be Rs. 1,591.03 million. The benefits paid during the year amounted to Rs. 257.75 million (2025: Rs. 311.23 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 610.95 million (2025: Rs. 529.07 million) and Rs. 692.16 million (2025: Rs. 599.03 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. 680.62 million (2025: Rs. 601.30 million) and Rs. 614.15 million (2025: Rs. 542.18 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 7 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, 2026 by classes of financial instruments:

	2026				
	Foreign currency accounts and investments (note 8.6)	Investments - local (note 13.5)	Loans, advances and bills of exchange (note 14.9)	Securities purchased under agreement to resell (note 12.5)	Total
	(Rupees in '000)				
Opening balance	**94,903**	**3**	**2,185,234**	**58**	**2,280,198**
Charge / (reversal) during the year	**(83,521)**	**-**	**(445,093)**	**(58)**	**(528,672)**
Closing balance	**11,382**	**3**	**1,740,141**	**-**	**1,751,526**

	2025				
	Foreign currency accounts and investments (note 8.6)	Investments - Local (note 13.5)	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	94,903	3	2,185,234	58	2,280,198

44 PROFIT FOR THE YEAR AFTER NON-CASH ITEMS AND OTHER ITEMS

	Note	2026	2025
		----------- (Rupees in '000) ----------	
Profit for the year		**1,990,352,761**	2,499,795,031
Adjustments for:			
Depreciation on property, plant and equipment	17.1 & 42.3	**4,355,680**	3,418,426
Amortisation on intangible assets	18.1	**285,327**	133,018
Provision / (reversal) of credit loss allowance	43	**(528,672)**	33,866
Provision / (reversal) for / write-off:			
- retirement benefits and employees' compensated absences	42 & 42.3	**25,142,769**	20,904,016
- other doubtful assets	27.2.1.1	**(285,299)**	109,565
(Gain) / loss on disposal of property, plant and equipment	39	**(74,594)**	12,929
Dividend income		**(57,294,600)**	(13,648,766)
Fair valuation adjustment on COVID-19 loans - net		**(19,646,246)**	(22,885,675)
Effect of exchange loss / (gain) on assets and liabilities		**(76,341,826)**	54,650,113
		1,865,965,300	2,542,522,523

45 CASH AND CASH EQUIVALENTS

	Note	2026	2025
Local currency - coins	7	**316,996**	365,337
Foreign currency accounts and investments having maturity of less than 3 months	8	**5,333,525,824**	4,448,747,540
Earmarked foreign currency balances	9	**21,055,256**	21,490,540
Special Drawing Rights of the International Monetary Fund	10	**82,864,227**	7,417,625
		5,437,762,303	4,478,021,042

45.1 Foreign currency accounts and investments excludes unrealised gain on foreign currency derivatives amounting to Rs. 6.69 million (2025: Rs. 3,114.29 million) and deposits held with IMF amounting to Rs. 1,757.30 million (2025: Rs. 1,815.34 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 other key management personnel of the Bank.

	2026	2025
	------------(Rupees in '000)------------	
46.1 National Institute of Banking and Finance, Pakistan- (NIBAF Pakistan)		
Balances at the year end		
Current account with the NIBAF Pakistan	**287,976**	31,674
Transactions during the year		
Training expense	**273,198**	251,759
Payments made during the year	**485,487**	412,507
46.2 Pakistan Security Printing Corporation (Private) Limited - (PSPC)		
Balances at the year end		
Payable against printing charges	**362,414**	1,272,264
Loan receivable from PSPC	**19,756,197**	21,968,409
Receivable from PSPC	**73,291**	10,171

	2026	2025
	(Rupees in '000)	
Transactions during the year		
Banknotes printing charges	**29,633,465**	27,869,900
Payment made against printing charges	**30,543,315**	31,091,131

46.3 RAAST Payments Pakistan (Private) Limited - (RAAST)

	2026	2025
Balances at the year end		
Receivable from RAAST	**90,273**	-
Transactions during the year		
Payments made on behalf of RAAST	**245,255**	-

46.4 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:

	2026	2025
Transactions during the year	(Rupees in '000)	
- Maturity of PIBs	**1,883,000,000**	500,000,000

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

46.5 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:

	2026	2025
	(Rupees in '000)	
Salaries and other benefits of Governor and Deputy Governors	**182,526**	93,974
Fee of Non-Executive Directors	**25,155**	11,152
Fee of external members of MPC	**8,439**	7,618
	216,120	112,744

46.6 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:

	2026	2025
	(Rupees in '000)	
Salaries and other benefits	**1,169,181**	1,078,001
Retirement benefits and employees' compensated absences	**393,944**	372,833
Loans disbursed during the year	**263,382**	214,415
Loans repaid during the year	**177,300**	240,188
Disposal of vehicle during the year	**-**	11,071
Directors' fees	**45,426**	25,114
Number of key management personnel	**26**	26

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.

46.7 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.

46.8 Associated undertakings of the Bank

46.8.1 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.

46.8.2 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 47.1 to 47.6 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 information.

Internal rating	**2026**	2025	External rating
	12 month PD	12 month PD	
Performing			
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	**6.3056%-9.6562%**	6.3056%-9.6562%	CC
Non performing			
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

	2026						
	Pakistan	**Asia (other than Pakistan)**	**America**	**Europe**	**Australia**	**Others**	**Grand total**
	---------- (Rupees in '000) ----------						
Financial assets							
Local currency - coins	316,996	-	-	-	-	-	**316,996**
Foreign currency accounts and investments	-	2,187,011,393	1,574,259,208	1,017,815,833	19,145	581,970,635	**5,361,076,214**
Earmarked foreign currency balances	21,055,256	-	-	-	-	-	**21,055,256**
Special drawing rights of International Monetary Fund	-	-	82,864,227	-	-	-	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	44,918	-	-	-	**44,918**
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	287,976	-	-	-	-	-	**287,976**
Securities purchased under agreement to resell	15,600,925,584	-	-	-	-	-	**15,600,925,584**
Investments - local	3,420,328,279	-	-	-	-	-	**3,420,328,279**
Loans, advances and bills of exchange	1,576,448,368	327,949	-	-	-	-	**1,576,776,317**
Assets held with the Reserve Bank of India	-	2,908,516	-	-	-	-	**2,908,516**
Balances due from the Governments of India and Bangladesh	-	20,060,049	-	-	-	-	**20,060,049**
Other assets	24,423,231	13,360,547	-	-	-	-	**37,783,778**
Total financial assets	**20,643,785,690**	**2,223,668,454**	**1,657,168,353**	**1,017,815,833**	**19,145**	**581,970,635**	**26,124,428,110**

	2025						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	---------- (Rupees in '000) ----------						
Financial assets							
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
Total financial assets	19,472,154,265	1,739,265,942	1,421,202,126	1,302,739,679	18,707	35,483,824	23,970,864,543

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

	2026						
	Sovereign	**Supra-national**	**Public sector entities**	**Corporate**	**Banks & financial institutions**	**Others**	**Grand total**
	(Rupees in '000)						
Financial assets							
Local currency - coins	316,996	-	-	-	-	-	**316,996**
Foreign currency accounts and investments	4,291,512,338	340,061,150	148	-	729,502,578	-	**5,361,076,214**
Earmarked foreign currency balances	21,055,255	-	-	-	-	-	**21,055,255**
Special drawing rights of International Monetary Fund	-	82,864,227	-	-	-	-	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	44,918	-	-	-	-	**44,918**
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-		-	-	287,976	**287,976**
Securities purchased under agreement to resell	-	-	-	-	15,600,925,584	-	**15,600,925,584**
Investments - local	3,052,470,096	-	317,569,377	-	50,288,806	-	**3,420,328,279**
Loans, advances and bills of exchange	737,647,550	-	97,961,641	-	711,449,752	29,717,375	**1,576,776,318**
Assets held with the Reserve Bank of India	2,908,516	-	-	-	-	-	**2,908,516**
Balances due from the Governments of India and Bangladesh	20,060,049	-	-	-	-	-	**20,060,049**
Other assets	36,338,174	-	134,430	-	895,411	415,763	**37,783,778**
Total financial assets	**8,162,308,974**	**422,970,295**	**415,665,596**	**-**	**17,093,062,131**	**30,421,114**	**26,124,428,110**

	2025						
	Sovereign	Supra-national	Public sector entities	Corporate	Banks & financial institutions	Others	Grand total
	(Rupees in '000)						
Financial assets							
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
Total financial assets	9,550,589,190	23,430,705	111,007,028	-	14,260,518,593	25,319,027	23,970,864,543

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.

	2026							
	Sovereign (47.1.4.1)	**AAA**	**AA**	**A**	**BBB**	**Lower than BBB**	**Unrated**	**Grand Total**
	(Rupees in 000')							
Financial assets								
Foreign currency accounts and investments	2,715,977,706	1,008,054,143	330,367,030	1,300,607,832	-	394	6,069,109	**5,361,076,214**
Earmarked foreign currency balance	21,055,256	-	-	-	-	-	-	**21,055,256**
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	82,864,227	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	44,918	**44,918**
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-	-	-	-	-	287,976	**287,976**
Securities purchased under agreement to resell	-	12,905,142,484	2,656,028,386	32,037,721	-	-	7,716,993	**15,600,925,584**
Investments - local	3,052,470,096	317,569,377	3,915,756	-	-	-	46,373,050	**3,420,328,279**
Loans, advances and bills of exchange	737,647,550	633,574,045	138,035,000	14,581,094	3,144,504	2,060,365	47,733,620	**1,576,776,178**
Assets held with the Reserve Bank of India	-	-	-	-	2,908,516	-	-	**2,908,516**
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	20,019,596	-	**20,060,049**
Other assets	36,338,174	-	-	-	-	-	1,445,604	**37,783,778**
Total financial assets	**6,563,488,782**	**14,864,340,049**	**3,128,346,172**	**1,347,226,647**	**6,093,473**	**22,080,355**	**192,535,497**	**26,124,110,975**

	2025							
	Sovereign (47.1.4.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	(Rupees in 000')							
Financial assets								
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
Total financial assets	7,247,196,647	12,888,186,642	2,103,505,553	1,571,644,073	8,610,168	19,774,503	131,581,621	23,970,499,206

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.

	2026						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Financial assets	---(Rupees in '000)---						
Non-derivative assets:							
Local currency - coins	-	-	-	316,996	-	316,996	**316,996**
Foreign currency accounts and investments	5,359,085,788	-	5,359,085,788	897,374	1,086,362	1,983,736	**5,361,069,524**
Earmarked foreign currency balance	-	-	-	21,055,256	-	21,055,256	**21,055,256**
Special drawing rights of International Monetary Fund	82,521,545	-	82,521,545	342,682	-	342,682	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	44,918	-	44,918	**44,918**
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-	-	287,976	-	287,976	**287,976**
Securities purchased under agreement to resell	15,584,172,781	-	15,584,172,781	16,752,803	-	16,752,803	**15,600,925,584**
Investments - local	-	3,048,306,206	3,048,306,206	4,163,891	-	4,163,891	**3,052,470,097**
Loans, advances and bills of exchange	321,373,515	1,215,127,267	1,536,500,782	9,630,308	30,645,228	40,275,536	**1,576,776,318**
Assets held with the Reserve Bank of India	-	-	-	-	2,908,516	2,908,516	**2,908,516**
Balances due from the Governments of India and Bangladesh	19,121,172	-	19,121,172	-	938,877	938,877	**20,060,049**
Other assets	37,231,676	-	37,231,676	552,102	-	552,102	**37,783,777**
	21,403,506,477	4,263,433,473	25,666,939,950	54,044,306	35,578,983	89,623,289	**25,756,563,238**
Derivative assets							
Foreign currency accounts and investments	-	-	-	6,690	-	6,690	**6,690**
Investments - local	-	-	-	3,915,754	-	3,915,754	**3,915,754**
	-	-	-	3,922,444	-	3,922,444	**3,922,444**
Grand total	**21,403,506,477**	**4,263,433,473**	**25,666,939,950**	**57,966,750**	**35,578,983**	**93,545,733**	25,760,485,682
Financial liabilities							
Banknotes in circulation	-	-	-	12,659,485,095	-	12,659,485,095	**12,659,485,095**
Bills payable	-	-	-	1,228,162	-	1,228,162	**1,228,162**
Current accounts of the governments*	-	-	-	3,323,820,706		3,323,820,706	**3,323,820,706**
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	6,031,327	-	6,031,327	**6,031,327**
Payable under bilateral currency swaps agreements	1,229,868,001	-	1,229,868,001	9,644,345	-	9,644,345	**1,239,512,346**
Deposits of banks and financial institutions	281,401,927	-	281,401,927	1,513,734,364	-	1,513,734,364	**1,795,136,291**
Other deposits and accounts	70,520,174	-	70,520,174	157,208,065	-	157,208,065	**227,728,239**
Payable to the International Monetary Fund	153,652,711	2,950,629,998	3,104,282,709	16,083,537	-	16,083,537	**3,120,366,246**
Securities sold under agreement to repurchase	109,126,280	-	109,126,280	31,382	-	31,382	**109,157,662**
Other liabilities	49,107,210	-	49,107,210	42,520,972	8,971,036	89,540,312	**138,647,522**
	1,893,676,303	2,950,629,998	4,844,306,301	17,729,787,955	8,971,036	17,776,807,295	**22,621,113,596**
Derivative liabilities							
Other liabilities	-	-	-	2,730,583	-	2,730,583	**2,730,583**
	1,893,676,303	2,950,629,998	4,844,306,301	17,732,518,538	8,971,036	17,779,537,878	**22,623,844,179**
On balance sheet gap (a)	**19,509,830,174**	**1,312,803,474**	**20,822,633,649**	**(17,674,551,788)**	**26,607,947**	**(17,685,992,145)**	3,136,641,503
Foreign currency forward and swap contracts - sale	-	-	-	993,320,575	-	993,320,575	**993,320,575**
Foreign currency forward and swap contracts - purchase	-	-	-	998,481,231	-	998,481,231	**998,481,231**
Capital commitments	-	-	-	1,273,465	-	1,273,465	**1,273,465**
Contingent liabilities in respect of guarantees given	-	-	-	-	765,367	765,367	**765,367**
Other claims against the Bank not acknowledged as debts	-	-	-	-	1,687,123	1,687,123	**1,687,123**
Commitment under bilateral currency swap agreement	-	-	-	1,229,868,001	-	1,229,868,001	**1,229,868,001**
Off balance sheet gap (b)	-	-	-	3,222,943,272	2,452,490	3,225,395,762	3,225,395,762
Off balance sheet gap (b)	-	-	-	1,993,075,271	765,367	1,993,840,638	**1,993,840,638**
Total yield / interest risk sensitivity gap (a+b)	**19,509,830,174**	**1,312,803,474**	**20,822,633,649**	**(19,667,627,059)**	**25,842,580**	**(19,679,832,783)**	**1,142,800,865**
Cumulative yield / interest risk sensitivity gap	**19,509,830,174**	**20,822,633,649**					

(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.

