ANNUAL FINANCIAL STATEMENTS 2023-24

STATE BANK OF PAKISTAN

ANNUAL
FINANCIAL STATEMENTS
2023-24

STATE BANK OF PAKISTAN

State Bank of Pakistan
بینک دولت پاکستان

Jameel Ahmad
Governor

جمیل احمد
گورنر

Letter of Transmittal

September 13, 2024

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, 2024 for submission to the Majlis-e-Shoora (Parliament).

With warm regards,

Yours sincerely,

Syed Yousuf Raza Gilani
Chairman
Senate
Islamabad

State Bank of Pakistan
بینک دولت پاکستان

Jameel Ahmad
Governor

جمیل احمد
گورنر

Letter of Transmittal

September 13, 2024

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, 2024 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

September 13, 2024

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, 2024.

With warm regards,

Yours sincerely,

Mr. Muhammad Aurangzeb
Federal Minister for Finance & Revenue
Finance Division, Government of Pakistan
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.

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STATE BANK OF PAKISTAN

Unconsolidated Financial Statements

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

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, 2024, 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, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *'Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements'* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

	Key Audit 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 2,722,811 million as at June 30, 2024. 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 **Salman Hussain** (A. F. Ferguson & Co., Chartered Accountants) and **Zulfikar Ali Causer** (BDO Ebrahim & Co., Chartered Accountants).

- Sd -

A. F. Ferguson & Co.
Chartered Accountants
Dated:
Karachi
UDIN:

- Sd -

BDO Ebrahim & Co.
Chartered Accountants
Dated:
Karachi
UDIN:

STATE BANK OF PAKISTAN
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2024

	Note	2024	2023
		--------------(Rupees in '000)--------------	
ASSETS			
Gold reserves held by the Bank	6	**1,349,448,617**	1,136,973,623
Local currency - coins	7	**39,941**	350,957
Foreign currency accounts and investments	8	**2,722,811,079**	1,590,147,387
Earmarked foreign currency balances	9	**20,507,133**	20,205,798
Special drawing rights of the International Monetary Fund	10	**204,445,631**	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	11	**43,612**	45,542
Securities purchased under agreement to resell	12	**11,825,545,546**	8,387,621,479
Investments - local	13	**5,779,834,599**	6,070,878,551
Loans, advances and bills of exchange	14	**2,049,346,454**	2,251,155,705
Assets held with the Reserve Bank of India	15	**24,873,343**	21,578,939
Balances due from the Governments of India and Bangladesh	16	**17,390,712**	16,206,146
Property, plant and equipment	17	**95,080,479**	96,683,237
Intangible assets	18	**755,149**	155,317
Other assets	19	**25,356,748**	22,068,907
Total assets		**24,115,479,043**	19,619,452,253
LIABILITIES			
Banknotes in circulation	20	**9,698,211,431**	9,664,290,158
Bills payable		**1,227,316**	1,618,623
Current accounts of governments	21	**1,765,325,781**	1,363,629,400
Current account with SBP Banking Services Corporation - a subsidiary		**374,385**	8,589,669
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary		**129,073**	215,932
Payable under bilateral currency swap agreement	22	**1,160,665,580**	1,209,984,315
Deposits of banks and financial institutions	23	**1,900,228,038**	1,676,643,864
Other deposits and accounts	24	**1,207,793,785**	957,386,474
Payable to the International Monetary Fund	25	**2,157,055,097**	1,632,061,667
Securities sold under agreement to repurchase	26	**609,731,594**	142,882,146
Other liabilities	27	**122,922,143**	156,501,450
Deferred liability - unfunded staff retirement benefits	28	**53,527,464**	45,714,784
Total liabilities		**18,677,191,687**	16,859,518,482
Net assets		**5,438,287,356**	2,759,933,771
REPRESENTED BY			
Share capital	29	**100,000,000**	100,000,000
Reserves	30	**976,746,201**	440,965,439
Unappropriated profit		**2,807,974,448**	904,705,350
Unrealised appreciation on gold reserves held by the Bank	31	**1,344,041,715**	1,132,158,155
Unrealised appreciation on remeasurement of Foreign currency accounts and investments		**7,372**	10,211
Unrealised appreciation on remeasurement of investments - local	13.9	**98,799,673**	71,355,931
Surplus on revaluation of property	17.2	**110,717,947**	110,738,685
Total equity		**5,438,287,356**	2,759,933,771
CONTINGENCIES AND COMMITMENTS	32		

