SBP BANKING SERVICES CORPORATION
BALANCE SHEET
AS AT JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
ASSETS			
Deposit account with the State Bank of Pakistan		141,776	418,048
Current account with the State Bank of Pakistan		6,031,327	1,443,515
Investments	6	84,352,444	80,162,670
Employee loans	7	25,587,759	20,957,390
Advances, deposits and prepayments	8	208,153	215,317
Stores and stationery consumables	9	256,619	243,773
Property and equipment	10	2,336,521	2,842,180
Total assets		118,914,599	106,282,893
LIABILITIES			
Deposits and other liabilities	11	8,808,479	7,535,118
Deferred liabilities - unfunded staff retirement benefits	12	104,777,731	94,745,626
Total liabilities		113,586,210	102,280,744
NET ASSETS		5,328,389	4,002,149
REPRESENTED BY:			
Share capital	13.1	1,000,000	1,000,000
Reserves	13.2	3,002,149	1,886,146
Unrealized appreciation on remeasurement of investments		173,873	-
Unappropriated profit		1,152,367	1,116,003
		5,328,389	4,002,149
Contingencies and commitments	14		

The annexed notes from 1 to 26 form an integral part of these financial statements.

Maraj Mahmood
Managing Director

Qader Bakhsh
Director

SBP BANKING SERVICES CORPORATION
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
Discount and interest earned	15	12,913,743	12,375,617
Operating expenses	16	(29,086,561)	(24,678,988)
Reimbursable from the State Bank of Pakistan	16.1	17,205,309	13,202,582
		(11,881,252)	(11,476,406)
Operating profit		1,032,491	899,211
Gain on disposal of property and equipment		5,796	10,872
Loss on government securities		(4,601)	-
Other income	17	118,681	205,920
Profit for the year		1,152,367	1,116,003

The annexed notes from 1 to 26 form an integral part of these financial statements.

Maraj Mahmood
Managing Director

Qader Bakhsh
Director

SBP BANKING SERVICES CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
Profit for the year		**1,152,367**	**1,116,003**
Other comprehensive income			
Items that will be reclassified subsequently to the profit and loss account:			
Changes in the fair value of debt instruments at fair value through other comprehensive income - net of reclassification	**5.1**	**173,873**	-
Items that will not be reclassified subsequently to the profit and loss account:			
Loss on remeasurement of defined benefit plans - net	**16.4.4.1**	**(5,493,501)**	(4,977,323)
Reimbursable from the State Bank of Pakistan	**16.1**	**5,493,501**	4,977,323
		-	-
Total comprehensive income for the year		**1,326,240**	1,116,003

The annexed notes from 1 to 26 form an integral part of these financial statements.

Maraj Mahmood
Managing Director

Qader Bakhsh
Director

SBP BANKING SERVICES CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share capital	Reserves			Unrealized appreciation on remeasurement of investments	Total
		Fixed asset replacement reserve	General reserve	Unappropriated profit		
	(Rupees in '000)					
Balance as at July 1, 2024	1,000,000	430,937	430,938	1,024,271	-	2,886,146
Appropriations during the year		512,136	512,135	(1,024,271)	-	-
Profit for the year	-	-	-	1,116,003	-	1,116,003
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,116,003	-	1,116,003
Balance as at June 30, 2025	1,000,000	943,073	943,073	1,116,003	-	4,002,149
Appropriations during the year	-	558,002	558,001	(1,116,003)	-	-
Profit for the year	-	-	-	1,152,367	-	1,152,367
Other comprehensive income for the year	-	-	-	-	173,873	173,873
Total comprehensive income for the year	-	-	-	1,152,367	173,873	1,326,240
Balance as at June 30, 2026	1,000,000	1,501,075	1,501,074	1,152,367	173,873	5,328,389

KMY The annexed notes from 1 to 26 form an integral part of these financial statements.

Maraj Mahmood
Managing Director

Qader Bakhsh
Director

SBP BANKING SERVICES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after adjustment of non-cash items	18	247,164	1,638,116
Decrease / (increase) in assets			
Current account with the State Bank of Pakistan - excluding depreciation, expense in respect of staff retirement benefits and compensated absences		3,770,808	1,907,407
Stores and stationery consumables		(12,846)	(34,489)
Employee loans		(4,630,369)	(1,080,023)
Advances, deposits and prepayments		7,164	(75,569)
		(865,243)	717,326
Increase / (decrease) in liabilities			
Deposits and other liabilities		97,942	4,890
Payments on account of staff retirement benefits		(8,479,170)	(6,139,901)
Net cash used in operating activities		(8,999,307)	(3,779,569)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		8,936,437	4,742,357
Capital expenditure		(209,432)	(376,866)
Proceeds from disposal of property and equipment		34,909	32,494
Net cash generated from investing activities		8,761,914	4,397,985
Net (decrease) / increase in cash and cash equivalents		(237,393)	618,416
Cash and cash equivalents at beginning of the year		818,939	200,523
Cash and cash equivalents at the end of the year	19	581,546	818,939

The annexed notes from 1 to 26 form an integral part of these financial statements.

Maraj Mahmood
Managing Director

Qader Bakhsh
Director

1 STATUS AND NATURE OF OPERATIONS

1.1 SBP Banking Services Corporation (the Corporation) was constituted under the SBP Banking Services Corporation Ordinance, 2001 (the Ordinance) as a wholly owned subsidiary of the State Bank of Pakistan (the SBP) and commenced its operations with effect from January 2, 2002. The Corporation is responsible for carrying out certain statutory and administrative functions and activities on behalf of the SBP, as transferred or delegated by the SBP under the provisions of the Ordinance and mainly include:

- disbursing of loans and advances to the governments, banks, financial institutions and local authorities and facilitating in inter-bank settlement system;
- collecting revenue and making payments for and on behalf of, and maintaining accounts of the Governments, local bodies, authorities, companies, banks and other financial institutions;
- receipt, supply and exchange of bank notes and coins;
- dealing in prize bonds and other savings instruments of Federal Government (the Government); and
- operational work relating to the management of debt and foreign exchange.