	2025						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	----------(Rupees in '000)----------						
Financial assets							
Non-derivative assets:							
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
Derivative assets							
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
Grand total	18,132,315,051	5,413,367,193	23,545,682,244	232,568,878	192,613,421	425,182,299	23,970,864,542

	2025						
	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 liabilities							
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
Derivative liabilities							
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)	15,436,940,894	2,780,689,576	18,217,630,471	(14,798,926,436)	181,803,266	(14,617,123,170)	3,600,507,300
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
Futures - sale	-	-	-	-	-	-	-
Futures - purchase	-	-	-	-	-	-	-
Capital commitments	-	-	-	2,151,720	-	2,151,720	2,151,720
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	-	-	-	1,188,101,999	-	1,188,101,999	1,188,101,999
Off balance sheet gap (b)	-	-	-	3,748,557,930	5,300,647	3,753,858,577	3,753,858,577
Off balance sheet gap (b)	-	-	-	2,560,455,931	1,823,707	2,562,279,638	2,562,279,638
Total yield / interest risk sensitivity gap (a+b)	15,436,940,894	2,780,689,576	18,217,630,471	(17,359,382,367)	179,979,559	(17,179,402,808)	1,038,227,662
Cumulative yield / interest risk sensitivity gap	15,436,940,894	18,217,630,470					

(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 these 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, 2026 would increase / decrease by Rs. 20,809.13 million (2025: Rs. 18,217.63 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, 2026, 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. 1,562.59 million (2025: Rs. 1,305.32 million) or decrease by Rs. 1,562.59 million (2025: Rs. 1,305.32 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, 2026 with all other variables constant profit for the year would have been Rs. 5,950.43 million higher / lower (2025: Rs. 12,113.71 million). Net foreign currency exposure of the Bank is as follows:

	2026	2025
	------------ (Rupees in '000)	**-----------**
US Dollar	**1,489,003,098**	638,569,326
Pound Sterling	**(233,578,336)**	(209,022,934)
Chinese Yuan	**153,232,723**	(783,348,418)
Euro	**(892,058,505)**	(792,737,331)
Japanese Yen	**(228,251,137)**	(199,048,082)
United Arab Emirates Dirham	**13,989**	162,377
Australian Dollar	**21,868**	20,906
Canadian Dollar	**10,562**	11,032
Others	**306,648,464**	134,022,374
	595,042,726	(1,211,370,750)

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, 2026, other comprehensive income would increase or decrease by Rs. 15,878.47 million (2025: Rs. 8,694.36 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, 2026 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 47.3, 47.4 and 47.5 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 47.2.1 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	
	2026	2025	**2026**	2025
	(Rupees in '000)			
Financial assets				
Local currency - coins	**316,996**	365,337	**316,996**	365,337
Foreign currency accounts and investments	**5,361,076,214**	4,451,861,826	**5,361,076,214**	4,451,861,826
Earmarked foreign currency balances	**21,055,256**	21,490,540	**21,055,256**	21,490,540
Special drawing rights of the International Monetary Fund	**82,864,227**	7,417,625	**82,864,227**	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	**44,918**	46,407	**44,918**	46,407
Current account with National Institute Pakistan - a subsidiary	**287,976**	31,674	**287,976**	31,674
Securities purchased under agreement to resell	**15,600,925,584**	12,542,992,513	**15,600,925,584**	12,542,992,513

	Carrying value		Fair value	
	2026	2025	**2026**	2025
	----(Rupees in '000)----			
Investments - local	**3,056,385,851**	4,982,701,558	**3,440,865,182**	5,199,269,494
Loans, advances and bills of exchange	**1,576,776,318**	1,912,227,436	**1,576,776,318**	1,912,227,436
Assets held with the Reserve Bank of India	**2,908,516**	3,193,807	**2,908,516**	3,193,807
Balances due from the Governments of India and Bangladesh	**20,060,049**	18,663,258	**20,060,049**	18,663,258
Other assets	**37,783,777**	29,872,561	**37,783,777**	29,872,561
Financial liabilities				
Banknotes in circulation	**12,659,485,095**	11,269,452,815	**12,659,485,095**	11,269,452,815
Bills payable	**1,228,162**	1,246,964	**1,228,162**	1,246,964
Current accounts of Governments	**3,323,820,706**	2,026,532,555	**3,323,820,706**	2,026,532,555
Current account with SBP Banking Services Corporation - a subsidiary	**6,031,327**	1,443,515	**6,031,327**	1,443,515
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	**-**	-	**-**	-
Payable under bilateral currency swap agreement	**1,239,512,346**	1,197,854,251	**1,239,512,346**	1,197,854,251
Deposits of banks and financial institutions	**1,795,136,291**	1,682,462,467	**1,795,136,291**	1,682,462,467
Other deposits and accounts	**227,728,239**	1,255,603,330	**227,728,239**	1,255,603,330
Payable to the International Monetary Fund	**3,120,366,246**	2,705,516,088	**3,120,366,246**	2,705,516,088
Securities sold under agreement to repurchase	**109,157,662**	101,304,723	**109,157,662**	101,304,723
Other liabilities	**141,378,105**	128,940,534	**141,378,105**	128,940,534

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.

	2026			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	----(Rupees in '000)----			
On balance sheet financial assets				
Foreign currency accounts and investments	**-**	**1,562,600,021**	**-**	**1,562,600,021**
Investments - local	**317,569,377**	**3,076,922,754**	**46,373,051**	**3,440,865,182**
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	**-**	**-**	**89,110,509**	**89,110,509**
Gold reserves held by the Bank	**2,334,001,810**	**-**	**-**	**2,334,001,810**
Assets held with the Reserve Bank of India	**37,610,938**	**-**	**-**	**37,610,938**
	2,689,182,125	**4,639,522,775**	**135,483,560**	**7,464,188,460**
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	**-**	**993,320,575**	**-**	**993,320,575**
Foreign currency forward and swap contracts - purchase	**-**	**998,481,231**	**-**	**998,481,231**

	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	(Rupees in '000)			
On balance sheet financial assets				
Foreign currency accounts and investments	-	1,308,437,627	-	1,308,437,627
Investments - local	173,887,232	4,979,620,693	45,761,569	5,199,269,494
Non - recurring fair value measurements				
On balance sheet non-financial assets				
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
	2,147,328,664	6,288,058,320	136,939,532	8,572,326,516
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
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

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 June 30, 2026	Fair value at June 30, 2025	Unobser-vable inputs *	Range of inputs (probability-weighted average) 2026	Range of inputs (probability-weighted average) 2025	Relationship of unobservable inputs to fair value
	Rupees in '000					
Unlisted equity securities	**46,373,051**	45,761,569	Discount rate	**21.48%**	19.9%-23.9%	Increase/ (decrease) discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 1,948.70 million.
			Terminal growth rate	**4.5%-10%**	3.5%-10%	Increase/ (decrease) Terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 710.99 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

	2026			
	At fair value through profit or loss	**Amortised cost**	**At fair value through other comprehensive income**	**Total**
Financial assets	(Rupees in '000)			
Local currency - coins	**-**	**316,996**	**-**	**316,996**
Foreign currency accounts and investments	**6,690**	**3,798,476,193**	**1,562,593,331**	**5,361,076,214**
Earmarked foreign currency balances	**-**	**21,055,256**	**-**	**21,055,256**
Special drawing rights of the International Monetary Fund	**-**	**82,864,227**	**-**	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	**-**	**44,918**	**-**	**44,918**
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	**-**	**287,976**	**-**	**287,976**
Securities purchased under agreement to resell	**-**	**15,600,925,584**	**-**	**15,600,925,584**
Investments - local	**3,915,754**	**3,193,648,957**	**363,942,428**	**3,561,507,139**
Loans, advances and bills of exchange	**-**	**1,576,776,318**	**-**	**1,576,776,318**
Assets held with the Reserve Bank of India	**-**	**2,908,516**	**-**	**2,908,516**
Balances due from the Governments of India and Bangladesh	**-**	**20,060,049**	**-**	**20,060,049**
Other assets	**-**	**37,783,777**	**-**	**37,783,777**

	2025			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
Financial assets	(Rupees in '000)			
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

Financial liabilities	2026		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Banknotes in circulation	**12,659,485,095**	**-**	**12,659,485,095**
Bills payable	**1,228,162**	**-**	**1,228,162**
Current accounts of governments	**3,323,820,706**	**-**	**3,323,820,706**
Current account with SBP Banking Services Corporation - a subsidiary	**6,031,327**	**-**	**6,031,327**
Payable under bilateral currency swap agreement	**1,239,512,346**	**-**	**1,239,512,346**
Deposits of banks and financial institutions	**1,795,136,291**	**-**	**1,795,136,291**
Other deposits and accounts	**227,728,239**	**-**	**227,728,239**
Payable to the International Monetary Fund	**3,120,366,246**	**-**	**3,120,366,246**
Securities sold under agreement to repurchase	**109,157,662**	**-**	**109,157,662**
Other liabilities	**138,647,522**	**2,730,583**	**141,378,105**

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

50 NON-ADJUSTING EVENT

The Board of Directors of the Bank in their meeting held on August 27, 2026 have appropriated an amount of Rs. 50,726.43 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, 2026 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, 2027.

51 GENERAL

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

52 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on August 27, 2026 by the Board of Directors of the Bank.

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Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN

Consolidated Financial Statements

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

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

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, National Institute of Banking and Finance, Pakistan and Raast Payments Pakistan (Private) Limited (together 'the Group'), which comprise the consolidated balance sheet as at June 30, 2026, 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 financial position of the consolidated financial position of the Group as at June 30, 2026, 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 *'Auditors' Responsibilities for the Audit of the Consolidated Financial Statements'* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

	Key Audit Matter	How the matter was addressed in our audit
1	**Foreign currency accounts and investments** (Refer note 9 of the annexed consolidated financial statements)	
	The Group maintained certain foreign currency accounts and investments which aggregated to Rs 5,361,076 million as at June 30, 2026. The existence and valuation of these foreign currency accounts and investments were assessed by us as a significant risk area and therefore we considered this as a key audit matter.	Our audit procedures, among others, included the following: ▪ We obtained understanding of the processes, evaluated the design and tested operating effectiveness of key controls throughout the year over recognition, derecognition and valuation of investments and related revenue; ▪ We sent direct confirmations to counterparties to confirm the balances of foreign currency accounts and investments;

Key Audit Matter	How the matter was addressed in our audit
	▪ We obtained bank reconciliation statements for nostro balances and tested reconciling items on a sample basis; ▪ We compared the prices to independent sources on a sample basis where quoted market prices were used; and ▪ 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.

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.

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

-sd-

KPMG Taseer Hadi & Co.
Chartered Accountants
Dated: August 27, 2026
Karachi
UDIN: AR202610106dti8R9pSn

-sd-

BDO Ebrahim & Co.
Chartered Accountants
Dated: August 27, 2026
Karachi
UDIN: AR202610067vKtjmIcof

STATE BANK OF PAKISTAN
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2026

	Note	2026	2025
		--------------(Rupees in '000)--------------	
ASSETS			
Cash and bank balances	6	**435,851**	3,207,530
Gold reserves held by the Bank	7	**2,334,001,810**	1,942,111,796
Local currency - coins	8	**316,996**	365,337
Foreign currency accounts and investments	9	**5,361,076,214**	4,451,861,826
Earmarked foreign currency balances	10	**21,055,256**	21,490,540
Special drawing rights of the International Monetary Fund	11	**82,864,227**	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	12	**44,918**	46,407
Securities purchased under agreement to resell	13	**15,600,925,584**	12,542,992,513
Investments - local	14	**3,546,407,351**	5,314,052,849
Investment in associates	15	**9,752,504**	9,424,772
Loans, advances and bills of exchange	16	**1,583,377,031**	1,911,719,243
Taxation - net		**3,463,052**	2,089,083
Assets held with the Reserve Bank of India	17	**40,519,454**	34,523,443
Balances due from the Governments of India and Bangladesh	18	**20,060,049**	18,663,258
Property, plant and equipment	19	**176,180,872**	171,092,759
Investment property	20	**1,338,430**	1,284,043
Intangible assets	21	**516,984**	476,072
Other assets	23	**58,306,027**	46,739,866
Total assets		**28,840,642,610**	26,479,558,962
LIABILITIES			
Banknotes in circulation	24	**12,659,485,095**	11,269,452,815
Bills payable		**4,503,227**	3,885,131
Current accounts of governments	25	**3,323,820,706**	2,026,532,555
Payable under bilateral currency swap agreement	26	**1,239,512,346**	1,197,854,251
Deposits of banks and financial institutions	27	**1,795,136,291**	1,682,587,160
Other deposits and accounts	28	**227,354,467**	1,255,185,282
Payable to the International Monetary Fund	29	**3,120,366,246**	2,705,516,088
Securities sold under agreement to repurchase	30	**109,157,662**	101,304,723
Other liabilities	31	**162,353,910**	143,557,514
Deferred liability - staff retirement benefits	32	**172,282,422**	164,484,453
Deferred taxation	22	**3,544,927**	3,725,737
Total liabilities		**22,817,517,299**	20,554,085,709
Net assets		**6,023,125,311**	5,925,473,253
REPRESENTED BY			
Share capital	33	**100,000,000**	100,000,000
Reserves	34	**1,100,968,082**	974,336,056
Merger reserves		**2,382,501**	2,382,501
Unappropriated profit		**1,893,013,599**	2,455,094,774
Unrealised exchange gain	35	**125,437,080**	125,437,080
Endowment fund		**182,882**	154,699
Unrealised appreciation on gold reserves held by the Bank	36	**2,324,337,661**	1,935,263,396
Unrealised appreciation on remeasurement of foreign currency accounts and investments		**(277,611)**	(39,621)
Unrealised appreciation on remeasurement of investments - local	14.6	**356,395,486**	211,927,986
Surplus on revaluation of property	19.2	**120,685,631**	120,916,382
Total equity		**6,023,125,311**	5,925,473,253
CONTINGENCIES AND COMMITMENTS	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 58 form an integral part of these consolidated financial statements.

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Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		--------------(Rupees in '000)--------------	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	38	**2,043,168,479**	2,814,897,208
- fair value through other comprehensive income	38	**74,940,840**	25,891,994
- fair value through other profit and loss	38	**257,349**	198,690
Interest / mark-up expense	39	**(196,827,777)**	(245,433,551)
		1,921,538,891	2,595,554,341
Fair valuation adjustment on COVID-19 loans - net	16.7	**19,646,246**	22,885,675
Commission income	40	**13,048,084**	11,242,910
Exchange gain / (loss) - net	41	**76,395,027**	(54,959,842)
Dividend income		**57,294,600**	13,648,766
Share of profit from associates	42	**855,077**	1,082,432
Other operating income - net	43	**15,878,617**	8,190,254
Other income - net	44	**1,433,098**	1,451,313
		2,106,089,640	2,599,095,849
Less: Operating expenses			
- banknotes' and prize bond printing charges	45	**29,007,162**	24,667,487
- agency commission	46	**13,399,440**	14,323,087
- general administrative and other expenses	47	**61,534,336**	52,245,233
(Reversal of provision) / provision against			
- other doubtful assets	31.2.1.2	**(285,299)**	109,565
		(285,299)	109,565
(Reversal) / charge of credit loss allowance on financial instruments - net	48	**(528,661)**	35,010
		103,126,978	91,380,382
Profit before taxation		**2,002,962,662**	2,507,715,467
Taxation	49	**3,204,590**	2,270,709
Profit after taxation		**1,999,758,072**	2,505,444,758

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

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Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		-------------(Rupees in '000)-------------	
Profit after taxation		**1,999,758,072**	2,505,444,758
Other comprehensive income			
Items that may be reclassified subsequently to the consolidated profit and loss account:			
Unrealised appreciation on gold reserves held by the Bank	7	**389,074,265**	591,221,681
Unrealised gain on government securities	14.6	**173,873**	-
Changes in the fair value of debt instruments at fair value through other comprehensive income		**(237,990)**	(46,993)
		389,010,148	591,174,688
Items that will not be reclassified subsequently to the consolidated profit and loss account:			
Unrealised appreciation on remeasurement of investments - local	14.6	**144,293,627**	113,128,313
Surplus on revaluation of property		**-**	1,406,048
Remeasurements of staff retirement defined benefit plans - net	47.3.3.1 & 47.4.7	**(6,842,827)**	(11,276,584)
		137,450,800	103,257,777
Total comprehensive income for the year		**2,526,219,020**	3,199,877,223

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

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Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