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

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

-sd-	-sd-	-sd-
Jameel Ahmad	**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, 2024

	Note	2024	2023
		(Rupees in '000)	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	33	**3,553,145,116**	2,180,122,176
- fair value through other comprehensive income	33	**1,946,615**	3,298,807
Interest / mark-up expense	34	**(281,825,155)**	(147,665,204)
		3,273,266,576	2,035,755,779
Fair valuation adjustment on COVID-19 loans - net	14.7	**23,820,392**	230,894
Commission income	35	**10,862,156**	9,194,308
Exchange gain / (loss) - net	36	**186,076,536**	(874,669,794)
Dividend income		**665,500**	605,000
Other operating income / (loss) - net	37	**5,146,126**	(1,544,817)
Other income - net	38	**274,477**	37,197,452
		203,024,795	(829,217,851)
		3,500,111,763	1,206,768,822
Less: operating expenses			
- banknotes' printing charges	39	**31,336,530**	21,307,817
- agency commission	40	**12,381,453**	11,088,067
- general administrative and other expenses	41	**42,469,861**	33,976,443
(Reversal of provision) / provision against other doubtful assets	27.2.1.1	**(127,828)**	896,123
(Reversal) / charge of credit loss allowance on financial instruments - net	42	**(169,689)**	213,328
		(297,517)	1,109,451
		85,890,327	67,481,778
Profit for the year		**3,414,221,436**	1,139,287,044

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, 2024

	Note	2024	2023
		-------------(Rupees in '000)-------------	
Profit for the year		**3,414,221,436**	1,139,287,044
Other comprehensive income			
Item that may be reclassified subsequently to the profit and loss account:			
Unrealised appreciation on gold reserves held by the Bank	6	**211,883,560**	363,097,043
Changes in the fair value of debt instruments at fair value through other comprehensive income		**(2,839)**	10,211
		211,880,721	363,107,254
Items that will not be reclassified subsequently to the profit and loss account:			
Unrealised appreciation / (diminution) on remeasurement of investments - local	13.9	**27,443,742**	(13,657,694)
Remeasurement loss on defined benefit plans	41.7.3.1	**(4,247,174)**	(1,901,897)
Remeasurement gain / (loss) on defined benefit plans - Reimbursable from / (to) SBP Banking Services Corporation - a subsidiary	41.7.3.1	**1,224,210**	(6,503,460)
		24,420,778	(22,063,051)
Total comprehensive income for the year		**3,650,522,935**	1,480,331,247