Any assets, liabilities, income and expenditure directly relating to the above activities are accounted for in the books of the SBP while the cost incurred by the Corporation in carrying out the above activities are reimbursed from the SBP as disclosed in these financial statements.

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

2 STATEMENT OF COMPLIANCE

These 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 financial statements have been prepared under the historical cost convention, except that certain investments which have been carried at fair value ,staff retirement benefits and provision for employees' compensated absences have been carried at present value of defined benefit obligations.

3.2 The financial statements are presented in Pakistani Rupees which is the Corporation's functional and presentation currency and the figures have been rounded to the nearest thousand rupees.

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards (IFRSs) 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 IFRSs and estimates that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

3.3.1 Retirement benefits

The key actuarial assumptions relating to the valuation of defined benefit plans and sources of estimation are disclosed in note 16.4.2 to these financial statements.

3.3.2 Useful life and residual value of property and equipment

Estimates of useful life and residual value of property and equipment are based on the management's best estimate. Rate of depreciation is disclosed in note 10 to these financial statements.

3.3.3 Provision against obsolete stores and stationery consumables

The Corporation exercises judgment and makes provision for obsolete items based on their future usability. Management believes that changes in outcome of estimates will not have a material effect on the financial statements.

3.3.4 Expected credit losses

The expected credit losses (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 4.1.9.1. The Corporation's policies for determining if there has been a significant increase in credit risk is set out in note 21.1.

3.3.5 Provisions

The Corporation exercises judgement to record provision as disclosed in note 4.11 to these financial statements. These provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.3.6 Contingencies

Management discloses contingencies when Corporation has possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not only within the control of the Corporation as disclosed in note 4.11 to these financial statements.

3.4 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 Corporation's operation 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

3.5 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 Corporation's operations or are not expected to have significant impact on the Bank'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 1, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 1, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 1, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 1, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'-Amendments regarding translations to a hyperinflationary presentation currency	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027

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

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 financial statements are set out below. These policies are consistently applied from year to year unless otherwise stated.

4.1 Financial assets and financial liabilities

4.1.1 Financial instruments – Initial recognition

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

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

4.1.2 Classification and subsequent measurement of financial assets and liabilities

The Corporation classifies all of its financial assets other than equity instruments based on two criteria: a) the Corporation'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 4.1.3;
- fair value through other comprehensive income (FVOCI), as explained in note 4.1.4 & 4.1.5; or
- fair value through profit or loss (FVPL), as explained in note 4.1.6.

a) Business model assessment

The Corporation determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Corporation'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 Corporation'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 Corporation'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 Corporation's original expectations, the Corporation 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 Corporation 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 Corporation 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.

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 4.1.6 and 4.1.7.

4.1.3 Financial assets at amortised cost

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

- the financial asset is held within a business model whose objective is to hold the financial asset 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 payment of principal and interest (SPPI).

After initial measurement, these financial instruments are subsequently measured at amortised cost using the effective interest rate (EIR), less impairment in accordance with note 4.1.9 below.

4.1.4 Debt Instruments at FVOCI

The Corporation 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 profit and loss account in the same manner as for financial assets measured at amortised cost as explained in note 4.1.3.

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the 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 comprehensive income. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

4.1.5 Equity instruments at FVOCI

At initial recognition, the Corporation 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 profit and loss account. Dividends are recognised in profit and loss account as other operating income when the right of the payment has been established, (except when the Corporation 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.

4.1.6 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. Corporation 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 balance sheet at fair value. Changes in fair value are recorded in the 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.

4.1.7 Financial liabilities at amortised cost

All financial liabilities are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at cost, which is the fair value of the consideration given. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method.

4.1.8 Reclassification of financial assets

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

4.1.9 Impairment of financial instruments

4.1.9.1 Overview of the ECL principles

The Corporation has been 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 impairment under IFRS 9.

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). The Corporation's policies for determining if there has been a significant increase in credit risk is set out in note 21.1.4 to these financial statements.

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

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Corporation 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 Corporation groups its loans and other financial assets into stage 1, stage 2 and stage 3 as described below:

- stage 1: when financial instruments are first recognised, the Corporation recognises an allowance based on 12mECL. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.
- stage 2: when a financial instrument has shown a significant increase in credit risk since origination, the Corporation records an allowance for the LTECL. Stage 2 financial instruments also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- stage 3: financial assets considered credit-impaired (as outlined in note 21.1.1). The Corporation records an allowance for the LTECL.

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

4.1.9.2 Calculation of ECL

The Corporation calculates ECL based on a 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 Corporation in accordance with the contract and the cash flows that the Corporation expects to receive.

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

- 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.
- 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. EAD is further explained in note 21.1.2.
- 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 corporation would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of EAD. LGD is further explained in note 21.1.3.

When estimating the ECL, the Corporation considers three scenarios (a base case, a best case and a worse case). Each of these is associated with different PDs as set out as above. 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 from selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

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 possible within the 12 months after the reporting date. The Corporation 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 Corporation 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 financial instruments considered credit-impaired, the Corporation recognises the lifetime expected credit losses for these financial instruments. The method is similar to that for stage 2 assets, with PD set at 100%.

- financial guarantee contracts: the Corporation's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit and loss account, and the ECL provision. For this purpose, the Corporation 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.

4.1.9.3 Forward looking information

The Corporation 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 variables.

4.1.10 Derecognition of financial assets and financial liabilities

a) Financial assets

The Corporation 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. 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 Corporation records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the unconsolidated statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

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 profit and loss account unless the modification does not result in a significant difference between the carrying amount of the original liability and the present value of revised future cash outflows discounted by the original EIR. If such difference is insignificant, the original liability is not derecognised and gain / loss on modification is recognised in the profit and loss account on such modification.