STATE BANK OF PAKISTAN
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share capital	Reserves: General reserve (note 34.1)	Reserves: Reserve fund	Reserves: Reserve created as a result of acquisition of PSPC and NSPC	Reserves: Subtotal	Unappropriated profit	Unrealised appreciation on gold reserves held by the Bank (note 36)	Unrealised appreciation/ (diminution) on remeasurement of investments - local (note 14.6)	Changes in the fair value of debt instruments at fair value through other compre-hensive income (note 9)	Endowment fund	Surplus on revaluation of property	Merger Reserve	Unrealized Exchange Gain (note 35)	Total
	(Rupees in '000)													
Balance as at July 1, 2024	**100,000,000**	**976,717,461**	**53,106**	**(41,279,353)**	**935,491,214**	**2,831,177,920**	**1,344,041,715**	**98,799,673**	**7,372**	**140,009**	**119,538,041**	**-**	**-**	**5,429,195,944**
Profit after taxation	-	-	-	-	-	2,505,444,758	-	-	-	-	-	-		2,505,444,758
Other comprehensive income														
Unrealised appreciation on remeasurement of investments - local (note 14.6)	-	-	-	-	-	-	-	117,931,537	-	-	-	-	-	117,931,537
Disposal of equity investment - Zarai Traqiati 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 36)	-	-	-	-	-	-	591,221,681	-	-	-	-	-	-	591,221,681
Surplus on revaluation of property	-	-	-	-	-	27,707	-	-	-	-	1,378,341	-	-	1,406,048
Remeasurements 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	-
	-	-	-	-	-	(136,685,957)	591,221,681	113,128,313	(46,993)	-	1,378,341	-	125,437,080	694,432,465
Total comprehensive income for the year	-	-	-	-	-	2,368,758,801	591,221,681	113,128,313	(46,993)	-	1,378,341	-	125,437,080	3,199,877,223
Appropriations														
Transfer to the general reserve (note 34.1)	-	58,691,713	1,886,146	-	60,577,859	(60,577,859)	-	-	-	-	-	-	-	-
Reserve on acquisition of NSPC														
Reserve created as a result of acquisition of NSPC	-	-	-	(21,733,017)	(21,733,017)	-	-	-	-	-	-	-	-	(21,733,017)
Merger reserve														
NIBAF gaurantee	-	-	-	-	-	-	-	-	-	-	-	(39)	-	(39)
Institute of Bankers Pakistan	-	-	-	-	-	-	-	-	-	-	-	2,382,540	-	2,382,540
	-	-	-	-	-	-	-	-	-	-	-	2,382,501	-	2,382,501
Endowment fund														
Transfer to endowment fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net adjustment in endowment fund	-	-	-	-	-	-	-	-	-	14,690	-	-	-	14,690
	-	-	-	-	-	-	-	-	-	14,690	-	-	-	14,690
Disposal of equity investment														
Loss on disposal of equity investment - ZTBL	-	-	-	-	-	(1,726,708)	-	-	-	-	-	-	-	(1,726,708)
Transactions with owners														
Profit transferred to the Government of Pakistan	-	-	-		-	(2,682,537,380)	-	-	-	-	-	-	-	(2,682,537,380)
Balance as at June 30, 2025	**100,000,000**	**1,035,409,174**	**1,939,252**	**(63,012,370)**	**974,336,056**	**2,455,094,774**	**1,935,263,396**	**211,927,986**	**(39,621)**	**154,699**	**120,916,382**	**2,382,501**	**125,437,080**	**5,925,473,253**
Profit after taxation	-	-	-	-	-	1,999,758,072	-	-	-		-	-		1,999,758,072
Reversal of surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-	(230,751)	-	-	(230,751)
Other comprehensive income														
Unrealised appreciation on remeasurement of investments - local (note 14.6)	-	-	-	-	-	-	-	144,467,500	-	-	-	-	-	144,467,500
Changes in the fair value of debt instruments at fair value through other comprehensive Income	-	-	-	-	-	-	-	-	(237,990)	-	-	-	-	(237,990)
Unrealised appreciation on gold reserves held by the Bank (note 36)	-	-	-	-	-	-	389,074,265	-	-	-	-			389,074,265
Remeasurements of staff retirement defined benefit plans (note 47.3.3.1 & 47.4.7)	-	-	-	-	-	(6,842,827)	-	-	-	-	-	-	-	(6,842,827)
	-	-	-	-	-	(6,842,827)	389,074,265	144,467,500	(237,990)	-	-		-	526,460,948
Total comprehensive income for the year	-	-	-	-	-	1,992,915,245	389,074,265	144,467,500	(237,990)	-	-	-	-	2,526,219,020
Appropriations														
Transfer to the general reserve	-	125,516,023	1,116,003	-	126,632,026	(126,632,026)	-	-	-		-	-	-	-
Endowment fund														
Investment income from endowment fund	-	-	-	-	-	-	-	-	-	28,183	-	-	-	28,183
Profit transferred to the Government of Pakistan	-	-	-	-	-	(2,428,364,394)	-	-	-	-	-	-	-	(2,428,364,394)
Balance as at June 30, 2026	**100,000,000**	**1,160,925,197**	**3,055,255**	**(63,012,370)**	**1,100,968,082**	**1,893,013,599**	**2,324,337,661**	**356,395,486**	**(277,611)**	**182,882**	**120,685,631**	**2,382,501**	**125,437,080**	**6,023,125,311**

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

-sd-
Jameel Ahmad
Governor

-sd-
Saleem Ullah
Deputy Governor

-sd-
Muhammad Haroon Rasheed
Chief Financial Officer

STATE BANK OF PAKISTAN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		------ (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	50	**1,891,926,242**	2,549,490,950
Taxes paid		**(3,139,520)**	(1,839,877)
(Increase) / decrease in assets:			
Foreign currency accounts and investments		**(15,436,801)**	43,766,068
Gold reserves held by the Bank		**(2,815,749)**	(1,441,498)
Securities purchased under agreement to resell		**(3,057,933,013)**	(717,435,771)
Investments - local		**1,911,960,961**	639,394,112
Loans, advances and bills of exchange		**348,433,540**	180,501,859
Other assets		**(11,653,521)**	(6,561,594)
		(827,444,583)	138,223,176
		1,061,342,139	2,685,874,249
Increase / (decrease) in liabilities:			
Banknotes in circulation - net		**1,390,032,280**	1,571,241,384
Bills payable		**618,096**	2,359,096
Current accounts of Governments		**1,297,288,151**	261,206,774
Payable under bilateral currency swap agreement		**2,804,018**	(5,211,055)
Deposits of banks and financial institutions		**52,267,197**	(207,174,938)
Payment of retirement benefits and employees' compensated absences		**(14,829,331)**	(11,311,506)
Other deposits and accounts		**(1,027,830,815)**	53,640,692
Securities sold under agreement to repurchase		**3,157,871**	(545,956,588)
Other liabilities		**5,045,276**	(1,204,160)
		1,708,552,743	1,117,589,699
Net cash generated from operating activities		**2,769,894,882**	3,803,463,948
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**57,294,600**	136,487,666
Capital expenditure		**(7,945,717)**	(9,745,669)
Proceeds from disposal of property, plant and equipment		**482,753**	153,664
Net cash generated in investing activities		**49,831,636**	126,895,661
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		**(2,428,364,394)**	(2,682,537,380)
Net change in balances pertaining to IMF		**471,353,733**	470,188,821
Deffered capital grant		**-**	37,009
Endowment fund		**28,182**	-
Net cash used in financing activities		**(1,956,982,479)**	(2,212,311,550)
Increase in cash and cash equivalents during the year		**862,744,039**	1,718,048,059
Cash and cash equivalents at the beginning of the year		**4,481,228,571**	2,948,719,127
Effect of exchange loss on cash and cash equivalents		**94,225,544**	(185,538,616)
Cash and cash equivalents at the end of the year	51	**5,438,198,154**	4,481,228,571

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

-sd-	-sd-	-sd-
Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer

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 together herein after refered as the Group:

- SBP Banking Services Corporation (BSC);
- Pakistan Security Printing Corporation (Private) Limited (PSPC);
- National Institute of Banking and Finance, Pakistan (NIBAFP); and
- RAAST Payments Pakistan (Private) Limited (RAAST).

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 (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,

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 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.

In FY 24-25, 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.

In FY 2024-25, 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 arrangment u/s 279 to 282 of the Companies Act, 2017 ('the 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.

d) RAAST Payments Pakistan (Private) Limited - wholly owned subsidiary:

RAAST Payments Pakistan (Private) Limited (RAAST) was incorporated in Pakistan on March 28, 2025 as a private company limited by shares under the Companies Act, 2017 (the Act). The principal line of business of RAAST is to develop, maintain, manage, administer and operate national payment systems with the name of RAAST.

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 IFRS Accounting 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 measured at revalued amounts. Investments in associates, as referred to in its respective note, have been accounted for using the equity method. Certain staff retirement benefits and provisions for employees' compensated absences have been measured at the present value of the 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 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2026

3.3.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

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 Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
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 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
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 20 'Regulatory Assets and Regulatory Liabilities' has been issued by IASB effective from January 01, 2029. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 effective from January 01, 2027 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

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 its agent National bank of Pakistan 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 settlement date, i.e. the date at which the Group delivers 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;
- 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 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 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 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
- 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:

PSPC 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 PSPC 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 settleme
- 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.

4.29 Reclassification of Investments

The management reassessed the business model for the Investment Fund Portfolio and determined that the investments in this portfolio are managed primarily to meet the fund's liquidity requirements .i.e. the cashflows are collected from principle and interest as well as from selling the investment, therefore by perview of this, the Corporation changes its investment category from amortised cost to fair value through other comprehensive income. Accordingly, Subject to the investments meeting the solely-payments-of-principal and interest ("SPPI") criterion, The appropriate measurement category is determined to be fair value through other comprehensive income (FVOCI).

As per para, 5.6.1 and B4.4.2 of IFRS 9: "Financial Instruments", the reclassification is required to be applied prospectively from the first day of the reporting period following the date on which the business model change occurred. Therefore, effective July 1, 2025, the Corporation reclassified its investments in Pakistan Investment Bonds (PIBs) and Market Treasury Bills (MTBs) held within its Investment Fund Portfolio from the Amortised Cost (AC) measurement category to Fair Value through Other Comprehensive Income (FVOCI). The reclassification was applied prospectively from the first day of next reporting period in which business model has changed as required by IFRS 09 i.e July 01, 2025. Comparative information for prior period has not been restated.

The assets reclassified will now be accounted for as per the accounting policy for debt instrument measured at FVOCI, as disclosed in note 4.3.4 to the these financial statements.

	On reclassification date July 1, 2025 ----------(Rupees in '000)----------		
	Amortised Cost	**Fair Value**	**Initial Impact on Other Comprehensive Income**
Market Treasury Bills	1,862,199	1,870,979	8,780
Pakistan Investment Bonds	67,911,216	71,754,746	3,843,530
Total	**69,773,415**	**73,625,725**	**3,852,310**

The reclassification had no impact on the Corporation's profit or loss on the date of reclassification.

There is no impact of reclassification on the Corporation's total operating, investing or financing cash flows on the date of reclassification.

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.

6 CASH AND BANK BALANCES	Note	**2026**	2025
		---------(Rupees in '000)--------	
With banks in current and saving accounts	6.1	**416,702**	3,186,484
Cash in hand		**19,149**	21,046
		435,851	3,207,530

6.1 This includes saving accounts carrying mark-up ranging from 6.50% to 9.75% (2025: 7.46% to 19%) per annum.

7 GOLD RESERVES HELD BY THE BANK

	Note	2026	2025	2026	2025
		(Net content in troy		--------------(Rupees in '000)--------------	
Opening balance		**2,081,886**	2,079,961	**1,942,111,796**	1,349,448,617
Additions during the year		**2,245**	1,925	**2,815,749**	1,441,498
Appreciation for the year due to revaluation	36	**-**	-	**389,074,265**	591,221,681
Closing balance	24	**2,084,131**	2,081,886	**2,334,001,810**	1,942,111,796

The gold reserves by the bank are held as follows:

Issue department	**2,334,001,810**	1,942,111,796

7.1 During the year, the Bank has recognised an appreciation of Rs. 389,074.27 million (2025: Rs. 591,221.68 million) based on the closing market rate of USD 4,026.05 (2025: USD 3,287.45) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

8 LOCAL CURRENCY - COINS

	Note	2026	2025
		--------------(Rupees in '000)--------------	
Banknotes held by the banking department		**112,936**	118,571
Coins held as an asset of the issue department	8.1 & 24.1	**316,996**	365,337
		429,932	483,908
Less: banknotes held by the banking department	24	**(112,936)**	(118,571)
		316,996	365,337

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

Issue department	**316,996**	365,337

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	2026	2025
		--------------(Rupees in '000)--------------	
At fair value through profit and loss:			
- unrealised gain on derivative financial instruments		**6,690**	3,114,286
At fair value through other comprehensive income:			
- investments	9.2	**1,562,593,331**	1,305,323,341
At amortised cost:			
- deposit accounts	9.3	**1,931,186,584**	1,462,905,298
- current accounts		**1,983,735**	2,065,275
- securities purchased under agreement to resell	9.4	**1,007,488,777**	1,392,241,973
- money market placements	9.5	**857,828,479**	286,306,556
		3,798,487,575	3,143,519,102
Less: credit loss allowance	9.6	**(11,382)**	(94,903)
		5,361,076,214	4,451,861,826

	Note	316,996	2025
		--------------(Rupees in '000)--------------	
The above foreign currency accounts and investments are held as follows:			
Issue department	24.1	**574,403,291**	28,376,450
Banking department		**4,786,672,923**	4,423,485,376
		5,361,076,214	4,451,861,826

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	**2026**	2025
		--------------(Rupees in '000)--------------	
Investments			
High rating		**1,562,593,331**	1,305,323,341
Deposit accounts			
High rating	9.3	**1,931,186,584**	1,462,905,298
Current accounts			
High rating		**1,983,683**	2,065,217
Standard rating		**52**	58
		1,983,735	2,065,275
Securities purchased under agreement to resell			
High rating	9.4	**1,007,488,777**	1,392,241,973
Money market placements			
High rating		**857,828,479**	286,306,556
		5,361,080,906	4,448,842,443

9.2 During the year, an unrealised loss - net, amounting to Rs. 3.40 million (2025: unrealised gain - net [Treasury Bills USD] Rs. 5.43 million) related to Treasury Bills USD was recognised in other comprehensive income. The return on these balances ranges from 3.59% to 3.68% (2025: [Treasury Bills USD] 4.28% to 4.53%) per annum. These investments have maturities ranging from July 02, 2026 to October 06, 2026. Further, an unrealised loss - net, amounting to Rs. 178.98 million (2025: [CNY Bonds and Treasury Bills] Nil) related to CNY Bonds and Treasury Bills was recognised in other comprehensive income. The return on these balances ranges from 1.05% to 1.31% (2025: [CNY Bonds and Treasury Bills] Nil) per annum. These investments have maturities ranging from July 08, 2026 to September 03, 2026. In addition it includes investment amounting to Rs. 670,486 million (2025: 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 0.95% to 3.61% (2025: 1.47% to 4.29%) per annum. These investments have maturity ranging from July 03, 2026 to July 29, 2026. During the year, an unrealised loss amounting to Rs. 55.61 million (2025: Rs. 52.43 million) 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 0.10% to 3.95% (2025: 0.01% to 4.00%) per annum. This includes a deposit account of USD 2.24 billion [equivalent to Rs. 622,271.92 million as at June 30, 2026 (2025: USD 2.16 (Rs. 612,242.58 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 mantained 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 Euro and USD at 2.22% and 3.50% per annum respectively (2025: Euro and USD at 2.00% and 4.25% per annum respectively) and maturity of July 01, 2026 (2025: July 01, 2025).

9.5 These represents money market placements carries mark-up in USD and CNH ranges from 0.80% to 3.87% (2025: USD and CNH ranges from 1.10% to 4.40%) having maturity of July 02, 2026 to July 22, 2026 (2025: July 02, 2025 to October 30, 2025).

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	**2026**
	(Rupees in '000)	
Opening balance	**94,903**	**94,903**
Reversal of expected credit loss during the year	**(83,521)**	**(83,521)**
Closing balance	**11,382**	**11,382**

	Nostro accounts	
	Stage 1	2025
	(Rupees in '000)	
Opening balance	1,168	1,168
Charge of expected credit loss during the year	93,735	93,735
Closing balance	94,903	94,903

10 EARMARKED FOREIGN CURRENCY BALANCES

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

11 SPECIAL DRAWING RIGHTS OF THE INTERNATIONAL MONETARY FUND

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

	Note	**2026**	2025
		(Rupees in '000)	
SDRs held by banking department are as follows:			
- Principal amount		**82,521,545**	7,370,569
- Accrued Interest on SDR holdings		**342,682**	47,056
		82,864,227	7,417,625

12 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS

Quota allocated by the International Monetary Fund	**765,926,635**	791,831,388
Liability under quota arrangements	**(765,881,717)**	(791,784,981)
	44,918	46,407

13 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Conventional	13.1	**14,952,235,806**	12,152,197,015
Shariah compliant financing facility	13.2	**648,689,778**	390,795,498
		15,600,925,584	12,542,992,513

13.1 This represents collateralized lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 11.51% to 12.50% per annum (2025: 11.04% to 12.00% per annum).The resell arrangement to conventional financial institution are due to mature on July 03, 2026 (2025: July 04, 2025). The face value of securities collateralized as on June 30, 2026 amounted to Rs. 15,408,000 million (2025: Rs. 12,509,800 million). The collaterals held by the Bank 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 11.56% to 12.50% per annum (2025: 11.13% to 12.00% per annum). The resell arrangement to Islamic financial institution are due to mature on July 03, 2026 (2025: July 04, 2025). The face value of securities collateralized as on June 30, 2026 amounted to Rs. 660,500 million (2025: Rs. 385,500 million). The collaterals held by the Bank consists of GoP Ijarah sukuks.