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, 2024

	Share capital	----Reserves---- General reserve (note 30.1)	Reserve fund	Reserve for acquisition of PSPC (note 30.2)	Subtotal	Unappropriated profit	Unrealised appreciation on gold reserves held by the Bank (note 31)	Unrealised appreciation / (diminution) on remeasurement of investments - local (note 13.9)	Changes in the fair value of debt instruments at fair value through other comprehensive income (note 8.2)	Surplus on revaluation of property	Total
	----(Rupees in '000)----										
Balance as at June 30, 2022	**100,000,000**	**147,296,363**	**28,739**	**67,464,000**	**214,789,102**	**371,186,191**	**769,061,112**	**85,013,625**	**-**	**110,738,685**	**1,650,788,715**
Profit for the year	-	-	-	-	-	1,139,287,044	-	-	-	-	1,139,287,044
Other comprehensive income											
Unrealised diminution on remeasurement of investments - local (note 13.9)	-	-	-	-	-	-	-	(13,657,694)	-	-	(13,657,694)
Changes in the fair value of debt instruments at fair value through - other comprehensive income	-	-	-	-	-	-	-	-	10,211	-	10,211
Unrealised appreciation on gold reserves held by the Bank (note 31)	-	-	-	-	-	-	363,097,043	-	-	-	363,097,043
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of staff retirement defined benefit plans - SBP (note 41.7.3.1)	-	-	-	-	-	(1,901,897)	-	-	-	-	(1,901,897)
Remeasurements of staff retirement defined benefit plans - reimbursed to SBP Banking Services Corporation a subsidiary (note 41.7.3.1)	-	-	-	-	-	(6,503,460)	-	-	-	-	(6,503,460)
	-	-	-	-	-	(8,405,357)	363,097,043	(13,657,694)	10,211	-	341,044,203
Total comprehensive income for the year	-	-	-	-	-	1,130,881,687	363,097,043	(13,657,694)	10,211	-	1,480,331,247
Appropriations											
Transfer to the general reserves (note 30.1)	-	226,176,337	-	-	226,176,337	(226,176,337)	-	-	-	-	-
Transactions with owners											
Profit transferred to the Government of Pakistan	-	-	-	-	-	(371,186,191)	-	-	-	-	(371,186,191)
	-	-	-	-	-	(371,186,191)	-	-	-	-	(371,186,191)
Balance as at June 30, 2023	**100,000,000**	**373,472,700**	**28,739**	**67,464,000**	**440,965,439**	**904,705,350**	**1,132,158,155**	**71,355,931**	**10,211**	**110,738,685**	**2,759,933,771**
Profit for the year	-	-	-	-	-	3,414,221,436	-	-	-	-	3,414,221,436
Transfer to the reserve fund	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income											
Unrealised appreciation on remeasurement of investments - local (note 13.9)	-	-	-	-	-	-	-	27,443,742	-	-	27,443,742
Changes in the fair value of debt instruments at fair value through - other comprehensive income	-	-	-	-	-	-	-	-	(2,839)	-	(2,839)
Unrealised appreciation on gold reserves held by the Bank (note 31)	-	-	-	-	-	-	211,883,560	-	-	-	211,883,560
Surplus on revaluation of property	-	-	-	-	-	20,738	-	-	-	(20,738)	-
Remeasurements of staff retirement defined benefit plans - SBP (note 41.7.3.1)	-	-	-	-	-	(4,247,174)	-	-	-	-	(4,247,174)
Remeasurements of staff retirement defined benefit plans - reimbursed to SBP Banking Services Corporation a subsidiary (note 41.7.3.1)	-	-	-	-	-	1,224,210	-	-	-	-	1,224,210
	-	-	-	-	-	(3,002,226)	211,883,560	27,443,742	(2,839)	(20,738)	236,301,499
Total comprehensive income for the year	-	-	-	-	-	3,411,219,210	211,883,560	27,443,742	(2,839)	(20,738)	3,650,522,935
Appropriations											
Transfer to the general reserves (note 30.1)	-	603,244,762	-	-	603,244,762	(603,244,762)	-	-	-	-	-
Transactions with owners											
Profit transferred to the Government of Pakistan	-	-	-	(67,464,000)	(67,464,000)	(904,705,350)	-	-	-	-	(972,169,350)
	-	-	-	(67,464,000)	(67,464,000)	(904,705,350)	-	-	-	-	(972,169,350)
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**

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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		--------------(Rupees in '000)-------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	43	**3,277,175,979**	1,991,168,786
(Increase) / decrease in assets:			
Foreign currency accounts and investments		**30,357**	(395,145,293)
Gold reserves held by the Bank		**(591,434)**	(239,175)
Securities purchased under agreement to resell		**(3,437,878,746)**	(3,869,059,738)
Investments - local		**394,368,788**	324,840,913
Loans, advances and bills of exchange		**225,753,718**	(180,283,097)
Other assets		**(3,287,841)**	15,107,577
		(2,821,605,158)	(4,104,778,813)
		455,570,821	(2,113,610,027)
Increase / (decrease) in liabilities:			
Banknotes in circulation - net		**33,921,273**	1,708,421,743
Bills payable		**(391,307)**	367,326
Current accounts of Governments		**401,696,381**	(183,552,848)
Current account with SBP Banking Services Corporation - a subsidiary		**(8,215,284)**	(14,752,435)
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary		**(86,859)**	18,790
Payable under bilateral currency swap agreement		**(36,194,538)**	283,070,219
Deposits of banks and financial institutions		**234,146,511**	421,789,721
Payment of retirement benefits and employees' compensated absences		**(6,212,772)**	(3,050,393)
Other deposits and accounts		**256,453,390**	219,954,072
Securities sold under agreement to repurchase		**466,849,448**	673,076,351
Other liabilities		**(44,939,213)**	(45,156,333)
		1,297,027,030	3,060,186,213
Net cash generated from operating activities		**1,752,597,851**	946,576,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**665,500**	605,000
Capital expenditure		**(1,107,854)**	(999,270)
Proceeds from disposal of property, plant and equipment		**76,618**	264,676
Net cash used in investing activities		**(365,736)**	(129,594)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		**(972,169,350)**	(371,186,191)
Net change in balances pertaining to IMF		**574,856,764**	95,175,793
Net cash used in financing activities		**(397,312,586)**	(276,010,398)
Increase in cash and cash equivalents during the year		**1,354,919,529**	670,436,194
Cash and cash equivalents at the beginning of the year		**1,614,271,852**	2,053,357,372
Effect of exchange gain on cash and cash equivalents		**(23,107,832)**	(1,109,521,714)
Cash and cash equivalents at the end of the year	44	**2,946,083,548**	1,614,271,852