4.1.11 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 Corporation establishes fair value using valuation techniques. These include the use of recent arms length transactions, discounted cash flow analysis and other revaluation techniques commonly used by market participants.

4.1.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.2 Employee loans

These are initially recognised at fair value and subsequently carried at amortised cost less estimates made for any impairment loss measured in accordance with note 4.1.9 above.

4.3 Stores and stationery consumables

Stores 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.

4.4 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any, except capital work-in-progress which is stated at cost less accumulated impairment losses, if any. Historical cost includes expenditure that are directly attributable to the acquisition of the items.

Depreciation on property and equipment is charged to the profit and loss account by applying the straight-line method at the rates specified in note 10.1 to the financial statements, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation on additions is charged to the 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 asset is disposed off.

Estimates of useful life and residual value of property 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.

Gains and losses on disposal of property and equipment are recognised in the profit and loss account in the year in which it arises.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.6 Impairment of non-financial assets

The carrying amounts of the Corporation'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 any such indication exists, the recoverable amount of such asset 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, estimated future cash flows 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 profit and loss account whenever the carrying amount of an asset or a group of assets exceeds its recoverable amount.

4.7 Compensated absences

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

4.8 Staff retirement benefits

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) and a New Contributory Provident Fund (NCPF) which are contributory and were introduced by the Corporation effective from July 1, 2010 for all its employees other than those who opted for pension scheme or unfunded gratuity scheme (old scheme);
- an un-funded pension scheme for those employees who joined the SBP after 1975 and before the introduction of NGF which is effective from July 1, 2010;
- an un-funded contributory benevolent fund scheme;
- an un-funded post retirement medical benefit scheme;
- six months post retirement benefit facility; and
- an income continuation plan.

d) 18.A(2): An employee up to OG-7 under New Contributory Provident Fund Scheme (NCPFS), may apply for separation under Regulation 18-A (1), only if he/she has:

    a) Attained the age of forty-five (45) years but has not attained fifty-five (55) years of age; and
    b) Served in the current grade for ten (10) years or more.

Obligations for contributions to defined contribution provident fund plans are recognised as an expense in the 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, 2026. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the period in which they occur. The amount arising as a result of remeasurement is allocated to the State Bank of Pakistan, however, the liability is retained in the balance sheet of the Corporation.

The key actuarial assumptions concerning the valuation of defined benefit plans and the sources of estimation are disclosed in note 16.4.2 to these financial statements.

4.9 Revenue recognition

- Discount, interest / mark-up and / or return on loans and investments are recorded on a effective interest rate that takes into account the effective yield on the asset.

- All other revenues are recognised on a time proportion basis.

4.10 Taxation

The income of the Corporation is exempt from tax under section 25 of the SBP Banking Services Corporation Ordinance, 2001 and clause 66 (XIII) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001.

4.11 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Corporation 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 balance sheet 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 Corporation. 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 Corporation; 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.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortized cost. For the purpose of statement of cash flows, cash and cash equivalents comprise deposit balance with the State Bank of Pakistan and only those short term investments which are highly liquid and maturing within three months from the date of acquisition, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

4.13 Foreign currency transactions and translation

Transactions denominated in foreign currencies are translated to local currency 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 profit and loss account.

5 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 4.1.4 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.

5.1 Movement in Other Comprehensive Income during the year

	--(Rupees in '000)-
Impact of reclassification	3,852,309
Securities matured during the period which were outstanding on July 01, 2025	(8,780)
Balance in Other Comprehensive Income	3,843,529
Revaluation impact of securities outstanding on June 30, 2026	(3,669,656)
Other Comprehensive Income	173,873

6 INVESTMENTS

	2026			2025		
	---------(Rupees in '000)---------					
	Fair value / Amortised cost	Surplus / (deficit)	Carrying value	Amortised cost	Surplus / (deficit)	Carrying value
Debt Instruments						
Classified / Measured at amortised cost						
Federal Government securities (Note 6.2)	8,010,082	-	8,010,082	80,162,670	-	80,162,670
Classified / Measured at FVOCI						
Federal Government securities (Note 6.3)	76,168,489	173,873	76,342,362	-		-
Total Investments	84,178,571	173,873	84,352,444	80,162,670	-	80,162,670

6.1 Investments by segments:

	2026			2025		
	---------(Rupees in '000)---------					
	Fair value / Amortised cost	Surplus / (deficit)	Carrying value	Amortised cost	Surplus / (deficit)	Carrying value
Federal Government securities:						
Market Treasury Bills	2,051,978	(862)	2,051,116	3,095,674	-	3,095,674
Pakistan Investment Bonds	82,126,593	174,735	82,301,328	77,066,996	-	77,066,996
Total Investments	84,178,571	173,873	84,352,444	80,162,670	-	80,162,670

6.2 The effective yield of these securities ranges from 9.9 to 16.92% per annum. Further, market value of these securities classified as amortized cost as at June 30, 2026 amounting to Rs. 8,000.095 million (2025: Rs. 6,798.611 million).

6.3 The effective yield of these securities ranges from 10.22 to 16.92% per annum. Further, market value of these securities has been reclassified from amortized cost to fair value through OCI as on July 1, 2025 with closing balance as of June 30, 2026 amounting to Rs. 76,342.362 million (2025: Rs. 69,755.042 million).

7 EMPLOYEE LOANS

	Note	2026	2025
		(Rupees in '000)	
Employee loans	7.1	25,596,169	20,965,789
Expected credit loss allowance	7.2	(8,410)	(8,399)
		25,587,759	20,957,390

7.1 These include loans amounting to Rs. 13.184 million (2025: Rs. 12.537 million) that carry mark up at 10% per annum on 62.5% of the loan amount. Maximum maturity of loans is upto year 2037 (2025: upto year 2037).

These loans have been given in respect of:

- Housing loans - secured against equitable mortgage of the property;
- Motor vehicle loans - secured against hypothecation of the vehicle; and
- Computer and personal loans, given on personal guarantee of two employees of the Corporation.