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

	Note	**Stage 1**	**2026**	Stage 1	2025
		(Rupees in '000)			
High rating		**15,600,925,584**	**15,600,925,584**	12,542,992,571	12,542,992,571
Less: expected credit loss allowance	13.5	**-**	**-**	(58)	(58)
	13.4	**15,600,925,584**	**15,600,925,584**	12,542,992,513	12,542,992,513

	Note	**2026**	2025
		(Rupees in '000)	
13.4 Securities purchased under agreement to resell are held as follows:			
- by the issue department	24.1	**8,000,000,000**	5,000,000,000
- by the banking department		**7,600,925,584**	7,542,992,513
		15,600,925,584	12,542,992,513

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	**2026**
	(Rupees in '000)	
Opening balance	**58**	**58**
Reversal of expected credit loss allowance during the year	**(58)**	**(58)**
Closing balance	**-**	**-**

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

14 INVESTMENTS - LOCAL

	Note	2026	2025
		-------------(Rupees in '000)-------------	
At fair value through profit or loss:			
Unrealised gain on local currency derivatives		**3,915,754**	**71,693**
Pakistan Investment Bonds (PIBs)		**2,850,127**	**2,499,408**
At amortised cost			
Federal Government securities			
Pakistan Investment Bonds (PIBs)		**3,072,413,186**	5,060,458,368
Federal government scrips		**2,740,000**	2,740,000
GoP ijarah Sukuks		**51,167**	104,209
Term Deposit Receipts		**2,100,000**	-
Market Treasury Bills		**22,052,326**	28,530,369
	14.2	**3,099,356,679**	5,094,332,354
Debt securities			
Term finance certificates		**4**	4
		4	4
Less: credit loss allowance	14.3	**(3)**	(3)
		1	1
		3,106,122,561	5,094,404,048
At fair value through other comprehensive income			
Federal Government securities			
Pakistan Investment Bonds (PIBs)		**76,067,802**	-
Market Treasury Bills		**274,560**	-
		76,342,362	-
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		**317,569,377**	173,887,232
- Unlisted		**46,373,051**	45,761,569
	14.4	**363,942,428**	219,648,801
		3,546,407,351	5,314,052,849
The above investments are held as follows:			
Issue department	24.1	**1,710,356,479**	4,264,194,360
Banking department / subsidiaries		**1,836,050,872**	1,049,858,489
		3,546,407,351	5,314,052,849

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

	Note	**2026**			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		(Rupees in '000)			
High rating		**3,182,464,922**	**-**	**-**	**3,182,464,922**
Rating below standard		**-**	**-**	**4**	**4**
		3,182,464,922	**-**	**4**	**3,182,464,926**
Less: expected credit loss allowance	14.3	**-**	**-**	**(3)**	**(3)**
		3,182,464,922	**-**	**1**	**3,182,464,923**

	Note	2025			
		Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)			
High rating		5,094,404,047	-	-	5,094,404,047
Rating below standard		-	-	4	4
		5,094,404,047	-	4	5,094,404,051
Less: expected credit loss allowance	14.3	-	-	(3)	(3)
		5,094,404,047	-	1	5,094,404,048

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

	2026	2025
	% per annum	
Pakistan Investment Bonds (PIBs)	**7.50 to 16.92**	7.50 to 20.68
Federal government scrips	**3**	3
Market Treasury Bills	**9.90 to 12.25**	11.05 to 13.60
GoP Ijarah sukuks	**12**	12

These include investment in PIBs amounting to Rs. Nil (2025: 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. The PIBs were redeemed during the FY 2025-26 prior to its maturity.

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. The PIBs having face value of Rs. 1,883,000 million were redeemed during the FY 2025-26 prior to its maturity. The PIB's having face value of Rs. 4,141,000 million (2025: 2,568,000 million) have been matured till

Market Treasury Bills have maturities upto April 29, 2027 (2025: July 10, 2025).

14.3 Expected credit loss allowance

	2026	2025
	------------ (Rupees in '000) ------------	
Opening balance	**3**	39,478
Reversal of expected credit loss allowance during the year	**-**	(39,475)
Closing balance	**3**	3

14.4 Investments in shares of banks and other financial institutions

	Note	2026			
		Percentage holding	**Cost**	**Unrealised appreciation / (diminution) (Note 14.6)**	**Total**
		%	---------- (Rupees in '000) ----------		
Listed	14.4.1				
- National Bank of Pakistan	14.5	**75.2**	**1,100,805**	**316,468,572**	**317,569,377**
Unlisted					
More than 50% Shareholding	14.4.1				
- House Building Finance Company Limited		**90.31**	**1,482,304**	**2,554,881**	**4,037,185**
- Deposit Protection Corporation of Pakistan	14.4.2	**100**	**500,000**	**(500,000)**	**-**
Less than or equal to 50% Shareholding					
Other investments			**4,637,706**	**37,698,160**	**42,335,866**
			6,620,010	**39,753,041**	**46,373,051**
			7,720,815	**356,221,613**	**363,942,428**

	Note	2025			
		Percentage holding	Cost	Unrealised appreciation / (diminution) (Note 14.6)	Total
		%	(Rupees in '000)		
Listed	14.4.1				
- National Bank of Pakistan	14.5	75.2	1,100,805	172,786,427	173,887,232
Unlisted					
More than 50% Shareholding	14.4.1				
- House Building Finance Company Limited		90.31	1,482,304	2,471,900	3,954,204
- Deposit Protection Corporation of Pakistan	14.4.2	100	500,000	(500,000)	-
Less than or equal to 50% Shareholding					
Other investments			4,637,706	37,169,659	41,807,365
			6,620,010	39,141,559	45,761,569
			7,720,815	211,927,986	219,648,801

14.4.1 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.

14.4.2 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 consolidated financial statements. Considering the substance of this transaction, the capital injection in the DPC was fully provided.

14.5 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), as required under clause 17G (3) of the SBP Act, 1956. As per the Section 9(2) and schedule I of the Pakistan Sovereign Wealth Fund Act, 2023 (the Act) the bank require 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.

14.6 Unrealised appreciation on remeasurement of investments

	2026	2025
	(Rupees in '000)	
Opening balance	**211,927,986**	98,799,673
Appreciation during the year on equity instruments	**144,293,627**	117,931,537
Appreciation during the year on debt instruments	**173,873**	-
Disposal of investment	**-**	(4,803,224)
Appreciation during the year - net	**144,467,500**	113,128,313
Closing balance	**356,395,486**	211,927,986

		Note	2026	2025	2026	2025
			Percentage holding		------------ (Rupees in '000) -----------	
15	**INVESTMENT IN ASSOCIATES**		**%**	%		
	Investment in associates under equity method of accounting:					
	Security Papers Limited (SPL)	15.1	**40.03**	40.03	**7,707,306**	7,545,738
	SICPA Inks Pakistan (Private) Limited (SICPA)	15.2	**47**	47	**2,045,198**	1,879,034
					9,752,504	9,424,772

15.1 Movement of investment in associate companies is as follows:

	June 30, 2026		
	Security Papers Limited	**SICPA Inks Pakistan (Private) Limited**	**Total**
	------------------ (Rupees in '000) ---------------		
Balance as July 1, 2025	**7,545,738**	**1,879,034**	**9,424,772**
Share in profit for the year	**373,472**	**481,605**	**855,077**
Share of after tax other comprehensive gain for the year	**1,592**	**1,324**	**2,916**
Dividend received	**(213,496)**	**(316,765)**	**(530,261)**
Balance as at June 30, 2026	**7,707,306**	**2,045,198**	**9,752,504**

	June 30, 2025		
	Security Papers Limited	SICPA Inks Pakistan (Private) Limited	Total
	------------------ (Rupees in '000) ---------------		
Balance as July 1, 2024	7,331,422	1,816,387	9,147,809
Share in profit for the year	511,679	570,753	1,082,432
Share of after tax other comprehensive loss for the year	(898)	(3,125)	(4,023)
Dividend received	(296,465)	(504,981)	(801,446)
Balance as at June 30, 2025	7,545,738	1,879,034	9,424,772

15.1.1 Share of profit of Security Papers Limited is based on audited annual financial statements as at and for the year ended June 30, 2026.

15.1.2 Share of profit of SICPA Inks Pakistan (Private) Limited is based on annual audited financial statements of SICPA as at and for the year ended December 31, 2025 which have been adjusted using the reviewed interim financial statements for the six months period ended June 30, 2026.

15.2 The following is the summarised financial information of the associates as at June 30, 2026 and June 30, 2025 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, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	--------------------------------- (Rupees in '000) ---------------------------------			
Assets	**12,106,894**	11,349,885	**7,679,196**	5,995,375
Liabilities	**2,727,912**	2,348,737	**2,729,047**	1,568,417
Revenue	**7,306,320**	7,870,700	**12,465,157**	10,238,445
Profit after tax	**907,160**	1,523,793	**1,194,333**	1,123,532
Other comprehensive income / (loss)	**3,977**	(2,244)	**2,818**	(6,648)
Interest in net assets of investee at the end of the year	**3,754,406**	3,603,160	**2,326,575**	2,080,670
Other adjustments	**(212,214)**	(222,550)	**(281,373)**	(201,641)
Effect of difference in Corporation's accounting policy	**4,165,114**	4,165,128	**-**	-
	7,707,306	7,545,738	**2,045,202**	1,879,029

15.3 The market value of Security Papers Limited (SPL) as at June 30, 2026 is Rs. 149.41 per share (2025: Rs. 160.08 per share) i.e. an aggregate amount of Rs 3,544.27million (2025: Rs. 3,797.38 million) for Group's share in SPL. The breakup value based on net assets of SICPA Inks Pakistan (Private) Limited (SICPA) as per latest reviewed financial information as on June 30, 2026 is Rs 868.45 per share (2025: Rs. 776.69 per share) i.e. an aggregate amount of Rs. 2,326.57 million (2025: Rs. 2,080.67 million) for Company's share in

SICPA.

15.4 PSPC's share of profit from SPL and SICPA is recognised based on its ownership interests of 40.03% and 47.00%, respectively. The share is calculated using SPL and SICPA's profit after tax, after adjusting for any unrealised gain or losses from transactions between the Corporation and these entities.

16 LOANS, ADVANCES AND BILLS OF EXCHANGE

	Note	2026	2025
		----------- (Rupees in '000) -----------	
At amortised cost			
Government owned / controlled financial institutions	16.3	**78,205,444**	112,477,502
Private sector financial institutions	16.4	**713,189,893**	993,617,780
		791,395,337	1,106,095,282
SDRs on-lending to Government of Pakistan (GoP)	16.5	**737,647,550**	762,298,189
Loan to employees		**56,082,695**	45,519,405
		1,585,125,582	1,913,912,876
Less: expected credit loss allowance	16.8	**(1,748,551)**	(2,193,633)
		1,583,377,031	1,911,719,243

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:

	2026			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	-------------------------------- **(Rupees in '000)** --------------------------------			
Government owned / controlled financial institutions				
High rating	**76,172,762**	**-**	**-**	**76,172,762**
Standard rating	**687,998**	**-**	**-**	**687,998**
Rating below standard	**-**	**-**	**1,344,684**	**1,344,684**
	76,860,760	**-**	**1,344,684**	**78,205,444**
Private sector financial institutions				
High rating	**695,494,608**	**-**	**-**	**695,494,608**
Standard rating	**17,304,138**	**-**	**-**	**17,304,138**
Rating below standard	**-**	**-**	**391,147**	**391,147**
	712,798,746	**-**	**391,147**	**713,189,893**
SDRs on-lending to Government of Pakistan (GoP)				
High rating	**737,647,550**	**-**	**-**	**737,647,550**
	737,647,550	**-**	**-**	**737,647,550**
Loan to employees				
Performing loans	**56,082,695**	**-**	**-**	**56,082,695**
	56,082,695	**-**	**-**	**56,082,695**
	1,583,389,751	**-**	**1,735,831**	**1,585,125,582**
Less: expected credit loss allowance	**(12,720)**	**-**	**(1,735,831)**	**(1,748,551)**
	1,583,377,031	**-**	**-**	**1,583,377,031**

	2025			
	Stage 1	Stage 2	Stage 3	Total
	-------------------------------- (Rupees in '000) --------------------------------			
Government owned / controlled financial institutions				
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
Private sector financial institutions				
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
	992,554,150	-	1,063,630	993,617,780

	2025			
	Stage 1	Stage 2	Stage 3	Total
	--------------------------------- (Rupees in '000) ---------------------------------			
SDRs on-lending to Government of Pakistan (GoP)				
High rating	762,298,189	-	-	762,298,189
	762,298,189	-	-	762,298,189
Loan to employees				
Performing loans	45,519,405	-	-	45,519,405
	45,519,405	-	-	45,519,405
	1,911,729,182	-	2,183,694	1,913,912,876
Less: expected credit loss allowance	(9,939)	-	(2,183,694)	(2,193,633)
	1,911,719,243	-	-	1,911,719,243

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:

	2026			
	Government owned / controlled financial institutions	**Private sector financial institutions**	**Employees**	**Total**
	--------------------------------- (Rupees in '000) ---------------------------------			
Stage 1				
Opening balance	**129**	**-**	**2,555**	**2,684**
Charge of expected credit loss allowance during the year	**2,571**	**-**	**199**	**2,770**
Closing balance	**2,700**	**-**	**2,754**	**5,454**
Stage 3				
Opening balance	**1,063,630**	**1,127,319**	**-**	**2,190,949**
(Reversal) / charge of expected credit loss allowance during the year	**(475,947)**	**28,084**	**11**	**(447,852)**
Closing balance	**587,683**	**1,155,403**	**11**	**1,743,097**
	590,383	**1,155,403**	**2,765**	**1,748,551**

	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)
Closing balance	129	-	2,555	2,684
Stage 3				
Opening balance	1,063,630	1,126,335	-	2,189,965
Charge of expected credit loss allowance during the year	-	984	-	984
Closing balance	1,063,630	1,127,319	-	2,190,949
	1,063,759	1,127,319	2,555	2,193,633

16.3 Loans and advances to government owned / controlled financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2026	2025	**2026**	2025	**2026**	2025
		(Rupees in '000)					
Agricultural sector		**585,488**	649,583	**-**	-	**585,488**	649,583
Industrial sector	16.3.1	**49,239,352**	63,198,450	**-**	-	**49,239,352**	63,198,450
Export sector		**27,891,675**	48,066,394	**3,567**	3,567	**27,895,242**	48,069,961
Housing sector		**-**	-	**2,241**	2,493	**2,241**	2,493
Others	16.3.2 & 16.3.3	**483,121**	557,015	**-**	-	**483,121**	557,015
		78,199,636	112,471,442	**5,808**	6,060	**78,205,444**	112,477,502

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 (2025: 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 (2025: 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.

16.3.3 It also includes balance amounting to Rs. 587.68 million (2025: Rs. 1,063.63 million) pertaining to Bankers Equity Limited (BEL). BEL is in the process of liquidation and an amount of Rs. 475.95 million (2025: Nil) has been received during the year. The remaining balance have been provided for.

16.4 Loans and advances to private sector financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2026	2025	**2026**	2025	**2026**	2025
		(Rupees in '000)					
Agricultural sector		**3,288,376**	3,335,428	**1,138,150**	611,674	**4,426,526**	3,947,102
Industrial sector		**304,035,207**	375,365,292	**19,325,367**	25,222,479	**323,360,574**	400,587,771
Export sector	16.4.1	**345,366,733**	540,675,365	**-**	-	**345,366,733**	540,675,365
Others	16.4.2	**35,242,486**	38,193,216	**4,793,574**	10,214,326	**40,036,060**	48,407,542
		687,932,802	957,569,301	**25,257,091**	36,048,479	**713,189,893**	993,617,780

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

16.4.2 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 25.2 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.