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

1 STATUS AND NATURE OF OPERATIONS

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

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

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

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

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

a) SBP Banking Services Corporation - wholly owned subsidiary:

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

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

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

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

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

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

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

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

d) 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.

A draft scheme of amalgamation (SOA) was proposed in a board meeting held on February 14, 2024, determining that the National Institute of Banking and Finance (Guarantee) Limited (NIBAF) and the Institute of Banker's Pakistan (IBP) be amalgamated into an entity named 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 would stand transferred by operation of law to the Company. Subsequently, both NIBAF and IBP would stand dissolved without undergoing winding-up procedures.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF MEASUREMENT

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

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

3.3 Standards, interpretations of and amendments to the IFRS accounting standards that are effective in the current year

There are certain new or amended standards and interpretations that became effective during the current year, but are considered not to be relevant or did not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Bank which requires entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to stakeholders and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

3.4 Standards, interpretations of and amendments to the IFRS accounting standards that are not yet effective

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

Standards, interpretations or amendments	**Effective date (annual periods beginning on or after)**
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IFRS 16 - 'Leases' (amendments)	January 1, 2025
- IAS 7 - 'Statement of cash flows' (amendments)	January 1, 2024
- IFRS 7 - 'Financial Instruments: Disclosures' (amendments)	January 1, 2024 & January 1, 2026
- IAS 21 - Lack of exchangeability (amendments)	January 1, 2025
- IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
- IFRS 18 - Presentation and disclosure in financial statements	January 1, 2027
- IFRS 19 - Subsidiaries without public accountability: Disclosures	January 1, 2027

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

3.4.2 There are certain other new or amended standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Banknotes in circulation and local currency coins

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

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

4.2 Financial assets and financial liabilities

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

4.2.1 Financial instruments – initial recognition

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

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

4.2.2 Classification and subsequent measurement of financial assets and liabilities

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

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

a) Business model assessment

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

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- the expected frequency, value and timing of sale which also form important aspects of the Bank's assessment.

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

b) The SPPI test

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

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

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

4.2.3 Financial assets at amortised cost

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; and

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

4.2.4 Debt instruments at FVOCI

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

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

- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in the unconsolidated profit 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. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- the liabilities are part of a group of financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

4.2.7 Financial liabilities at amortised cost

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

4.2.8 Derivative financial instruments

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

4.2.9 Reclassification of financial assets and liabilities

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

4.2.10 Derecognition of financial asset and financial liabilities

a) Financial assets

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

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

b) Financial liabilities

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

4.2.11 Impairment of financial assets

4.2.11.1 Overview of the expected credit losses (ECL) principles

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

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

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

- stage 1: when loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.
- stage 2: when a loan has shown a significant increase in credit risk since initial recognition, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from stage 3.
- stage 3: loans considered credit-impaired (as outlined in note 46.1.2.1). The bank records an allowance for the LTECL.

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

4.2.11.2 The calculation of ECL

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

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

- EAD — Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in note 46.1.2.3.

- PD — Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in note 46.1.2.2.

- LGD — Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in note 46.1.2.4.