		Note	2026	2025
			(Rupees in '000)	
7.2	**Expected Credit loss allowance**			
	Opening balance		8,399	7,255
	Charge for the year		11	1,144
	Closing balance		8,410	8,399

		Note	2026	2025
			(Rupees in '000)	
8	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Prepayments		44,718	51,242
	Advances and deposits	8.1	62,597	68,596
	Other receivables	8.2	110,401	105,042
			217,716	224,880
	Provision against other receivables	8.3	(9,563)	(9,563)
			208,153	215,317

8.1 This includes an amount of Rs 35.845 million (2025: Rs. 39.093 million) against advance payment for capital assets.

8.2 This includes an amount of Rs 17.678 million (2025: Rs. 4.263 million) receivable from Pakistan Security Printing Corporation (Private) Limited.

		Note	2026	2025
			(Rupees in '000)	
8.3	**Provision against other receivables**			
	Opening balance		9,563	9,563
	Charge for the year		-	-
	Closing balance		9,563	9,563
9	**STORES AND STATIONERY CONSUMABLES**			
	Medicines		-	5
	Stationery		25,475	29,143
	Engineering		158,203	136,367
	Others		73,003	81,998
			256,681	247,513
	Provision against obsolete items	9.1	(62)	(3,740)
			256,619	243,773
9.1	**Provision against obsolete items**			
	Opening balance		3,740	3,145
	(Reversal) / charge for the year		(3,678)	595
	Closing balance		62	3,740
10	**PROPERTY AND EQUIPMENT**			
	Operating fixed assets	10.1	2,336,521	2,842,180
			2,336,521	2,842,180

10.1 Operating fixed assets

The following is a statement of operating fixed assets:

	2026						
	Furniture	Office equipment	Electronic data and processing equipment	Vehicles	Plant and Machinery	Fixtures	Total
	(Rupees in '000)						
As at July 01, 2025							
Cost	172,444	1,922,944	704,443	452,108	4,081,912	27,593	7,361,444
Accumulated depreciation	(109,742)	(1,525,079)	(564,497)	(316,948)	(1,986,586)	(16,412)	(4,519,264)
Net book value	62,702	397,865	139,946	135,160	2,095,326	11,181	2,842,180
Year ended June 30, 2025							
Opening net book value	62,702	397,865	139,946	135,160	2,095,326	11,181	2,842,180
Additions	7,149	157,754		39,626		2,403	206,932
Transferred from SBP							
Cost	-	-	-	-	2,500	-	2,500
Accumulated Depreciation	-	-	-	-	-	-	-
	-	-	-	-	2,500	-	2,500
Disposals							
Cost	(1,362)	(156,681)	(92,738)	(54,283)	-	-	(305,064)
Accumulated depreciation	1,307	149,106	92,708	32,829	-	-	275,950
	(55)	(7,575)	(30)	(21,454)	-	-	(29,114)
Transferred to SBP							
Cost	-	-	(338)	-	-	-	(338)
Accumulated Depreciation	-	-	338	-	-	-	338
	-	-	-	-	-	-	-
Depreciation charge	(11,908)	(145,530)	(87,143)	(49,491)	(385,677)	(6,228)	(685,977)
Net book value	57,888	402,514	52,773	103,841	1,712,149	7,356	2,336,521
As at June 30, 2026							
Cost	178,231	1,924,017	611,367	437,451	4,084,412	29,996	7,265,474
Accumulated depreciation	(120,343)	(1,521,503)	(558,594)	(333,610)	(2,372,263)	(22,640)	(4,928,953)
Net book value	57,888	402,514	52,773	103,841	1,712,149	7,356	2,336,521

	2025						
	Furniture	Office equipment	Electronic data and processing equipment	Vehicles	Plant and Machinery	Fixtures	Total
	(Rupees in '000)						
As at July 01, 2024							
Cost	163,803	1,767,369	741,621	442,692	4,054,877	24,392	7,194,754
Accumulated depreciation	(95,933)	(1,094,934)	(557,039)	(287,738)	(1,981,971)	(16,136)	(4,033,751)
Net book value	67,870	672,435	184,582	154,954	2,072,906	8,256	3,161,003
Year ended June 30, 2024							
Opening net book value	67,870	672,435	184,582	154,954	2,072,906	8,256	3,161,003
Additions	8,641	237,605	47,229	50,520	27,035	3,201	374,231
Transferred from SBP							
Cost	-	-	762	10,518	-	-	11,280
Accumulated Depreciation	-	-	(312)	(8,142)	-	-	(8,454)
	-	-	450	2,376	-	-	2,826
Disposals							
Cost	-	(50,850)	(85,169)	(51,622)	-	-	(187,641)
Accumulated depreciation	-	50,850	85,169	30,000	-	-	166,019
	-	-	-	(21,622)	-	-	(21,622)
Transferred to SBP							
Cost	-	(31,180)	-	-	-	-	(31,180)
Accumulated Depreciation	-	30,989	-	-	-	-	30,989
	-	(191)	-	-	-	-	(191)
Depreciation charge	(13,809)	(511,984)	(92,315)	(51,068)	(4,615)	(276)	(674,067)
Net book value	62,702	397,865	139,496	135,160	2,095,326	11,181	2,842,180
As at June 30, 2025							
Cost	172,444	1,922,944	704,443	452,108	4,081,912	27,593	7,361,444
Accumulated depreciation	(109,742)	(1,525,079)	(564,497)	(316,948)	(1,986,586)	(16,412)	(4,519,264)
Net book value	62,702	397,865	139,946	135,160	2,095,326	11,181	2,842,180
Depreciation rate (% per annum)	10	10 - 20	33.33	20	10	20	

10.2 This includes fully depreciated assets amounting to Rs. 2,094.051 million (2025: Rs. 2,036.887 million) which is still in use by the Corporation.