		2026	2025
		----------(% per annum)---------	
16.6	The interest / mark-up rate profile of the interest / mark-up bearing loans and advances is as follows:		
	Government owned / controlled and private sector financial institutions	**0 to 16.00**	0 to 21.00
	Employees loans (where applicable)	**0 to 10.00**	0 to 10.00
	SDRs on-lending to Government of Pakistan (GoP)	**2.66 to 2.96**	2.92 to 4.02

		2026	2025
16.7	**Fair valuation adjustment on COVID-19 loans - net**	---------(Rupees in '000)-------	
	Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	**19,666,588**	23,211,766
	Fair valuation loss adjustment on COVID-19 loans on initial recognition	**(20,342)**	(326,091)
		19,646,246	22,885,675

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. 121.21 million (2025: Rs. 1,288.971 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 20.34 million (2025: Rs. 326.09 million). Further, during the year, an aggregate amount of Rs. 19,666.59 million (2025: Rs. 23,211.77 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

		Note	2026	2025
			-------- (Rupees in '000) -------	
16.8	**Expected Credit loss allowance**			
	Opening balance		**2,193,633**	2,201,687
	Reversal of expected credit loss allowance during the year		**(445,082)**	(8,054)
	Closing balance		**1,748,551**	2,193,633
17	**ASSETS HELD WITH THE RESERVE BANK OF INDIA**			
	Gold reserves			
	- Opening balance		**31,329,636**	21,789,100
	- Appreciation for the year due to revaluation	31.2.1.2	**6,281,302**	9,540,536
	- Closing balance		**37,610,938**	31,329,636
	Sterling securities		**1,216,199**	1,285,053
	Government of India securities		**420,030**	473,756
	Rupee coins		**8,466**	9,521
		17.1	**39,255,633**	33,097,966
	Indian notes representing assets receivable from the Reserve Bank of India	17.2	**1,263,821**	1,425,477
		24.1	**40,519,454**	34,523,443

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	2026	2025
		-------- (Rupees in '000) -------	
18 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH			
India			
Advance against printing of notes		**39,616**	39,616
Receivable from the Reserve Bank of India		**837**	837
		40,453	40,453
Bangladesh			
Inter office balances		**819,924**	819,924
Loans, advances and commercial papers	18.1	**19,199,672**	17,802,881
		20,019,596	18,622,805
	18.2	**20,060,049**	18,663,258

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	2026	2025
		-------- (Rupees in '000) -------	
19 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	19.1	**167,763,644**	167,403,901
Capital work-in-progress	19.4	**8,417,228**	3,688,858
		176,180,872	171,092,759

19.1 Operating fixed assets

	2026										
	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, 2025											
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	**25,663,234**
Net book value	75,358,303	64,184,188	4,223,642	6,283,285	11,121,669	217,722	2,870,752	2,242,863	901,476	-	**167,403,900**
Year ended June 30, 2026											
Opening net book value	75,358,303	64,184,188	4,223,642	6,283,285	11,121,669	217,722	2,870,752	2,242,863	901,476	-	**167,403,900**
Additions	-	13,018	4,121	20,745	72,714	13,315	833,305	1,617,786	324,211	-	**2,899,215**
Transfers from capital work in progress	-	-	233,232	300	3,254,365	-	65,982	19,025	-	-	**3,572,904**
	-	13,018	237,353	21,045	3,327,079	13,315	899,287	1,636,811	324,211	-	**6,472,119**
Disposals											
Cost	-	-	(239,181)	-	(63,538)	(15,173)	(322,107)	(2,081,342)	(287,101)	-	**(3,008,441)**
Accumulated depreciation	-	-	57,688	-	24,722	15,118	314,532	2,019,259	197,899	-	**2,629,218**
	-	-	(181,493)	-	(38,816)	(55)	(7,575)	(62,082)	(89,202)	-	**(379,223)**
Depreciation charge	-	(1,207,034)	(329,529)	(504,725)	(1,537,750)	(28,196)	(373,519)	(1,449,021)	(303,377)	-	**(5,733,152)**
Net book value	**75,358,303**	**62,990,172**	**3,949,973**	**5,799,604**	**12,872,182**	**202,785**	**3,388,946**	**2,368,570**	**833,108**	**-**	**167,763,643**
As at June 30, 2026											
Cost / revalued amount	75,358,303	67,816,517	5,203,414	7,672,379	24,486,821	500,611	7,792,192	5,698,679	1,946,661	55,234	**196,530,813**
Accumulated depreciation	-	(4,826,345)	(1,253,441)	(1,872,775)	(11,614,639)	(297,826)	(4,403,247)	(3,330,109)	(1,113,553)	(55,234)	**(28,767,169)**
Net book value	**75,358,303**	**62,990,172**	**3,949,973**	**5,799,604**	**12,872,182**	**202,785**	**3,388,946**	**2,368,570**	**833,108**	**-**	**167,763,644**
Useful life / rate of depreciation	-	90-99 years	20 - 40 years	20 - 40 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

	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) ----------										
As at July 01, 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	21,585,656
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
Year ended June 30, 2025											
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
Assets transferred from IBP											
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
Disposals											
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)
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,206,837)	(336,181)	(453,798)	(899,075)	(31,275)	(632,749)	(477,537)	(302,633)	-	(4,340,085)
Net book value	75,358,303	64,184,188	4,223,642	6,283,285	11,121,669	217,722	2,870,752	2,242,863	901,476	-	167,403,901
As at June 30, 2025											
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
Net book value	75,358,303	64,184,188	4,223,642	6,283,285	11,121,669	217,722	2,870,752	2,242,863	901,476	-	167,403,901
Useful life / rate of depreciation	-	90-99 years	20 - 40 years	20 - 40 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

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	**2026**	2025
		------------- (Rupees in '000) ------------	
Freehold land		**986,213**	1,809,833
Leasehold land		**2,872,386**	2,905,907
Buildings on freehold land		**1,532,240**	2,739,137
Buildings on leasehold land		**1,569,726**	1,678,352
		6,960,565	9,133,229

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

	Note		
General administrative and other expenses	47	**4,602,139**	3,549,559
Training, infrastructure, allied facilities and others		**67,907**	80,039
Banknotes' and prize bonds printing charges	45	**1,063,106**	604,508
		5,733,152	4,234,106

19.4 Capital work-in-progress

Leasehold land	**822,325**	822,325
Buildings on freehold land	**218,388**	34,033
Buildings on leasehold land	**1,459,633**	599,720
Office equipment	**380,046**	148,266
Plant and machinery	**5,536,836**	2,084,514
	8,417,228	3,688,858

20 INVESTMENT PROPERTY

Opening balance	**1,284,043**	1,234,656
Fair value gain recognised during the year	**54,387**	49,387
Closing balance	**1,338,430**	1,284,043
Forced sale value	**1,070,744**	987,725

20.1 The Group's investment properties were revalued on June 30, 2026, by an independent valuer M/s. New Era International (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 recission, general business environment, sales comparison approach, availability of prospective buyers, life of property, any difficulty in obtaining possession of property etc.

21 INTANGIBLE ASSETS

	Note	2026	2025
		(Rupees in '000)	
Software	21.1	**487,661**	476,072
Capital work-in-progress		**29,323**	-
		516,984	476,072

21.1 Intangible assets - software

	Note	2026	2025
Cost as on July 1		**1,913,757**	1,476,233
Transfers during the year from IBP		**-**	10,422
Additions during the year		**300,025**	427,102
Disposal - NBV		**(182)**	-
Cost as on June 30		**2,213,600**	1,913,757
Accumulated amortisation as on July 1		**1,437,685**	1,294,130
Transfer during the year from IBP		**-**	8,514
Amortisation for the year	21.2	**288,254**	135,041
Accumulated amortisation as on June 30		**1,725,939**	1,437,685
Net book value as on June 30		**487,661**	476,072
Useful Life(in years)		**3 years**	3 years

21.2 Amortisation charge for the year has been allocated to:

	Note	2026	2025
Banknotes' and prize bond printing charges	45	**2,191**	968
General, administrative and other expenses	47	**286,063**	133,026
		288,254	135,041

22 DEFERRED TAXATION

	Balance as at July 1, 2025	Recognised in P&L	Recognised in OCI	Balance as at June 30, 2026
	(Rupees in '000)			
Deductible temporary differences on				
- Stores and spares	165,521	43,702	-	**209,223**
- Stock-in-trade	34,437	10,823	-	**45,260**
- Loans and advances and bill of exchange	2,167	(1)	-	**2,166**
- Provision against trade debts	-	245,998		**245,998**
- Trade and other payable	-	27,633	-	**27,633**
- Other receivables	1,154	(1,099)	-	**55**
- Accrued markup - liability	75,820	(13,632)	-	**62,188**
- Trade Debts	248,097	(246,861)	-	**1,236**
- Deferred liabilities	(73,955)	107,268	158,592	**191,905**
	453,241	173,831	158,592	**785,664**
Taxable temporary differences on				
- Property, plant and equipment	(2,035,737)	(439,905)	-	**(2,475,642)**
- Investment in associates	(1,408,943)	(49,160)	-	**(1,458,103)**
- Investments - local	(55,901)	(14,945)	-	**(70,846)**
- Intangible	-	(284)	-	**(284)**
- Accrued interest	(20,325)	(4,494)	-	**(24,819)**
- Short term investments	(658,072)	357,175	-	**(300,897)**
	(4,178,978)	(151,613)	-	**(4,330,591)**
	(3,725,737)	**22,218**	**158,592**	**(3,544,927)**

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

23 OTHER ASSETS

	Note	2026	2025
		(Rupees in '000)	
Commission receivable and others	23.1	**31,763,419**	19,051,470
Stock-in-trade	23.2	**8,420,304**	7,325,836
Other advances, deposits and prepayments		**15,977,651**	18,649,811
Stores and spares		**1,625,563**	1,328,315
Medical, stationery consumables and stamps on hand		**256,621**	243,773
Recievable against training programs		**262,469**	140,661
		58,306,027	46,739,866

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 Stock-in-trade includes:

	Note	2026	2025
		(Rupees in '000)	
Raw materials		**6,109,587**	5,168,330
Work-in-process		**2,173,699**	2,077,431
Finished goods		**253,068**	168,376
Less: Provision for slow moving and obsolete stock-in-trade		**(116,050)**	(88,301)
		8,420,304	7,325,836

24 BANKNOTES IN CIRCULATION

	Note	2026	2025
Total banknotes issued	24.1	**12,659,598,031**	11,269,571,386
Banknotes held with the banking department	8	**(112,936)**	(118,571)
Notes in circulation		**12,659,485,095**	11,269,452,815

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	**2026**	2025
		------------- (Rupees in '000) ------------	
Gold reserves held by the Bank	7	**2,334,001,810**	1,942,111,796
Local currency - coins	8	**316,996**	365,337
Foreign currency accounts and investments	9	**574,403,292**	28,376,450
Securities purchased under agreement to resell	13	**8,000,000,000**	5,000,000,000
Investments - local	14	**1,710,356,479**	4,264,194,360
Assets held with the Reserve Bank of India	17	**40,519,454**	34,523,443
		12,659,598,031	11,269,571,386

25 CURRENT ACCOUNTS OF GOVERNMENTS

25.1 Current accounts of governments - payable balances

	Note	2026	2025
Federal Government	25.2	**1,283,329,998**	586,617,308
Provincial governments			
- Punjab	25.3	**1,500,565,304**	847,525,288
- Sindh	25.4	**279,143,301**	345,438,769
- Khyber Pakhtunkhwa	25.5	**95,401,413**	82,147,062
- Balochistan	25.6	**87,539,097**	105,707,100
Government of Azad Jammu and Kashmir		**50,490,245**	38,464,846
Gilgit - Baltistan Administration Authority		**27,351,348**	20,632,182
		2,040,490,708	1,439,915,247
		3,323,820,706	2,026,532,555

25.2 Federal Government

	2026	2025
Non-food account	**1,270,518,069**	570,735,174
Zakat fund accounts	**8,700,353**	11,770,558
Other accounts	**4,111,576**	4,111,576
	1,283,329,998	586,617,308

25.3 Provincial Government - Punjab

	2026	2025
Non-food account	**1,485,859,461**	844,819,475
Zakat fund account	**1,812,599**	1,297,083
Other accounts	**12,893,244**	1,408,730
	1,500,565,304	847,525,288

25.4 Provincial Government - Sindh

	2026	2025
Non-food account	**272,695,483**	340,114,046
Zakat fund account	**5,657,982**	5,117,429
Other accounts	**789,836**	207,294
	279,143,301	345,438,769

25.5 Provincial Government - Khyber Pakhtunkhwa

	2026	2025
Non-food account	**91,359,488**	73,584,551
Zakat fund account	**3,263,473**	5,155,121
Other accounts	**778,452**	3,407,390
	95,401,413	82,147,062

25.6 Provincial Government - Balochistan

	2026	2025
Non-food account	**86,387,368**	101,817,259
Zakat fund account	**-**	3,435,109
Other accounts	**1,151,729**	454,732
	87,539,097	105,707,100

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%. In FY 2024-25, the agreement has been further renewed for a period of three years.

27 DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

	Note	**2026**	2025
		(Rupees in '000)	
Foreign currency			
Scheduled banks		**65,790,199**	67,415,121
Held under cash reserve requirement	27.1	**312,004,515**	320,016,466
Others		**28,185,077**	29,766,189
		405,979,791	417,197,776
Local currency			
Scheduled banks	27.1	**1,357,430,882**	1,225,474,880
Financial institutions		**31,620,310**	39,686,883
Others		**105,308**	227,621
		1,389,156,500	1,265,389,384
		1,795,136,291	1,682,587,160

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

28 OTHER DEPOSITS AND ACCOUNTS

	Note	**2026**	2025
		(Rupees in '000)	
Foreign currency			
Foreign central banks		**979,824**	1,003,157
International organisations		**71,046,385**	1,080,120,622
Others		**27,980,985**	29,171,774
	28.1 & 28.2	**100,007,194**	1,110,295,553
Local currency			
Special debt repayment	28.3	**24,243,841**	24,243,841
Government	28.4	**17,850,348**	17,850,348
Foreign central banks		**109**	2,005
International organisations		**61,885**	237,967
Others		**85,191,090**	102,555,568
		127,347,273	144,889,729
		227,354,467	1,255,185,282

28.1 This includes FCY deposits equivalent to Rs. 1,112,646 million (based on exchange rate as of June 30, 2026) (2025: Rs. 1,135,058 million based on exchange rate as of June 30, 2025), carrying interest at Secured Overnight Financing Rate (SOFR) 180 days average + 1.72% (2025: 180 days average + 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:

	2026	2025
	(% per annum)	
Foreign central banks	**-**	4.63 to 5.88
International organisations	**5.37 to 6.00**	6.01 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.

	Note	**2026**	2025
29 PAYABLE TO THE INTERNATIONAL MONETARY FUND		**------------- (Rupees in '000)**	**------------**
Borrowings under:			
- Fund Facilities	29.1 & 29.3	**2,008,231,060**	1,556,216,156
- allocation of SDRs	29.2 & 29.3	**1,112,135,098**	1,149,299,843
		3,120,366,158	2,705,515,999
Current account for administrative charges		**88**	89
		3,120,366,246	2,705,516,088

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 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 192.17 million (2025: SDR 462.17 million) in 08 different tranches (2025: 16 tranches).

In FY 2024-25 the Bank obtained further financing 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 December 2025 and May 2026, of SDR 760 million each (2025: 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 untill 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.

	Note	**2026**	2025
29.3 Interest profile of amount payable to the IMF is as under:		**(% per annum)**	
Fund facilities	29.3.1	**3.26 to 3.56**	3.52 to 5.02
Allocation of SDR		**2.66 to 2.96**	2.92 to 4.02

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 of 0.6% (2025: 0.6% to 1%).

30 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up of 10.50% per annum (2025: 10% per annum) and is due to mature on July 02, 2026 (2025: July 02, 2025).

30.1 Pakistan Investment Bonds (PIB) having maturity of 5 years are pledged as security under borrowing having carrying value of Rs. 109,259.92 million (2025: Rs. 101,548.66 million).

31 OTHER LIABILITIES

	Note	2026	2025
		(Rupees in '000)	
Provision against overdue mark-up	31.1	**18,805,579**	17,408,788
Special reserve provision under FIIP		**29,913,643**	27,700,433
Deferred Grant Income under FIIP		**1,297,262**	1,993,459
Remittance clearance account		**24,531**	41,720
Exchange loss payable under exchange risk coverage scheme		**814,928**	854,195
Unrealised loss on derivative financial instruments - net		**2,722,808**	1,937,855
Unrealized loss on foreign currency derivatives		**7,775**	31,193
Other accruals and provisions	31.2	**82,414,840**	72,064,778
Contract liabilities		**-**	3,579,048
Deferred Grant		**451,572**	37,010
Others		**25,900,972**	17,909,035
		162,353,910	143,557,514

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

31.2 Other accruals and provisions

	Note	2026	2025
		(Rupees in '000)	
Agency commission		**13,079,717**	13,121,449
Provision for employees' compensated absences	47.3.9	**16,170,303**	13,866,450
Provision for other doubtful assets	31.2.1	**42,101,933**	36,105,930
Trade and other payables		**5,527,421**	2,454,847
Other provisions	31.2.2	**4,086,092**	4,130,676
Others		**1,449,374**	2,385,426
		82,414,840	72,064,778

31.2.1 Provision for other doubtful assets

	Note	2026	2025
Provision against assets held with / receivable from the Government of India and the Reserve Bank of India			
- Issue department		**40,519,454**	34,523,473
- Banking department		**40,505**	40,483
		40,559,959	34,563,956
Provision against assets receivable from the Government of Bangladesh			
- Banking department	31.2.1.1	**1,541,974**	1,541,974
		1,541,974	1,541,974
	31.2.1.2	**42,101,933**	36,105,930

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

31.2.1.2 Movement of provisions for other doubtful assets

	2026	2025
	(Rupees in '000)	
Opening balance	**36,105,930**	26,455,829
(Reversal) / charge during the year	**(285,299)**	109,565
Appreciation relating to gold reserves held by the Reserve Bank of India	**6,281,301**	9,540,536
Closing balance	**42,101,932**	36,105,930

31.2.2 This represents provision against home remittance amounting to Rs. 260.36 million (2025: Rs. 260.36 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600.00 million (2025: Rs. 1,600.00 million) and other provision made in respect of litigations and claims against the Bank amounting to Rs. 2,225.73 million (2025: Rs. 2,269.90 million).