When estimating the ECL, the Bank considers three scenarios (a base case, a best case and a worse case). Each of these is associated with different PD. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received 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 46.1.2.1), the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

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

4.2.11.3 Forward looking information

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

4.2.11.4 Credit enhancements: collateral valuation and financial guarantees

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

4.2.12 Offsetting of financial assets and financial liabilities

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

4.3 Collateralised borrowings / lending

4.3.1 Repurchase and reverse repurchase agreements

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

4.3.2 Payable under bilateral currency swap agreement

Bilateral currency swap agreements with counterpart central bank involve the purchase / sale and subsequent resale / repurchase of local currencies of counterpart central banks against PKR at the applicable exchange rate (determined in accordance with the terms of the agreement). The actual use of facility by the Bank / counterpart central bank in the agreement is recorded as borrowing / lending in books of the Bank and interest is charged / earned at agreed rates to the unconsolidated profit and loss account on a time proportion basis from the date of actual use. Any unutilised limit of the counterpart's drawing is reported as commitments in note 32.2.4.

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

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

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

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

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

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

4.6 Intangibles

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

Intangible assets are amortised using the straight-line method over the period of three years. Where the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4.7 Impairment of non-financial assets

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

4.8 Compensated absences

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

4.9 Staff retirement benefits

The Bank operates:

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

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

c) following are other staff retirement benefit schemes:

- an unfunded gratuity scheme (old scheme) for those employees who joined the Bank between July 1, 2005 to May 31, 2007 and opted to remain under the old scheme;

- a funded Employees Gratuity Fund (EGF) was introduced by the Bank effective from June 1, 2007 for all its employees other than those who opted to remain in pension scheme or unfunded gratuity scheme (old scheme);

- an unfunded pension scheme for those employees who joined the Bank between May 1, 1977 to June 30, 2005 and opted to remain under this scheme after introduction of the new scheme i.e. new compensation and benefit structure (NCBS);

- an unfunded benevolent fund scheme;

- an unfunded post retirement medical benefit scheme;

- six months post retirement benefit facility; and

- an income continuation plan.

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 periods in which they occur.

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

4.10 Deferred income

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

4.11 Revenue recognition

- Discount, interest / mark-up and / or return on loans and advances and investments are recorded on time proportion basis that takes into account the effective yield on the asset. However, income on balances with Bangladesh (former East Pakistan), doubtful loans and advances and overdue return on investments are recognised as income on receipt basis.

- Exchange gain / loss is recognised at the translation date as detailed in note 4.14 to these unconsolidated financial statements.

- Commission income is recognised when related services are rendered.

- Dividend income is recognised when the Bank’s right to receive dividend is established.

- Gains / losses on disposal of securities are recognised in the unconsolidated profit and loss account at trade date.

4.12 Finances under profit and loss sharing arrangements

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

4.13 Taxation

The income of the Bank is exempt from tax under section 49 of the State Bank of Pakistan Act, 1956 and clause 66 (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 32.2 to these unconsolidated financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in PKR terms at the closing rate of exchange prevailing at the reporting date.

4.15 Transactions and balances with the International Monetary Fund

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

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

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

- the cumulative allocation of special drawing rights (SDRs) by the IMF is recorded as a liability, the cumulative holding of SDRs and reserve tranche with IMF under quota arrangements are recorded as assets. These balances are translated at the closing exchange rate for SDRs prevailing at the reporting date. Exchange differences on translation of SDRs is recognised in the unconsolidated profit and loss account.

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

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

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

4.16 Provisions, contingent liabilities and contingent assets

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

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

Contingent liability is disclosed when:

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

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

4.17 Cash and cash equivalents

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

4.18 Fair value measurement principles

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

5 USE OF ESTIMATES AND JUDGMENTS

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of the IFRSs and estimates that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

5.1 Fair value of financial instruments

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

5.2 Effective interest rate (EIR) method

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

5.3 Impairment losses on financial assets

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

5.4 Retirement benefits

The key actuarial assumptions in respect of valuation of defined benefit plans and the sources of estimation are disclosed in note 41.7 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	**2024**	2023	**2024**	2023
		(Net content in troy ounces)		**--------------(Rupees in '000)-------------**	
Opening balance		**2,078,998**	2,078,517	**1,136,973,623**	773,637,405
Additions during the year		**963**	481	**591,434**	239,175
Appreciation for the year due to revaluation	31	**-**	-	**211,883,560**	363,097,043
Closing balance	20.1	**2,079,961**	2,078,998	**1,349,448,617**	1,136,973,623