11 DEPOSITS AND OTHER LIABILITIES

	Note	2026	2025
		(Rupees in '000)	
Provision for employees' compensated absences	16.4.10	7,126,698	5,951,279
Deposits		167,537	124,693
Others		1,514,244	1,459,146
		8,808,479	7,535,118

12 DEFERRED LIABILITIES - UNFUNDED STAFF RETIREMENT BENEFITS

	Note	2026	2025
Pension		48,541,469	47,442,245
Benevolent fund scheme		584,361	620,181
Post retirement medical benefits		48,947,684	42,242,057
Six months post retirement benefits		2,626,863	1,420,893
Income continuation plan		3,818,186	2,706,418
	16.4.4	104,518,563	94,431,794
Provident fund scheme		259,168	313,832
		104,777,731	94,745,626

13 REPRESENTED BY:

13.1 SHARE CAPITAL

2026	2025		2026	2025
Number of Shares			(Rupees in '000)	
		Authorised share capital		
1,000	1,000	Ordinary shares of Rs. 1,000,000 each	1,000,000	1,000,000
		Issued, subscribed and paid-up share capital		
		Fully paid-up ordinary shares of Rs. 1,000,000 each		
509	509	- issued for cash	509,000	509,000
491	491	- issued against consideration in kind	491,000	491,000
1,000	1,000		1,000,000	1,000,000

13.2 RESERVES

	2026			2025		
	(Rupees in '000)					
	Fixed asset replacement reserve	General reserve	Total	Fixed asset replacement reserve	General reserve	Total
Balance at the beginning of the year	943,073	943,073	1,886,146	430,937	430,938	861,875
Appropriations during the year	558,002	558,001	1,116,003	512,136	512,135	1,024,271
Balance at the end of the year	1,501,075	1,501,074	3,002,149	943,073	943,073	1,886,146

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

	Note	2026	2025
		(Rupees in '000)	
Claims against the Corporation not acknowledged as debts	14.1.1	886	3,107

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

		Note	2026	2025
			(Rupees in '000)	
14.2	**Commitments**			
	Capital commitments	14.2.1	111,008	116,770

14.2.1 This represents amounts committed by the Corporation to purchase assets from successful bidders.

15 DISCOUNT AND INTEREST EARNED

	2026	2025
Interest income on investments	12,913,459	12,375,158
Interest on employee loans	284	459
	12,913,743	12,375,617

16 OPERATING EXPENSES

	Note	2026	2025
		(Rupees in '000)	
Reimbursable from the State Bank of Pakistan			
Salaries, wages and other benefits		9,669,659	9,346,583
Retirement benefits and employees' compensated absences	16.4.1	14,797,365	10,746,877
Rent and taxes		83,357	88,298
Insurance		41,241	45,611
Electricity, gas and water		937,779	1,024,550
Repair and maintenance		612,886	584,729
Auditors' remuneration	16.2	18,492	17,612
Legal and professional		19,349	34,190
Travelling		19,190	25,615
Daily expenses		44,778	63,856
Fuel		11,181	10,445
Conveyance		39,576	45,982
Postages and telephone		14,518	15,347
Training		67,585	90,779
Remittance of treasure		546,700	568,340
Stationery		35,516	18,675
Books and newspapers		1,082	2,103
Advertisement		8,455	11,403
Bank guards charges		308,520	301,562
Uniforms		44,348	64,257
Depreciation	10	685,977	674,067
Other expenses	16.3	1,079,007	898,107
Net operating expenses		29,086,561	24,678,988

16.1 Net reimbursable from the State Bank of Pakistan

	Note	2026	2025
Net operating expenses	16	29,086,561	24,678,988
Loss on remeasurement of defined benefit plans- net	16.4.4.1	5,493,501	4,977,323
Total reimbursable from State Bank of Pakistan		34,580,062	29,656,311
Less: Limitation on reimbursement of	16.1.1	(11,881,252)	(11,476,406)
Net reimbursable from State Bank of Pakistan		22,698,810	18,179,905
Reimbursable from SBP relating to Statement of Comprehensive Income		5,493,501	4,977,323
Reimbursable relating to profit and loss account		17,205,309	13,202,582
		22,698,810	18,179,905

16.1.1 Limitation on reimbursement of

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

16.2 Auditors' remuneration

	2026			2025		
	KPMG Taseer Hadi & Co	BDO Ebrahim & Co.	Total	KPMG Taseer Hadi & Co	BDO Ebrahim & Co.	Total
	(Rupees in '000)					
Audit fee (including out of pocket expenses)	8,799	8,323	17,122	8,381	7,927	16,308
Out of pocket expenses	-	-				
Sindh sales tax on services	704	666	1,370	670	634	1,304
	9,503	8,989	18,492	9,051	8,561	17,612

16.3 This includes charge of credit loss amounting to Rs.0.001 million (2025: Rs. 1.144 million).

16.4 Staff retirement benefits

16.4.1 This includes an amount relating to defined contribution plan aggregating Rs. 520.643 million (2025: Rs. 458.774 million) and employee compensated absences amounting to Rs. 1,838.444 million (2025: Rs. 1,657.436 million).

16.4.2 During the year the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using following significant assumptions:

	2026	2025
- Discount rate for year end obligation	12.25%	12.50%
- Salary increase rate (where applicable)	FY 2026: 11.00% p.a. with an additional 9.00% (OMS)/ 16.00% (NCPF) on alternate years from July 2027 onwards	FY 2025: 9.70% p.a. with a 0% additional on alternate years from July 2025 onwards
- Pension increase rate (where applicable)	12.00%	12.00%
- Medical cost increase rate (where applicable)	12.50%	12.50%
- Normal retirement age	60 years	60 years

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

16.4.3 Through its defined benefit plan, the Corporation 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 / lower 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.