32 DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS

	Note	**2026**	2025
		------------- **(Rupees in '000)** ------------	
Unfunded staff retirement benefits			
Pension		**89,261,319**	85,919,440
Gratuity scheme		**251,473**	281,292
Post retirement medical benefits		**68,366,877**	61,115,813
Benevolent fund scheme		**900,590**	991,767
Six months post retirement facility		**5,464,865**	3,660,217
Income Continuation Plan		**6,745,575**	5,117,525
Deffered Liabilities - Severance benefit		**810,400**	872,367
Gratuity - Contractual employees		**26,844**	45,702
	47.3.3	**171,827,943**	158,004,123
Provident fund scheme		**396,726**	505,169
		172,224,669	158,509,292
Funded staff retirement benefits			
Pension	47.4.3	**57,753**	5,975,161
		172,282,422	164,484,453

33 SHARE CAPITAL

2026	2025		**2026**	2025
---------- **(Number of shares)** ---------			--------------- **(Rupees in '000)** --------------	
Authorised share capital				
5,000,000,000	5,000,000,000	Ordinary shares of Rs. 100 each	**500,000,000**	500,000,000
Issued, subscribed and paid-up capital				
1,000,000,000	1,000,000,000	Fully paid-up ordinary shares of Rs. 100 ea	**100,000,000**	100,000,000

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 SBP Act, 1956. During the year, the Board of Directors has approved appropriation of Rs. 125,516.02 million (2025: Rs 58,691.71 million) to general reserve.

34.2 Reserve created as a result of acquisition of subsidiary

In FY 2024-25, 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 subsidary of PSPC and conrtrol 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:

	Rupees in '000
Total Assets	
Property, plant and equipment	2,236,106
Intangible assets	1,483
Long term loans	12,547
Long term deposits	2,486
Stores and spares	122,063
Stock-in-trade	3,327,306
Trade debts	6,545,451
Loans and advances	28,984
Trade deposits and prepayments	74,032
Accrued mark-up	121
Other receivables	17,624
Short term investments	14,800,262
Cash and bank balances	619,527
Total Assets	27,787,992
Total Liabilities	
Deferred liabilities	1,805,272
Deferred taxation	448,177
Trade and other payables	1,159,825
Payable to Pakistan Security Printing Corporation (PSPC)	318,984
Contract liabilities	3,579,048
Taxation - net	8,485
Total Liabilities	7,319,791
Adjustment for post acquisition profit	(427,218)
Net Assets	20,040,983
Consideration paid for acquisition of shares	41,774,000
Recognized as capital reserve	**(21,733,017)**

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	**2026**	2025
		------------- (Rupees in '000) ------------	
36 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK			
Opening balance		**1,935,263,396**	1,344,041,715
Appreciation for the year due to revaluation	7	**389,074,265**	591,221,681
Closing balance		**2,324,337,661**	1,935,263,396

		Note	2026	2025
			------------- (Rupees in '000) ------------	

37 CONTINGENCIES AND COMMITMENTS

37.1 Contingencies

37.1.1 State Bank of Pakistan (the Bank)

	Note	2026	2025
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	37.1.1.1	**-**	661,750
Federal Government owned / controlled bodies and authorities		**765,367**	1,161,957
		765,367	1,823,707
b) Other claims against the Bank not acknowledged as debts	37.1.1.2	**1,687,123**	3,476,940

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.

37.1.2 SBP Banking Services Corporation (the Corporation)

	Note	2026	2025
		------------- (Rupees in '000) ------------	
Claims against the Corporation not acknowledged as debts	37.1.2.1	**886**	3,107

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 consolidated 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 the 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 Honourable Islamabad High Court. Consequently, the Company filed writ petition against the above orders before the Honourable Islamabad High Court (IHC).

IHC passed an order dated January 29, 2018 and directed CIRA to decide the representation of the 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, the 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 Honourable 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 Honourable Islamabad High Court. Accordingly, no provision has been recognized in these consolidated 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 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. 34.90 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 29 June 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 financial statements.

Monitoring proceedings relating to tax year 2017 were concluded through order dated June 24, 2024 creating a demand of Rs. 4.32 million. Being aggrieved, PSPC 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 financial statements.

37.1.4.3 Outstanding letters of guarantee amounted to Rs. 11,236 million (2025: Rs. 150 million).

37.1.4.4 As at June 30, 2026, PSPC has letter of guarantee facility from Bank Al Habib Limited , United Bank Limited and Habib Bank Limited against charge on import documents.

37.1.5 Contingencies of the associated Company -Security Papers Limited (SPL)

There are aggregate contingencies in respect of income tax, sales tax and other matters amounting to Rs. 223.16 million as at June 30, 2026 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 Group in respect of these contingencies of SPL is Rs. 89.33 million.

37.1.6 Contingencies of the associated Company - SICPA Inks Pakistan (Private) Limited (SICPA)

There are aggregate contingencies in respect of sales tax, income tax and Workers' Welfare Fund (WWF) amounting to Rs. 956.50 million as at June 30, 2025 whereby SICPA 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 Group in respect of contingencies of SICPA is Rs. 450 million.

		Note	**2026**	2025
			------------- **(Rupees in '000)** ------------	
37.2	**Commitments**			
37.2.1	Foreign currency forward and swap contracts - sale		**993,320,575**	1,275,796,384
37.2.2	Foreign currency forward and swap contracts - purchase		**998,481,231**	1,282,507,827
37.2.3	Capital commitments	37.2.3.1	**10,573,473**	2,274,023

37.2.3.1 This represent amounts committed by the Group to purchase assets from successful bidders.

		2026	2025
		(Rupees in '000)	
37.2.4	Letter of guarantee / credit	**2,137,000**	633

37.2.5 The Group has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 1,229,868 million) [(2025: PKR of CNY 30,000 million (Rs. 1,188,102 million)] to People's Bank of China under bilateral currency swap agreement as disclosed in note 26 to these consolidated financial statements.

		2026	2025
		(Rupees in '000)	
37.2.6	**Commitments of the associated Company - SPL**		
	Commitments against letters of credit	**1,163,610**	**2,836,619**
	Capital Commitments	**114,950**	**10,015**

37.2.7 Import letter of credit (sight / usance) - PSPC

PSPC has import letter of credit facilities of Rs. 200 million each (2025: Rs. 200 million each) from National Bank of Pakistan, Bank Al Habib Limited and Meezan Bank Limited, secured against import documents and related securities. As at June 30, 2026, the aggregate utilisation under these facilities amounted to Rs. 62.91 million (2025: Rs. 109.07 million). In addition, PSPC has a Euro 8.19 million letter of credit facility from Bank Al Habib Limited for the upgradation of Paper Machine 2, against which Rs. 1,100.70 million (2025: Rs. 2,727.54 million) was outstanding as at June 30, 2026.

37.2.8 Letter of Guarantee facility of associated Company - SPL

As at June 30, 2026, SPL had letter of guarantee facilities of Rs. 200 million from National Bank of Pakistan (as a sub-limit of the running finance facility) and Rs. 30 million from Bank Al Habib Limited. The facilities were utilised to the extent of Rs. 175.35 million (2025: Rs. 169.68 million) and Rs. 30 million (2025: Rs. 30 million), respectively.

37.2.9 Running Finance of associated Company - SPL

SPL has running finance facilities of Rs. 200 million (2025: Rs. 200 million) from Bank Al Habib Limited and Rs. 75 million (2025: Rs. 75 million) from National Bank of Pakistan, secured against the respective securities under the financing arrangements. Both facilities remained unutilised as at June 30, 2026 and are subject to mark-up based on the applicable KIBOR plus the agreed spread.

37.2.10 Running Musharakah of associated Company - SPL

SPL has a running Musharakah facility of Rs. 200 million (2025: Rs. 200 million) from Meezan Bank Limited, secured against stocks and receivables of SPL. The facility is subject to profit based on the applicable KIBOR under the terms of the Musharakah agreement and remained unutilised as at June 30, 2026.

37.2.11	**Commitment of the associated Company - SICPA**		
	Letter of guarantee	**22,640**	**979**
	Sales contract to be executed	**4,080,583**	**5,137,646**

These commitments are derived from the audited financial statements of SICPA Inks Pakistan (Private) Limited for the year ended December 31, 2025.

		Note	2026	2025
			------------- (Rupees in '000) ------------	
38	**DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS**			
	At amortised cost			
	Discount, interest / mark-up on government transactions:			
	- Government securities	38.1	**424,442,190**	918,214,690
	- Federal Government scrips		**82,200**	82,200
	- SDRs on-lending to Government of Pakistan (GoP)		**20,696,877**	24,289,442
	Securities purchased under agreement to resell		**1,487,308,330**	1,706,350,798
	Interest income on preference shares		**-**	4,335,064
	Return on loans and advances to financial institutions		**29,170,313**	64,241,800
	Foreign currency deposits		**78,925,293**	96,943,046
	Others		**2,543,276**	440,168
			2,043,168,479	2,815,095,898
	Fair value through other comprehensive income			
	Foreign currency securities		**74,940,840**	25,891,994
	Fair value through profit and loss			
	- Government securities		**257,349**	198,690

38.1 This represents income earned on Market Treasury Bills and Pakistan Investment Bonds.

		Note	2026	2025
			------------- (Rupees in '000) ------------	
39	**INTEREST / MARK-UP EXPENSE**			
	Deposits		**60,281,934**	73,586,438
	Interest on bilateral currency swap		**38,854,077**	42,399,726
	Interest on special drawing rights		**59,549,253**	54,774,992
	Securities sold under agreement to repurchase		**4,695,068**	37,529,717
	Charges on allocation of special drawing rights of the IMF		**31,106,917**	36,945,508
	Others		**2,340,528**	197,170
			196,827,777	245,433,551
40	**COMMISSION INCOME**			
	Market Treasury Bills	40.1	**3,650,644**	3,762,721
	Management of public debts	40.1	**8,813,805**	6,904,612
	Prize bonds and national saving certificates	40.1	**581,117**	573,015
	Draft / payment orders		**2,518**	2,491
	Others		**-**	71
			13,048,084	11,242,910

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

		2026	2025
		------------- (Rupees in '000) ------------	
41	**EXCHANGE GAIN / (LOSS) - NET**		
	Gain / (loss) on:		
	- foreign currency placements, deposits, securities and other accounts - net	**9,153,772**	45,300,846
	- IMF fund facilities	**56,503,575**	(78,272,170)
	- Special drawing rights of the IMF	**10,684,479**	(21,678,789)
	Others	**53,201**	(309,729)
		76,395,027	(54,959,842)
42	**SHARE OF PROFIT FROM ASSOCIATES**		
	Security Papers Limited	**373,472**	511,679
	SICPA Inks Pakistan (Private) Limited	**481,605**	570,753
		855,077	1,082,432

	Note	2026	2025
		------------- (Rupees in '000) ------------	
43 OTHER OPERATING INCOME - NET			
Penalties levied on banks and financial institutions		**1,582,340**	2,071,865
License / credit information bureau fee recovered		**1,994,927**	1,424,902
Gain on disposal of investments - net:			
- local - at fair value through profit or loss		**24,062**	870,848
Grant Income		**112,938**	48,117
Training, infrastructure, allied facilities and others		**424,401**	550,196
Income allocated from endowment fund		**4,518**	6,053
Others		**11,735,431**	3,218,273
		15,878,617	8,190,254
44 OTHER INCOME - NET			
Gain on disposal of property, plant and equipment		**103,531**	9,219
Liabilities and provisions written back - net		**75,102**	-
Grant income under foreign assistance program		**727,148**	193,887
Fair value gain on investment property	20	**54,387**	49,387
Others		**472,930**	1,198,820
		1,433,098	1,451,313
45 BANKNOTES' AND PRIZE BOND PRINTING CHARGES			
Raw material			
Opening stock		**5,168,330**	5,593,509
Purchases including in transit		**24,318,737**	20,497,732
Closing stock		**(6,109,587)**	(5,168,330)
		23,377,480	20,922,911
Salaries, wages and other benefits		**1,455,675**	920,638
Pension		**450,288**	180,617
Outsourced services		**492,452**	231,456
Training		**3,414**	4,357
Stores and spares		**1,167,414**	1,137,554
Fuel and power		**673,805**	408,692
Insurance		**63,321**	44,622
Depreciation	19.3	**1,063,106**	604,508
Provision for obsolete stores and spares - net		**112,057**	144,562
Provision for slow moving and obsolete stock-in-trade - net		**27,749**	1,971
Amortisation of packing boxes		**45,277**	70,484
Amortisation of intangibles	21.2	**2,191**	968
Repairs and maintenance		**172,409**	179,675
Manufacturing services		**-**	23,855
Others		**81,483**	10,177
		5,810,641	3,964,136
Manufacturing cost		**29,188,121**	24,887,047
Opening work-in-process		**1,560,176**	2,017,564
Transfer from NSPC		**517,255**	-
Closing work-in-process		**(2,173,699)**	(2,077,431)
		(96,268)	(59,867)
Cost of goods manufactured		**29,091,853**	24,827,180
Opening stock of finished goods		**156,645**	8,683
Transfer from NSPC		**11,731**	-
Closing stock of finished goods		**(253,067)**	(168,376)
		(84,691)	(159,693)
		29,007,162	24,667,487

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).

47 GENERAL ADMINISTRATIVE AND OTHER EXPENSES

	Note	**2026**	2025
		(Rupees in '000)	
Salaries and other benefits		**22,232,257**	19,078,279
Retirement benefits and employees' compensated absences	47.1	**25,346,214**	20,957,810
Contribution to Employee Staff Welfare Fund		**318,657**	176,438
Rent and taxes		**86,042**	91,033
Insurance		**141,912**	160,266
Electricity, gas and water		**1,182,495**	1,184,656
Depreciation	19.3	**4,670,050**	3,549,559
Amortisation	21.2	**286,063**	133,026
Repairs and maintenance		**2,676,955**	1,780,411
Directors' fee		**10,583**	4,960
Auditors' remuneration	47.2	**42,952**	38,566
Legal and professional		**142,883**	384,613
Travelling expenses		**245,657**	172,347
Daily expenses		**112,634**	158,964
Fuel		**211,094**	129,264
Conveyance		**39,576**	60,443
Postages, telegram / telex and telephone		**393,819**	335,928
Training		**133,558**	103,899
Stationery		**55,654**	31,958
Remittance of treasure		**546,700**	568,340
Books and newspapers		**41,529**	28,939
Advertisement		**163,867**	122,800
Uniforms		**44,348**	64,257
Board / Board committee expenses		**42,553**	18,771
Recruitment charges		**34,521**	30,423
Others		**2,331,762**	2,879,284
		61,534,336	52,245,233

47.1 This includes an amount relating to defined contribution plan aggregating to Rs. 1,254.52 million (2025: Rs. 1,106.49 million) and Rs. 3,277.57 million (2025: Rs. 3,156.266 million) in respect of employees compensated absences.