The gold reserves held by the bank are as follows:	Note	**2024**	2023
		--------------(Rupees in '000)-------------	
Issue department	20.1	**1,349,448,617**	1,136,973,623
Banking department		**-**	-
		1,349,448,617	**1,136,973,623**

6.1 During the year, the Bank has recognised an appreciation of Rs. 211,883.56 million (2023: Rs. 363,097.04 million) based on the closing market rate of USD 2,330.90 (2023: USD 1,912.25) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

7	LOCAL CURRENCY - COINS	Note	2024	2023
			--------------(Rupees in '000)-------------	
	Banknotes held by the banking department		**189,695**	130,550
	Coins held as an asset of the issue department	7.1	**39,941**	350,957
			229,636	481,507
	Less: banknotes held by the banking department	20	**(189,695)**	(130,550)
			39,941	350,957
	The local currency - coins are held as follows:			
	Issue department	20.1	**39,941**	350,957
	Banking department		**-**	-
			39,941	**350,957**

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

8 FOREIGN CURRENCY ACCOUNTS AND INVESTMENTS

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

	Note	2024	2023
		--------------(Rupees in '000)-------------	
At fair value through profit or loss:			
- unrealised gain on derivative financial instruments		**14,236**	31,459
At fair value through other comprehensive income:			
- investments	8.2	**41,379,803**	41,009,072
At amortised cost:			
- deposit accounts	8.3	**1,554,574,934**	695,170,419
- current accounts		**1,949,597**	2,025,131
- securities purchased under agreement to resell	8.4	**1,124,893,677**	850,706,821
- money market placements	8.6	**-**	1,205,946
		2,681,418,208	1,549,108,317
Credit loss allowance	8.5	**(1,168)**	(1,461)
		2,722,811,079	1,590,147,387
The above foreign currency accounts and investments are held as follows:			
Issue department	20.1	**-**	1,092,412
Banking department		**2,722,811,079**	1,589,054,975
		2,722,811,079	1,590,147,387

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 46.1.2.2.

Stage 1	Note	**2024**	**2023**
		------------(Rupees in '000)------------	
Investments			
High rating		**41,379,803**	41,009,072
Deposit accounts			
High rating		**1,554,574,934**	695,170,419
Current accounts			
High rating		**1,949,538**	2,025,070
Standard rating		**59**	61
		1,949,597	2,025,131
Securities purchased under agreement to resell			
High rating	8.4	**1,124,893,677**	850,706,821
Money market placements			
High rating	8.6	**-**	1,205,946
		2,722,798,011	1,590,117,389

8.2 During the year, an unrealised gain amounting to Rs. 7.37 million (2023: Rs.10.21 million) related to Treasury Bills [USD and CNY and Bonds [CNY] was recognised in other comprehensive income. The return on these balances ranges from 1.65% to 5.31% (2023: 1.88% to 4.27%) per annum. These investments have maturity ranging from July 8, 2024 to September 2, 2024).

8.3 It represents the balances in the remunerative accounts maintained with the foreign financial institutions. The return on these balances ranges from 0.05% to 4.50% (2023: 0.01% to 4.25%) per annum. This includes a deposit account of USD 2.07 billion [equivalent to Rs. 576,724.04 million as at June 30, 2024], 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 couterpart rupee of the deposit to the GoP in its account mantained with SBP and GoP is liable to return the deposit on its maturity date in accordance with the terms and conditions agreed between the two governments.

8.4 These represent lending under repurchase agreements which carries mark-up in USD and Euro at 5.30% and 3.76%per annum respectively (2023: USD and Euro at 5.05% and 3.44% per annum respectively) and maturity of July 1, 2024 (2023: ranging from July 1, 2023 to July 3, 2023).

8.5 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	**2024**
	--------------(Rupees in '000)-------------	
Opening balance as of July 1, 2023	1,461	**1,461**
Reversal of credit loss allowance during the year	(293)	**(293)**
Closing balance as of June 30, 2024	1,168	**1,168**

	Nostro Accounts	
	Stage 1	**2023**
	--------------(Rupees in '000)-------------	
Opening balance as of July 1, 2022	4,165	4,165
Reversal of credit loss allowance during the year	(2,704)	(2,704)
Closing balance as of June 30, 2023	1,461	1,461

8.6 These represents money market placements carrying interest rates at Nil (2023: GBP: 4.85% per annum) having maturity of Nil (2023: July 4, 2023).