Mortality risk

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

Withdrawal risk

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

Pension increase risk

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

16.4.4 Change in present value of defined benefit obligation

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	2026						
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Present value of defined benefit obligation as on July 1, 2025	47,442,245	-	42,242,057	620,181	1,420,893	2,706,418	94,431,794
Current service cost	510,310		447,948	3,588	134,046	-	1,095,892
Past service cost	-	-				-	-
Interest cost on defined benefit obligation	5,565,521		5,171,626	72,610	171,087	330,851	11,311,695
	6,075,831	-	5,619,574	76,198	305,133	330,851	12,407,587
Benefits paid	(5,836,147)	-	(1,738,099)	(16,451)	(104,402)	(119,220)	(7,814,319)
Remeasurements:							
Actuarial losses / (gains) from changes in financial assumptions	859,540	-	2,824,152	(95,567)	1,005,239	900,137	5,493,501
Present value of defined benefit obligation as on June 30, 2026	48,541,469	-	48,947,684	584,361	2,626,863	3,818,186	104,518,563

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	2025						
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Present value of defined benefit obligation as on July 1, 2024	44,137,835	19,996	40,800,876	625,640	254,686	807,208	86,646,241
Current service cost	902,411		1,226,652	3,750	41,155	-	2,173,968
Past service cost	(1,775,119)	-	(5,058,565)	6,545	1,004,428	-	(5,822,711)
Interest cost on defined benefit obligation	6,120,504		5,907,736	79,774	32,999	108,144	12,249,157
	5,247,796	-	2,075,823	90,069	1,078,582	108,144	8,600,414
Benefits paid	(3,895,749)	(19,996)	(1,496,857)	(169,603)	(61,929)	(148,050)	(5,792,184)
Remeasurements:							
Actuarial losses / (gains) from changes in financial assumptions	1,952,363	-	862,215	74,075	149,554	1,939,116	4,977,323
Present value of defined benefit obligation as on June 30, 2025	47,442,245	-	42,242,057	620,181	1,420,893	2,706,418	94,431,794

16.4.4.1 Amount recognised in other comprehensive income

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	2026						
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
- Actuarial losses / (gain) from changes in financial assumptions	859,540	-	2,824,152	(95,567)	1,005,239	900,137	5,493,501

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	2025						
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
- Actuarial losses / (gain) from changes in financial assumptions	1,952,363	-	862,215	74,075	149,554	1,939,116	4,977,323

16.4.5 Amount recognised in the profit and loss account

	2026						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	(Rupees in '000)						
Current service cost	510,310	-	447,948	3,588	134,046	-	1,095,892
Past service cost	-	-	-	-	-	-	-
Interest cost on defined benefit obligation	5,565,521	-	5,171,626	72,610	171,087	330,851	11,311,695
	6,075,831	-	5,619,574	76,198	305,133	330,851	12,407,587

	2025						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	(Rupees in '000)						
Current service cost	902,411	-	1,226,652	3,750	41,155	-	2,173,968
Past service cost	(1,775,119)	-	(5,058,565)	6,545	1,004,428	-	(5,822,711)
Interest cost on defined benefit obligation	6,120,504	-	5,907,736	79,774	32,999	108,144	12,249,157
	5,247,796	-	2,075,823	90,069	1,078,582	108,144	8,600,414

16.4.6 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	Total
	(Rupees in '000)						
Net recognised liabilities at July 1, 2025	47,442,245	-	42,242,057	620,181	1,420,893	2,706,418	94,431,794
Amount recognised in the profit and loss account	6,075,831	-	5,619,574	76,198	305,133	330,851	12,407,587
Remeasurements	859,540	-	2,824,152	(95,567)	1,005,239	900,137	5,493,501
Benefits paid during the year	(5,836,147)	-	(1,738,099)	(16,451)	(104,402)	(119,220)	(7,814,319)
Net recognised liabilities at June 30, 2026	48,541,469	-	48,947,684	584,361	2,626,863	3,818,186	104,518,563

	2025						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	(Rupees in '000)						
Net recognised liabilities at July 1, 2024	44,137,835	19,996	40,800,876	625,640	254,686	807,208	86,646,241
Amount recognised in the profit and loss account	5,247,796	-	2,075,823	90,069	1,078,582	108,144	8,600,414
Remeasurements	1,952,363	-	862,215	74,075	149,554	1,939,116	4,977,323
Benefits paid during the year	(3,895,749)	(19,996)	(1,496,857)	(169,603)	(61,929)	(148,050)	(5,792,184)
Net recognised liabilities at June 30, 2025	47,442,245	-	42,242,057	620,181	1,420,893	2,706,418	94,431,794

16.4.7 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	(3,831,761)	4,846,688
Salary increase rate	1	521,009	(493,467)
Pension increase rate	1	4,358,500	(3,730,413)
Post retirement medical benefits			
Discount rate	1	(6,884,974)	8,933,157
Medical cost increase rate	1	8,635,415	(6,736,891)

	Change in assumption	Impact on defined benefit obligation - Increase / decrease: Increase in assumption	Decrease in assumption
	%	(Rupees in '000)	
Benevolent fund scheme			
Discount rate	1	(89,121)	(31,649)
Six months post retirement facility			
Discount rate	1	(407,650)	503,801
Salary increase rate	1	472,444	(393,304)
Income Continuation Plan			
Discount rate	1	(516,137)	623,303

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 balance sheet.

16.4.8 Duration of defined benefit obligation

	Pension	Leave encashment	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income continuation plan
Weighted average duration of the defined benefit obligation	9 years	13 years	16 years	6 years	17 years	15 years

16.4.9 Estimated expenses to be charged to the 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	Total
	(Rupees in '000)						
Current service cost	304,385	-	466,213	619	98,623	-	869,840
Interest cost on defined benefit obligation	5,946,330	-	5,996,091	63,970	321,791	467,728	12,795,910
Amount chargeable to the profit and loss account	6,250,715	-	6,462,304	64,589	420,414	467,728	13,665,750

16.4.10 Employees' compensated absences

The Corporation's liability for employees' compensated absences determined through an actuarial valuation carried out under the Projected Unit Credit Method amounted to Rs. 7,126.698 million (2025: Rs. 5,951.279 million). An amount of Rs. 1,840.271 million (2025: Rs. 1,657.436 million) has been charged to the 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. 1,404.36 million. The benefits paid during the year amounted to Rs. 664.852 million (2025: Rs. 347.717 million). In case of 1% increase / decrease in discount rate, the net charge for the year would decrease / increase by Rs. 834.562 million and Rs. 1,011.873 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. 962.119 million and Rs. 816,101 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 13 years.