47.2 Auditors' remuneration

	2026			2025		
	BDO Ebrahim & Co.	KPMG Taseer Hadi & Co.	Total	BDO Ebrahim & Co.	KPMG Taseer Hadi & Co.	Total
	(Rupees in '000)					
State Bank of Pakistan						
Audit fee (including out of pocket expenses)	**8,323**	**8,799**	**17,122**	7,927	8,381	16,308
Sindh sales tax on services	**666**	**704**	**1,370**	634	670	1,304
	8,989	**9,503**	**18,492**	8,561	9,051	17,612
SBP Banking Services Corporation						
Audit fee (including out of pocket expenses)	**8,323**	**8,799**	**17,122**	7,927	8,381	16,308
Sindh sales tax on services	**666**	**704**	**1,370**	634	670	1,304
	8,989	**9,503**	**18,492**	8,561	9,051	17,612
National Institute of Banking and Finance, Pakistan						
Audit fee (including out of pocket expenses)	**1,265**	**-**	**1,265**	1,150	-	1,150
Sindh sales tax on services	**101**	**-**	**101**	92	-	92
	1,366	**-**	**1,366**	1,242	-	1,242
Pakistan Security Printing Corporation						
Audit fee (including out of pocket expenses)	**3,951**	**-**	**3,951**	1,905	-	1,905
Sindh sales tax on services	**316**	**-**	**316**	152	-	152
	4,267	**-**	**4,267**	2,057	-	2,057
RAAST Payments Pakistan (Private) Limited						
Audit fee (including out of pocket expenses)	**310**	**-**	**310**	-	-	-
Sindh sales tax on services	**25**	**-**	**25**	-	-	-
	335	**-**	**335**	-	-	-
	23,946	**19,006**	**42,952**	20,421	18,102	38,523

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:

	2026	2025
- discount rate for year end obligation	**11.75% p.a**	11.75% p.a
- salary increase rate (where applicable)	**23.00% p.a**	23.00% p.a
- pension indexation rate (where applicable)	**12.00% p.a**	12.00% p.a
- medical cost increase rate	**11.75% p.a**	11.75% p.a
- petrol price increase rate (where applicable)	**11.75% p.a**	6% p.a
- personnel turnover (SBP)	**6.64% p.a**	5.16% 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

	2026								
	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, 2025	85,919,440	281,292	61,115,814	991,767	3,660,216	5,117,525	872,367	45,702	158,004,123
Current service cost	870,950	27,835	663,467	7,141	294,460	-	61,831	12,495	1,938,179
Interest cost on defined benefit obligation	9,853,671	27,164	7,332,106	113,642	425,254	611,512	97,871	5,179	18,466,399
	10,724,621	54,999	7,995,573	120,783	719,714	611,512	159,702	17,674	20,404,578
Benefits paid	(9,800,749)	(83,564)	(2,711,474)	(58,015)	(256,799)	(164,231)	(78,847)	(3,250)	(13,156,929)
Remeasurements:									
actuarial losses / (gains) from changes in financial assumptions	1,014,089	6,649	4,144,644	(86,166)	1,018,725	902,708	21,544	(4,530)	7,017,663
experience adjustments	1,403,918	(7,903)	(2,177,679)	(67,779)	323,009	278,061	(164,366)	(28,753)	(441,492)
	2,418,007	(1,254)	1,966,965	(153,945)	1,341,734	1,180,769	(142,822)	(33,283)	6,576,171
Present value of defined benefit obligation as on June 30, 2026	89,261,319	251,473	68,366,878	900,590	5,464,865	6,745,575	810,400	26,843	171,827,943

	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

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

	2026								
	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	1,014,089	6,649	4,144,644	(86,166)	1,018,725	902,708	21,544	(4,530)	7,017,663
- Experience adjustments	1,403,918	(7,903)	(2,177,679)	(67,779)	323,009	278,061	(164,366)	(28,753)	(441,492)
	2,418,007	(1,254)	1,966,965	(153,945)	1,341,734	1,180,769	(142,822)	(33,283)	6,576,171

	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

47.3.4 Amount recognised in the consolidated profit and loss account

	2026								
	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	870,950	27,835	663,467	7,141	294,460	-	61,831	12,495	1,938,179
Past service cost (credit)	-	-	-	-	-	-	-	-	-
Interest cost on defined benefit obligation	9,853,671	27,164	7,332,106	113,642	425,254	611,512	97,871	5,179	18,466,399
	10,724,621	54,999	7,995,573	120,783	719,714	611,512	159,702	17,674	20,404,578

	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

47.3.5 Movement of present value of defined benefit obligation

	2026								
	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, 2025	85,919,440	281,292	61,115,815	991,767	3,660,216	5,117,525	872,367	45,702	158,004,123
Amount recognised in the consolidated									
profit and loss account	10,724,621	54,999	7,995,573	120,783	719,714	611,512	159,702	17,674	20,404,578
Remeasurements	2,418,007	(1,254)	1,966,965	(153,945)	1,341,734	1,180,769	(142,822)	(33,283)	6,576,171
Benefits paid during the year	(9,800,749)	(83,564)	(2,711,474)	(58,015)	(256,799)	(164,231)	(78,847)	(3,250)	(13,156,929)
Net recognised liabilities at June 30, 2026	89,261,319	251,473	68,366,879	900,590	5,464,865	6,745,575	810,400	26,843	171,827,943

	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	85,919,440	281,292	61,115,815	991,767	3,660,216	5,117,525	872,367	45,702	158,004,123

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)------		
Pension			
Discount rate	1%	(6,505,447)	8,272,774
Future salary increase	1%	899,311	(853,391)
Future pension increase	1%	7,460,883	(6,440,410)
Expected mortality rates	1 Year	1,936,083	(1,798,512)
Gratuity Contractual Employee			
Discount rate	1%	(692)	734
Future salary increase	1%	849	(815)
Gratuity Scheme			
Discount rate	1%	(14,236)	15,813
Future salary increase	1%	15,768	(14,483)
Post retirement medical benefit scheme			
Discount rate	1%	(8,357,932)	11,959,707
Future post-retirement medical cost increase	1%	11,641,155	(9,118,006)
Expected mortality rates	1 Year	1,692,256	(1,506,440)
Benevolent fund scheme			
Discount rate	1%	(105,480)	(13,394)
Six months post retirement facility			
Discount rate	1%	(657,041)	793,570
Future salary increase	1%	751,700	(639,118)
Income Continuation Plan			
Discount Rate	1%	(793,445)	947,186
Future Salary Increase	1%	251,896	(852,942)
Expected mortality rates	1 Year	265,520	(267,751)

	Change in assumption	Increase in assumption	Decrease in assumption
	Impact on defined benefit obligation - increase / (decrease)		
	------(Rupees in '000)------		
Severance benefit - NCBS			
Discount Rate	1%	(46,293)	51,573
Future Salary Increase	1%	52,501	(48,094)
Expected mortality rates	1 Year	1,951	(1,945)

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 - 9 Years	6 Years	14 - 16 Years	5 - 6 Years	10 - 15 Years	6 Years	9 - 17 Years	3 Years

47.3.8 Estimated expenses to be charged to the consolidated profit and loss account for the year ending June 30, 2027

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2027 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	588,630	12,465	618,998	2,000	237,665	-	61,831	9,451	1,531,040
Interest cost on defined benefit obligation	10,730,912	28,038	8,277,846	101,127	655,256	811,696	95,222	3,154	20,703,251
Amount chargeable to the consolidated profit and loss account	11,319,542	40,503	8,896,844	103,127	892,921	811,696	157,053	12,605	22,234,291

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. 16,170.30 million (2025: Rs. 13,794.739 million). An amount of Rs. 3,225.60 million (2025: Rs. 3,156.266 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, 2027 would be Rs 2,995.39 million. The benefits paid during the year amounted to Rs. 922.60 million (2025: Rs. 658.947 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 1,445.51 million and Rs. 1,704.03 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. 1,642.74 million and Rs. 1,430.25 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 7 - 13 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:

	2026	2025
- Discount rate	**12.00% p.a**	11.75% p.a
- Salary increase rate	**11.00% p.a**	10.00% p.a
- Pension increase rate	**5.25% p.a**	5.00% 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 and NIBAF 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 and NIBAF or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

	2026	2025
	--------(Rupees in '000)--------	
47.4.3 Amounts recognised in the consolidated balance sheet are determined as follows:		
Present value of defined benefit obligation	**9,167,967**	8,412,208
Fair value of plan assets	**(9,110,214)**	(2,498,372)
	57,753	5,913,836
47.4.4 Movement of present value of defined benefit obligation and fair value of plan assets		
Movement in defined benefit obligation		
Present value as at July 01	**8,412,208**	8,317,525
Current service cost	**91,226**	96,675
Interest cost of defined benefit obligation	**954,371**	1,191,939
Benefits paid during the year	**(824,983)**	(749,803)
Settlement gain	**(55,717)**	(305,863)
Actuarial remeasurement loss / (gain)	**590,862**	(138,265)
Present value as at June 30	**9,167,967**	8,412,208
Movement in fair value of plan assets		
Fair value as at July 01	**2,498,372**	2,064,957
Expected return on plan assets	**252,870**	252,841
Contribution made by employer	**7,013,948**	771,059
Interest income	**7,307**	8,444
Transfer from IBP	**-**	52,224
Benefits paid during the year	**(824,982)**	(752,943)
Actuarial remeasurement loss	**162,699**	101,790
Fair value as reporting date at June 30	**9,110,214**	2,498,372

		2026 (Rupees in '000)	%	2025 (Rupees in '000)	%
47.4.5	**Plan assets consist of the following:**				
	Equity instruments	**246,468**	**3%**	149,442	6%
	Debt instruments	**8,744,600**	**96%**	2,223,919	92%
	Cash and cash equivalent	**119,146**	**1%**	63,686	2%
		9,110,214	**100%**	2,437,047	100%
	Less: Pertaining to NSPC (being the multi employer fund)	**-**		(16,059)	
		9,110,214		2,420,988	

		2026	2025
		-----------(Rupees in '000)-----------	
47.4.6	**Amount recognised in the consolidated profit and loss account**		
	Current service cost	**91,226**	96,675
	Settlement gain	**(55,717)**	(305,862)
	Net interest cost on defined benefit obligation	**701,501**	939,098
		737,010	729,911
47.4.7	**Amount recognised in "other comprehensive income"**		
	Remeasurement loss on obligation		
	Actuarial loss from changes in financial assumptions	**590,862**	476,024
	Remeasurement loss on plan assets		
	Actual net loss / (gain) on plan assets	**162,699**	(97,977)
		753,561	378,047
	Share of other comprehensive income / (loss) of associate	**2,916**	(4,023)

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)----------	
Pension			
Discount rate	1%	(620,255)	926,195
Salary growth rate	1%	243,619	(46,240)
Pension indexation rate	1%	716,969	(627,045)

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.

		Pension
47.4.9	**Duration of defined benefit obligation**	
	Weighted average duration of defined benefit obligation	**8.39 years**

47.4.10 Estimated expenses to be charged to consolidated profit and loss account for the year ending June 30, 2027

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2027 would be Rs. 114.75 million.

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

The following table reconciles the expected credit losses allowance for the year ended June 30, 2026 by classes of financial instruments:

	2026				
	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	**94,903**	**3**	**2,193,633**	**58**	**2,295,746**
Reversal of expected credit loss allowance during the year	**(83,521)**	**-**	**(445,082)**	**(58)**	**(528,661)**
Closing balance	**11,382**	**3**	**1,748,551**	**-**	**1,767,085**

	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	2,260,736
Charge / (reversal) of expected credit loss allowance during the year	93,735	(39,475)	(8,054)	(11,196)	35,010
Closing balance	94,903	3	2,193,633	58	2,295,746

49 TAXATION

	Note	2026	2025
		(Rupees in '000)	
Current - for the year		**3,681,226**	1,690,195
Current - prior year		**(454,419)**	2,816
Deferred		**(22,217)**	577,698
		3,204,590	2,270,709

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

	Note	2026	2025
Profit before taxation		**2,002,962,662**	2,507,715,468
Adjustments for:			
Depreciation	19.3	**5,733,152**	4,234,106
Amortisation	21.2	**288,254**	135,041
Charge of credit loss on financial instruments		**(528,661)**	35,010
Provision for / write-off:			
- retirement benefits and employees' compensated absences		**37,843,765**	20,957,810
Gain on disposal of property, plant and equipment	44	**(103,531)**	(9,219)
Gain on disposal of financial assets	43	**(24,062)**	(870,848)
Dividend income		**(57,294,600)**	(13,648,766)
Effect of exchange (gain) / loss on assets and liabilities	41	**(76,395,027)**	54,959,842
Fair valuation adjustment on COVID loans - net	16.7	**(19,646,246)**	(22,885,675)
Fair value gain on investment property	20	**(54,387)**	(49,387)
Profit from associate and other non-cash adjustments	42	**(855,077)**	(1,082,432)
		1,891,926,242	2,549,490,950

	Note	2026	2025
		----------- (Rupees in '000) ----------	

51 CASH AND CASH EQUIVALENTS

	Note	2026	2025
Cash and bank balances	6	**435,851**	3,207,530
Local currency - coins	8	**316,996**	365,337
Foreign currency accounts and investments having maturity of less than 3 months	9 & 14.3 & 50.1	**5,333,525,824**	4,448,747,539
Earmarked foreign currency balances	10	**21,055,256**	21,490,540
Special Drawing Rights of the International Monetary Fund	11	**82,864,227**	7,417,625
		5,438,198,154	4,481,228,571

51.1 Foreign currency accounts and investments excludes unrealised gain on foreign currency derivatives amounting to Rs. 6.69 million (2025: Rs. 3,114.29 million) and deposits held with IMF amounting to Rs. 1,757.30 million (2025: Rs. 1,815.34 miilion).

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:

	2026	2025
Transactions during the year	------------ Rupees in '000 ------------	
- Maturity of PIBs	**1,883,000,000**	500,000,000

- 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:

	2026	2025
	----------- (Rupees in '000) ----------	
Salaries and other benefits of Governor and Deputy Governors	**182,526**	93,974
Fee of non-executive Directors	**25,155**	11,152
Fee of external members of MPC	**8,439**	7,618
	216,120	112,744

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:

	2026	2025
	------------ (Rupees in '000) ----------	
Short-term employee benefit	**2,453,154**	2,091,337
Post-employment benefit	**459,277**	420,244
Loans disbursed during the year	**263,382**	214,415
Loans repaid during the year	**177,300**	240,188
Disposal of vehicle during the year	**-**	11,071
Directors' fees	**62,876**	30,243
Number of key management personnel *	**195**	162

* This includes 195 (2025: 162) 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	2026 12 month PD	2025 12 month PD	External Rating
Performing			
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	**6.3056%-9.6562%**	6.3056%-9.6562%	CC
Non performing			
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 financials 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

	2026						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	(Rupees in '000)						
Financial assets							
Cash and bank balances	435,851	-	-	-	-	-	**435,851**
Local currency - coins	316,996	-	-	-	-	-	**316,996**
Foreign currency accounts and investments	-	2,187,011,393	1,574,259,208	1,017,815,833	19,145	581,970,635	**5,361,076,214**
Earmarked foreign currency balance	21,055,256	-	-	-	-	-	**21,055,256**
Special drawing rights of International Monetary Fund	-	-	82,864,227	-	-	-	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	44,918	-	-	-	**44,918**
Securities purchased under agreement to resell	15,600,925,584	-	-	-	-	-	**15,600,925,584**
Investments - local	3,546,407,350	-	-	-	-	-	**3,546,407,350**
Loans, advances and bills of exchange	1,583,049,062	327,969	-	-	-	-	**1,583,377,031**
Assets held with the Reserve Bank of India	-	2,908,516	-	-	-	-	**2,908,516**
Balances due from the Governments of India and Bangladesh	-	20,060,049	-	-	-	-	**20,060,049**
Other assets	33,276,480	13,360,547	-	-	-	-	**46,637,027**
Total financial assets	**20,785,466,578**	**2,223,668,474**	**1,657,168,353**	**1,017,815,833**	**19,145**	**581,970,635**	**26,266,109,018**

	2025						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	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	-	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
Total financial assets	19,595,417,476	1,739,265,942	1,421,202,126	1,302,739,679	18,707	35,483,824	24,094,127,754

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

	2026						
	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	-	-	-	-	435,851	-	**435,851**
Local currency - coins	316,996	-	-	-	-	-	**316,996**
Foreign currency accounts and investments	4,291,512,338	340,061,150	148	-	729,502,578	-	**5,361,076,214**
Earmarked foreign currency balance	21,055,256	-	-	-	-	-	**21,055,256**
Special drawing rights of International							
Monetary Fund	-	82,864,227	-	-	-	-	**82,864,227**
Reserve tranche with the International Monetary				-			**-**
Fund under quota arrangements	-	44,918	-	-	-	-	**44,918**
Securities purchased under agreement to resell	-	-	-	-	15,600,925,584	-	**15,600,925,584**
Current accounts of governments	-	-	-	-	-	-	**-**
Investments - local	3,152,851,007	-	317,569,377	-	50,288,806	25,698,160	**3,546,407,350**
Loans, advances and bills of exchange	737,647,550	-	78,205,444	-	711,449,752	56,074,285	**1,583,377,031**
Assets held with the Reserve Bank of India	2,908,516	-	-	-	-	-	**2,908,516**
Balances due from the Governments of India and							**-**
Bangladesh	20,060,049	-	-	-	-	-	**20,060,049**
Other assets	43,673,914	-	134,430	-	1,780,378	1,048,305	**46,637,027**
Total financial assets	**8,270,025,626**	**422,970,295**	**395,909,399**	**-**	**17,094,382,949**	**82,820,749**	**26,266,109,018**

	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
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	3193807	-	-	-	-	-	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
Total financial assets	9,662,363,372	23,430,705	111,007,028	-	14,241,757,714	55,568,933	24,094,127,752

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.