		Note	2026	2025
			(Rupees in '000)	
17	**Other Income**			
	Liabilities and provision written back		71,230	107,520
	Miscellenous income		47,451	98,400
			118,681	205,920

18 PROFIT AFTER ADJUSTMENT OF NON-CASH ITEMS

	Note	2026	2025
Profit for the year		1,152,367	1,116,003
Adjustments for:			
Interest income on investments	15	(12,913,459)	(12,375,158)
Interest cost on retirement benefits	16.1.1	12,014,052	12,908,143
Gain on disposal of property and equipment		(5,796)	(10,872)
		(905,203)	522,113
		247,164	1,638,116

19 CASH AND CASH EQUIVALENTS

	2026	2025
Deposit account with the State Bank of Pakistan	141,776	418,048
Market Treasury Bills having original maturity of up to three months	439,770	400,891
	581,546	818,939

20 RELATED PARTY TRANSACTIONS

The Corporation is a wholly owned subsidiary of the State Bank of Pakistan (Parent Entity), therefore all subsidiaries and associated undertakings of the parent entity are related parties of the Corporation. Other related parties comprise of key management personnel of the Corporation which include members of the Board of Directors, Managing Director and other executives of the Corporation who have responsibilities for planning, directing and controlling the activities of the Corporation.

The transactions and balances with related parties are as follows:	2026	2025
	(Rupees in '000)	
Associated undertaking - National Institute of Banking and Finance Pakistan - subsidiary of the parent entity		
-Balance at the year end		
Payable to NIBAF	87,179	48,638

	2026	2025
	(Rupees in '000)	
Associated undertaking - Pakistan Securities Printing Corporation (Private) Limited - subsidiary of the parent entity		
-Balance at the year end		
Payable to PSPC	31,580	-
Receivable from PSPC	17,678	4,263

The balances and transactions with the State Bank of Pakistan (Parent Entity) are fully disclosed within the financial statement line items and the relevant notes to these financial statements.

21 RISK MANAGEMENT POLICIES

The Corporation is primarily subject to interest / mark-up rate and credit risks. The policies and procedures for managing these risks are outlined in notes 21.1 to 21.6 to these financial statements. The Corporation has designed and implemented a framework of controls to identify, monitor and manage these risks. The senior management is responsible for advising the Managing Director on the monitoring and management of these risks.

21.1 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. The management of the Corporation believes that it is not exposed to any significant level of credit risk. Loans to employees are secured by deposit of title documents with the Corporation and by insurance policies covering any loss arising from the death of the employees. Advances to employees are made in the normal course of business for various business expenses and security deposit held with entities for ensuring future services and there is a low chance of default on suspension of services. The remaining balances are recorded as current and deposit account with SBP and accordingly are not subject to any significant level of credit risk. Investment in government securities and related profit receivable, however, are not exposed to credit risk as these are guaranteed by the Government of Pakistan.

21.1.1 Definition of default

The Corporation 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 Corporation.

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.

21.1.2 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 counter party's ability to increase its exposure while approaching default and potential early repayments too. To calculate EAD for stage 1 financial instruments, the Corporation assesses the possible default events within 12 months for the calculation of the 12 month ECL. For stage 2 and stage 3, the exposure at default is considered for events over the lifetime of the instrument. The Corporation determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. PDs are then assigned to each economic scenario based on the outcome of the Corporation's models.

21.1.3 Loss given default

Loss given default (LGD) represents the Corporation'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.

21.1.4 Significant increase in credit risk

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

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

21.2 Concentration of risk

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

21.2.1 Geographical analysis

All the financial instruments of the Corporation at the reporting date are geographically located in Pakistan only.

21.2.2 Industrial analysis

Financial assets	2026 Sovereign	2026 Others	2026 Grand total
	(Rupees in '000)		
Deposit account with the State Bank of Pakistan	**141,776**	**-**	**141,776**
Current account with the State Bank of Pakistan	**6,031,327**	**-**	**6,031,327**
Investments	**84,352,444**	**-**	**84,352,444**
Employee loans	**-**	**25,587,759**	**25,587,759**
Deposits and other receivables	**-**	**110,401**	**110,401**
	90,525,547	**25,698,160**	**116,223,707**

Financial assets	2025 Sovereign	2025 Others	2025 Grand total
	(Rupees in '000)		
Deposit account with the State Bank of Pakistan	418,048	-	418,048
Current account with the State Bank of Pakistan	1,443,515	-	1,443,515
Investments	80,162,670	-	80,162,670
Employee loans	-	20,957,390	20,957,390
Deposits and other receivables	-	117,161	117,161
	82,024,233	21,074,551	103,098,784

21.2.3 Credit exposure by credit rating:

Financial assets of the Corporation essentially represent amounts due from the State Bank of Pakistan (Central Bank of the country), sovereign investments and amounts due from the Corporation's own employees as detailed below:

Financial assets	2026 Sovereign (21.2.3.1)	2026 Unrated	2026 Grand total
	(Rupees in '000)		
Deposit account with the State Bank of Pakistan	**141,776**	**-**	**141,776**
Current account with the State Bank of Pakistan	**6,031,327**	**-**	**6,031,327**
Investments	**84,352,444**	**-**	**84,352,444**
Employee loans	**-**	**25,587,759**	**25,587,759**
Deposits and other receivables	**-**	**124,595**	**124,595**
	90,525,547	**25,712,354**	**116,237,901**

Financial assets	2025 Sovereign (21.2.3.1)	2025 Unrated	2025 Grand total
	(Rupees in '000)		
Deposit account with the State Bank of Pakistan	418,048	-	418,048
Current account with the State Bank of Pakistan	1,443,515	-	1,443,515
Investments	80,162,670	-	80,162,670
Employee loans	-	20,957,390	20,957,390
Deposits and other receivables	-	117,161	117,161
	82,024,233	21,074,551	103,098,784

21.2.3.1 Government securities and balances are rated as sovereign. The international credit rating of Pakistan is B (2025: CCC+) as per Standards and Poor's.