	2026							
	Sovereign (53.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	----------(Rupees in 000')----------							
Financial assets								
Cash and bank balances	-	-	-	-	-	-	435,851	**435,851**
Foreign currency accounts and								**-**
investments	2,715,977,706	1,008,054,143	330,367,030	1,300,607,832	-	394	6,069,109	**5,361,076,214**
Earmarked foreign currency balance	21,055,256	-	-	-	-	-	-	**21,055,256**
Special drawing rights of International								**-**
Monetary Fund	-	-	-	-	-	-	82,864,227	**82,864,227**
Reserve tranche with the International								**-**
Monetary Fund under quota								**-**
arrangements	-	-	-	-	-	-	44,918	**44,918**
Securities purchased under agreement								**-**
to resell	-	12,905,142,484	2,656,028,386	32,037,721	-	-	7,716,993	**15,600,925,584**
Investments - local	3,152,836,813	317,569,377	3,915,756	-	-	-	72,085,404	**3,546,407,350**
Loans, advances and bills of exchange	737,647,550	633,574,045	138,035,000	14,581,094	3,144,504	2,060,365	54,334,473	**1,583,377,031**
Assets held with the Reserve Bank of								**-**
India	-	-	-	-	2,908,516	-	-	**2,908,516**
Balances due from the Governments								**-**
of India and Bangladesh	-	-	-	-	40,453	20,019,596	-	**20,060,049**
Other assets	43,673,914	-	884,967	-	-	-	2,078,146	**46,637,027**
Total financial assets	**6,671,191,239**	**14,864,340,049**	**3,129,231,139**	**1,347,226,647**	**6,093,473**	**22,080,355**	**225,629,121**	**26,265,792,022**

	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	3,207,530
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
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	5,094,404,048	-	71,693	-	-	-	-	5,094,475,741
Loans, advances and bills of exchange	762,298,189	725,103,262	335,114,080	32,547,554	5,375,908	1,151,622	50,128,628	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	-	-	-	-	40,453	18,622,805	-	18,663,258
Other assets	36,245,786	727	-	-	-	-	2,447,413	38,693,926
Total financial assets	7,367,637,872	12,888,186,642	2,103,505,551	1,571,644,073	8,610,168	19,774,503	131,196,077	24,090,554,886

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

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.

	2026						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	------- (Rupees in '000) -------						
Financial assets							
Non-derivative assets:							
Cash and bank balances	-	-	-	435,851	-	435,851	**435,851**
Local currency - coins	-	-	-	316,996	-	316,996	**316,996**
Foreign currency accounts and investments	5,359,085,788	-	5,359,085,788	897,374	1,086,362	1,983,736	**5,361,069,524**
Earmarked foreign currency balance	-	-	-	21,055,256	-	21,055,256	**21,055,256**
Special drawing rights of International Monetary Fund	82,521,545	-	82,521,545	342,682	-	342,682	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	44,918	-	44,918	**44,918**
Securities purchased under agreement to resell	15,584,172,781	-	15,584,172,781	16,752,803	-	16,752,803	**15,600,925,584**
Investments - local	74,061,537	3,095,887,605	3,169,949,142	8,600,026	-	8,600,026	**3,178,549,168**
Loans, advances and bills of exchange	319,196,115	1,197,707,927	1,516,904,042	9,470,851	57,002,137	66,472,988	**1,583,377,031**
Assets held with the Reserve Bank of India	-	-	-	-	2,908,516	2,908,516	**2,908,516**
Balances due from the Governments of India and Bangladesh	19,121,172	-	19,121,172	-	938,877	938,877	**20,060,049**
Other assets	37,322,945	-	37,322,945	9,233,309	80,775	9,314,084	**46,637,029**
	21,475,481,884	4,293,595,532	25,769,077,416	67,150,065	62,016,667	129,166,733	**25,898,244,148**
Derivative assets							
Foreign currency accounts and investments	-	-	-	6,690	-	6,690	**6,690**
Investments - local	-	-	-	3,915,754	-	3,915,754	**3,915,754**
	-	-	-	3,922,444	-	3,922,444	**3,922,444**
Grand total	**21,475,481,884**	**4,293,595,532**	**25,769,077,416**	**71,072,509**	**62,016,667**	**133,089,177**	**25,902,166,592**

	2026						
	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 liabilities							
Banknotes in circulation	-	-	-	12,659,485,095	-	12,659,485,095	**12,659,485,095**
Bills payable	-	-	-	4,503,228	-	4,503,228	**4,503,228**
Current accounts of the governments*	-	-	-	3,323,820,706		3,323,820,706	**3,323,820,706**
Payable under bilateral currency swaps agreements	1,229,868,001	-	1,229,868,001	9,644,345	-	9,644,345	**1,239,512,346**
Deposits of banks and financial institutions	281,401,927	-	281,401,927	1,513,734,364	-	1,513,734,364	**1,795,136,291**
Other deposits and accounts	70,520,174	-	70,520,174	156,834,293	-	156,834,293	**227,354,467**
Payable to the International Monetary Fund	153,652,711	2,950,629,998	3,104,282,709	16,083,537	-	16,083,537	**3,120,366,246**
Securities sold under agreement to repurchase	109,126,280	-	109,126,280	31,382	-	31,382	**109,157,662**
Other liabilities	49,107,210	-	49,107,210	44,437,861	47,019,340	91,457,201	**140,564,411**
	1,893,676,303	2,950,629,998	4,844,306,301	17,728,574,811	47,019,340	17,775,594,151	**22,619,900,452**
Derivative liabilities							
Other liabilities	-	-	-	2,730,583	-	2,730,583	**2,730,583**
	1,893,676,303	2,950,629,998	4,844,306,301	17,731,305,394	47,019,340	17,778,324,734	**22,622,631,035**
On balance sheet gap (a)	**19,581,805,581**	**1,342,965,535**	**20,924,771,115**	**(17,660,232,885)**	**14,997,327**	**(17,645,235,558)**	**3,279,535,558**
Foreign currency forward and swap contracts - sale	-	-	-	993,320,575	-	993,320,575	**993,320,575**
Foreign currency forward and swap contracts - purchase	-	-	-	998,481,231	-	998,481,231	**998,481,231**
Capital commitments	-	-	-	10,573,473	-	10,573,473	**10,573,473**
Contingent liabilities in respect of guarantees given	-	-	-	-	765,367	765,367	**765,367**
Other claims against the Bank not acknowledged as debts	-	-	-	-	1,687,123	1,687,123	**1,687,123**
Commitment under bilateral currency swap agreement	-	-	-	1,229,868,001	-	1,229,868,001	**1,229,868,001**
Off balance sheet gap (b)	-	-	-	3,232,243,280	2,452,490	3,234,695,770	3,234,695,770
Total yield / interest risk sensitivity gap (a+b)	**19,581,805,581**	**1,342,965,535**	**20,924,771,115**	**(20,892,476,165)**	**12,544,838**	**(20,879,931,327)**	**44,839,788**
Cumulative yield / interest risk sensitivity gap	**19,581,805,581**	**20,924,771,115**					

(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.

	2025						
	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	-	-	-	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
Derivatives assets							
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
Grand total	18,129,026,199	5,513,398,306	23,642,424,505	259,077,709	192,625,540	451,703,248	24,094,127,753

	2025						
	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 liabilities							
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
Derivative liabilities							
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
On balance sheet gap (a)	15,433,652,041	2,880,720,689	18,314,372,731	(14,787,811,190)	181,690,692	(14,606,120,498)	3,708,252,232
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
Futures - sale	-	-	-	-	-	-	-
Futures - purchase	-	-	-	-	-	-	-
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
Total yield / interest risk sensitivity gap (a+b)	15,433,652,041	2,880,720,689	18,314,372,731	(18,536,491,424)	176,390,045	(18,360,101,379)	(45,728,649)
Cumulative yield / interest risk sensitivity gap	15,433,652,041	18,314,372,731					

(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, 2026 would increase / decrease by Rs. 209,247.71 million (2025: Rs. 18,314.38 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, 2026, 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. 1,562.59 million (2025: Rs. 1,305.32 million) or decrease by Rs. 1,562.59 million (2025: Rs. 1,305.32 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, 2026 with all other variables constant profit for the year would have been Rs. 5,950.43 million higher / lower (2025: Rs. 12,087.32 million). Net foreign currency exposure of the Group is as follows:

	2026	2025
	------------- (Rupees in '000) ------------	
US Dollar	**1,489,003,098**	641,207,493
Pound Sterling	**(233,578,336)**	(209,022,934)
Chinese Yuan	**153,232,723**	(783,348,418)
Euro	**(892,058,505)**	(792,737,331)
Japanese Yen	**(228,251,137)**	(199,048,082)
United Arab Emirates Dirham	**13,989**	162,377
Australian Dollar	**21,868**	20,906
Canadian Dollar	**10,562**	11,032
Others	**306,648,464**	134,022,374
	595,042,726	(1,208,732,583)

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, 2026, other comprehensive income would increase or decrease by Rs. 15,878.47 million (2025: Rs. 8,694.36 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, 2026 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 Group'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 Group's consolidated 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	
	2026	2025	**2026**	2025
	--------(Rupees in '000)--------			
Financial assets				
Cash and bank balances held by subsidiaries	**435,851**	3,207,530	**435,851**	3,207,530
Local currency - coins	**316,996**	365,337	**316,996**	365,337
Foreign currency accounts and investments	**5,361,076,214**	4,451,861,826	**5,361,076,214**	4,451,861,826
Earmarked foreign currency balances	**21,055,256**	21,490,540	**21,055,256**	21,490,540
Special drawing rights of the International Monetary Fund	**82,864,227**	7,417,625	**82,864,227**	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	**44,918**	46,407	**44,918**	46,407
Securities purchased under agreement to resell	**15,600,925,584**	12,542,992,513	**15,600,925,584**	12,542,992,513
Investments - local	**3,546,407,351**	5,314,052,849	**3,566,944,254**	5,314,052,849
Loans, advances and bills of exchange	**1,583,377,031**	1,911,719,243	**1,583,377,031**	1,911,719,243
Assets held with the Reserve Bank of India	**2,908,516**	3,193,807	**2,908,516**	3,193,807
Balances due from the Governments of India and Bangladesh	**20,060,049**	18,663,258	**20,060,049**	18,663,258
Other assets	**46,637,027**	38,693,926	**46,637,027**	38,693,926
Financial liabilities				
Banknotes in circulation	**12,659,485,095**	11,269,452,815	**12,659,485,095**	11,269,452,815
Bills payable	**4,503,227**	3,885,131	**4,503,227**	3,885,131
Current accounts of Governments	**3,323,820,706**	2,026,532,555	**3,323,820,706**	2,026,532,555
Payable under bilateral currency swap agreement	**1,239,512,346**	1,197,854,251	**1,239,512,346**	1,197,854,251

	Carrying value		Fair value	
	2026	2025	**2026**	2025
	---(Rupees in '000)---			
Deposits of banks and financial institutions	**1,795,136,291**	1,682,587,160	**1,795,136,291**	1,682,587,160
Other deposits and accounts	**227,354,467**	1,255,185,282	**227,354,467**	1,255,185,282
Payable to the International Monetary Fund	**3,120,366,246**	2,705,516,088	**3,120,366,246**	2,705,516,088
Securities sold under agreement to repurchase	**109,157,662**	101,304,723	**109,157,662**	101,304,723
Other liabilities	**140,564,411**	141,585,468	**140,564,411**	141,585,468

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 consolidated financial statements which have been valued under level 2. These are carried at amortised cost in accordance with the Group's policy.

	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
	---(Rupees in '000)---			
Recurring fair value measurements				
On balance sheet financial assets				
Foreign currency accounts and investments	-	1,562,600,021	-	**1,562,600,021**
Investments - local	317,569,377	3,199,086,072	46,373,051	**3,563,028,500**
Unrealised gain on local currency derivatives	-	3,915,754	-	**3,915,754**
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	148,098,052	**148,098,052**
Investment property	-	1,338,430	-	**1,338,430**
Gold reserves held by the Bank	2,334,001,810	-	-	**2,334,001,810**
Assets held with the Reserve Bank of India	37,610,938	-	-	**37,610,938**
	2,689,182,125	**4,766,940,277**	**194,471,103**	**7,650,593,505**
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	**-**	**993,320,575**	**-**	**993,320,575**
Foreign currency forward and swap contracts - purchase	**-**	**998,481,231**	**-**	**998,481,231**

	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	---(Rupees in '000)---			
On balance sheet financial assets				
Foreign currency accounts and investments -	-	1,305,323,341	-	1,305,323,341
Investments - local	173,887,232	-	45,761,569	219,648,801
Unrealised gain on local currency derivatives	-	71,693	-	71,693

	2025			
	Level 1	Level 2	Level 3	Total
	--------------------------------------(Rupees in '000)--------------------------------------			
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	150,049,417	150,049,417
Investment property	-	1,284,043	-	1,284,043
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
	2,147,328,664	1,306,679,077	195,810,986	3,649,818,727
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
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

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 June 30, 2026	Fair value at June 30, 2025	Unobservable inputs *	Range of inputs (probability-weighted average) 2026	Range of inputs (probability-weighted average) 2025	Relationship of unobservable inputs to fair value
	Rupees in '000					
Unlisted equity securities	**46,373,051**	45,761,569	Discount rate	**21.48%**	19.9%-23.9%	Increase/ (decrease) discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 1,948.70 million.
			Terminal growth rate	**4.5%-10%**	3.5%-10%	Increase/ (decrease) Terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 710.99 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 Group which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Group's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

55 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2026			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
Financial assets	(Rupees in '000)			
Cash and bank balances held by subsidiaries	-	435,851	-	**435,851**
Local currency - coins	-	316,996	-	**316,996**
Foreign currency accounts and investments	6,690	3,798,476,193	1,562,593,331	**5,361,076,214**
Earmarked foreign currency balances	-	21,055,256	-	**21,055,256**
Special drawing rights of the International Monetary Fund	-	82,864,227	-	**82,864,227**
Reserve tranche with the International Monetary Fund under quota arrangements	-	44,918	-	**44,918**
Securities purchased under agreement to resell	-	15,600,925,584	-	**15,600,925,584**
Investments - local	6,715,817	3,175,749,105	363,942,428	**3,546,407,350**
Loans, advances and bills of exchange	-	1,583,377,031	-	**1,583,377,031**
Assets held with the Reserve Bank of India	-	2,908,516	-	**2,908,516**
Balances due from the Governments of India and Bangladesh	-	20,060,049	-	**20,060,049**
Other assets	-	46,637,027	-	**46,637,027**

	2025			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
Financial assets	(Rupees in '000)			
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	3,114,286	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
Securities purchased under				-
agreement to resell	-	12,542,992,513	-	12,542,992,513
Investments - local	71,693	5,094,332,355	219,648,801	5,314,052,849
Loans, advances and bills of exchange	-	1,911,719,243	-	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	-	38,693,926	-	38,693,926

	2026		
	Amortised cost	**At fair value through profit or loss**	**Total**
Financial liabilities	**(Rupees in '000)**		
Banknotes in circulation	12,659,485,095	-	**12,659,485,095**
Bills payable	4,503,227	-	**4,503,227**
Current accounts of governments	3,323,820,706	-	**3,323,820,706**
Payable under bilateral currency swap agreement	1,239,512,346	-	**1,239,512,346**
Deposits of banks and financial institutions	1,795,136,291	-	**1,795,136,291**
Other deposits and accounts	227,354,467	-	**227,354,467**
Payable to the International Monetary Fund	3,120,366,246	-	**3,120,366,246**
Securities sold under agreement to repurchase	109,157,662	-	**109,157,662**
Other liabilities	137,833,828	2,730,583	**140,564,411**

	2025		
	Amortised cost	At fair value through profit or loss	Total
Financial liabilities	(Rupees in '000)		
Banknotes in circulation	11,269,452,815	-	11,269,452,815
Bills payable	3,885,131	-	3,885,131
Current accounts of Governments	2,026,532,555	-	2,026,532,555
Payable under bilateral currency swap agreement	1,197,854,251	-	1,197,854,251
Deposits of banks and financial institutions	1,682,587,160	-	1,682,587,160
Other deposits and accounts	1,255,185,282	-	1,255,185,282
Payable to the International Monetary Fund	2,705,516,088	-	2,705,516,088
Securities sold under agreement to repurchase	101,304,723	-	101,304,723
Other liabilities	141,588,468	1,969,048	143,557,516

56 NON-ADJUSTING EVENT

The Board of Directors of the Bank in their meeting held on August 27, 2026 have appropriated an amount of Rs. 50,726.43 million to the general reserve. The balance of profit after allocation of such appropriation will be transferred to the Government of Pakistan. The consolidated financial statements of the Group for the year ended June 30, 2026 do not include the effect of above appropriation and transfer of balance profit to the Government of Pakistan, which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2027.

57 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 27, 2026 by the Board of Directors of the Group.

58 GENERAL

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

-sd-	-sd-	-sd-
Jameel Ahmad	**Saleem Ullah**	**Muhammad Haroon Rasheed**
Governor	Deputy Governor	Chief Financial Officer