21.3 Details of financial assets impaired and provisions recorded thereagainst:

	Gross amount		Impairment / provision	
	2026	2025	2026	2025
	(Rupees in '000)			
Employee loans	25,596,169	20,965,789	8,410	8,399

21.4 Liquidity analysis with interest rate risk

Interest rate risk is the risk that the value of a financial instrument or its cash flow will fluctuate due to changes in the market interest rates. The Corporation has adopted appropriate policies to minimise its exposure to this risk.

	2026							
	Interest / markup rate	Interest / mark-up bearing			Non interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Deposit account with the State Bank of Pakistan		-	-	-	141,776	-	141,776	141,776
Current account with the State Bank of Pakistan		-	-	-	6,031,327	-	6,031,327	6,031,327
Investments	9.89% - 16.92%	74,061,537	5,854,772	79,916,309	4,436,135	-	4,436,135	84,352,444
Employee loans	10%	1,755	11,429	13,184	377,714	25,196,861	25,574,575	25,587,759
Advances and deposits		-	-	-	124,597	-	124,597	124,597
		74,063,292	5,866,201	79,929,493	11,111,549	25,196,861	36,308,410	116,237,903
Financial liabilities								
Deposits and other liabilities		-	-	-	(1,681,781)	-	(1,681,781)	(1,681,781)
On balance sheet gap		74,063,292	5,866,201	79,929,493	9,429,768	25,196,861	34,626,629	114,556,122
Off balance sheet gap		-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		74,063,292	5,866,201	79,929,493	9,429,768	25,196,861	34,626,629	114,556,122
Cumulative yield / interest risk sensitivity gap		74,063,292		79,929,493				

	2025							
	Interest / markup rate	Interest / mark-up bearing			Non interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Deposit account with the State Bank of Pakistan		-	-	-	418,048	-	418,048	418,048
Current account with the State Bank of Pakistan		-	-	-	1,443,515	-	1,443,515	1,443,515
Investments	11.11% - 17.64%	2,885,677	68,999,486	71,885,163	8,277,507	-	8,277,507	80,162,670
Employee loans	10%	2,087	11,719	13,806	1,952,122	18,999,861	20,951,983	20,965,789
Advances and deposits		-	-	-	105,042	12,119	117,161	117,161
		2,887,764	69,011,205	71,898,969	12,196,234	19,011,980	31,208,214	103,107,183
Financial liabilities								
Deposits and other liabilities		-	-	-	(1,459,146)	(124,693)	(1,583,839)	(1,583,839)
On balance sheet gap		2,887,764	69,011,205	71,898,969	10,737,088	18,887,287	29,624,375	101,523,344
Off balance sheet gap		-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		2,887,764	69,011,205	71,898,969	10,737,088	18,887,287	29,624,375	101,523,344
Cumulative yield / interest risk sensitivity gap		2,887,764		71,898,969				

21.5 Currency risk management

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where balances exist due to transactions in foreign currencies.

21.6 Liquidity risk management

Liquidity risk is the risk that the Corporation will encounter difficulties in raising funds to meet commitments associated with the financial liabilities. To guard against the risk, the Corporation maintains balance in Deposit Account with State Bank Pakistan and has availability of funding by State Bank of Pakistan. The maturity profile of the Corporation's financial assets and financial liabilities are given in note 21.4 to these financial statements.

22 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

Underlying the definition of fair value is the presumption that the Corporation is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As per the requirements of IFRS 13, 'Fair Value Measurement', the Corporation shall classify fair value instruments using a fair value hierarchy that reflects the significance of inputs in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices within level 1 that are observable for the asset or liabilities, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts of all the financial assets and financial liabilities are considered to be reasonable approximation of fair value except for investments carried at amortised cost. These are carried at amortised cost in accordance with the Corporation's policy.

	2026			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Recurring fair value measurements				
On balance sheet financial assets				
Investment- Measured at FVOCI	-	76,342,362	-	76,342,362
	-	76,342,362	-	76,342,362

	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	(Rupees in '000)			
On balance sheet financial assets				
Investment- Measured at FVOCI	-	-	-	-
	-	-	-	-

23 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2026		
	Amortised	Fair value through other comprehensive income	Total
		(Rupees in '000)	
Financial assets			
Deposit account with the State Bank of Pakistan	141,776	-	141,776
Current account with the State Bank of Pakistan	6,031,327	-	6,031,327
Investments	8,010,082	76,342,362	84,352,444
Employee loans	25,587,759	-	25,587,759
Deposits and other receivables	124,595	-	124,595
	39,895,539	76,342,362	116,237,901

	2025		
	Amortised	Fair value through other comprehensive income	Total
		(Rupees in '000)	
Financial assets			
Deposit account with the State Bank of Pakistan	418,048	-	418,048
Current account with the State Bank of Pakistan	1,443,515	-	1,443,515
Investments	80,162,670	-	80,162,670
Employee loans	20,957,390	-	20,957,390
Deposits and other receivables	117,161	-	117,161
	103,098,784	-	103,098,784

	2026	2025
	(Rupees in '000)	
Financial liabilities - at amortised cost		
Deposits and other liabilities	1,681,781	1,583,839

24 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison and better presentation.

25 GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees.

26 DATE OF AUTHORISATION FOR ISSUE

KMM These financial statements were authorised for issue on 27.08.2026 by the Board of Directors of the Corporation.

Maraj Mahmood
Managing Director

Qader Bakhsh
Director