9 EARMARKED FOREIGN CURRENCY BALANCES

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

10 SPECIAL DRAWING RIGHTS OF THE INTERNATIONAL MONETARY FUND

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

	2024	2023
SDRs are held as follows:	**--------------(Rupees in '000)-------------**	
- by the issue department	**-**	-
- by the banking department	**204,445,631**	5,380,665
	204,445,631	5,380,665

	Note	2024	2023
		(Rupees in '000)	

11 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS

Quota allocated by the International Monetary Fund		**743,648,234**	776,557,225
Liability under quota arrangements		**(743,604,622)**	(776,511,683)
		43,612	45,542

12 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

	Note	2024	2023
Conventional	12.1	**11,620,496,921**	7,935,629,430
Shariah compliant financing facility	12.2	**205,048,625**	451,992,049
		11,825,545,546	8,387,621,479

12.1 This represents collateralised lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 20.55% to 21.50% per annum (2023: 21.01% to 21.25% per annum).The resell arrangement to conventional financial institution have maturities ranging from July 2, 2024 to July 26, 2024 (2023: from July 7, 2023 to September 8, 2023). The face value of securities collateralised as on June 30, 2024 amounted to Rs. 11,945,750 million (2023: Rs. 7,996,350 million). The collaterals held by the Bank consists of Pakistan Investment Bonds and Market Treasury Bills.

12.2 This represents collateralised lending made to various Islamic financial institutions under resell arrangement carrying mark-up ranging from 20.57% to 21.50% per annum (2023: 21.05% to 23.00% per annum). The resell arrangement to Islamic financial institution have maturities ranging from July 2, 2024 to July 12, 2024 (2023: from July 4, 2023 to September 8, 2023). The face value of securities collateralised as on June 30, 2024 amounted to Rs. 204,000 million (2023: Rs. 460,400 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	2024	Stage 1	2023
		(Rupees in '000)		(Rupees in '000)	
High rating		**11,825,556,800**	**11,825,556,800**	8,387,678,054	8,387,678,054
Less: credit loss allowance	12.5	**(11,254)**	**(11,254)**	(56,575)	(56,575)
	12.4	**11,825,545,546**	**11,825,545,546**	8,387,621,479	8,387,621,479

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

	Note	2024	2023
		(Rupees in '000)	
- by the issue department	20.1	**3,000,000,000**	3,000,000,000
- by the banking department		**8,825,545,546**	5,387,621,479
		11,825,545,546	8,387,621,479

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

	Stage 1	2024
	(Rupees in '000)	
Opening balance as of July 1, 2023	**56,575**	**56,575**
Reversal during the year	**(45,321)**	**(45,321)**
Closing balance as of June 30, 2024	**11,254**	**11,254**

	Stage 1	2023
	(Rupees in '000)	
Opening balance as of July 1, 2022	8,732	8,732
Charge during the year	47,843	47,843
Closing balance as of June 30, 2023	56,575	56,575

13 INVESTMENTS - LOCAL

	Note	2024	2023
		--------------(Rupees in '000)--------------	
At fair value through profit or loss:			
Unrealised gain on local currency derivatives		**18,121,048**	5,359,508
At amortised cost			
Federal Government securities			
Pakistan investment bonds (PIBs)	13.3	**5,485,901,092**	5,817,340,264
Federal government scrips		**2,740,000**	2,740,000
	13.4	**5,488,641,092**	5,820,080,264
Debt securities			
Zarai Taraqiati Bank Limited (ZTBL) preference shares - unlisted	13.5	**55,173,490**	54,984,152
Term finance certificates		**28,243**	28,243
Certificates of deposits		**11,235**	11,235
		39,478	39,478
Credit loss allowance	13.6	**(39,478)**	(39,478)
		55,173,490	54,984,152
	13.7	**5,543,814,582**	5,875,064,416
At fair value through other comprehensive income			
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		**59,434,269**	31,164,995
- Unlisted		**57,285,840**	58,111,372
	13.8	**116,720,109**	89,276,367
Investments in wholly owned subsidiaries - at cost			
Pakistan Security Printing Corporation (Private) Limited	13.1.1	**100,149,000**	100,149,000
SBP Banking Services Corporation	13.1.2	**1,000,000**	1,000,000
National Institute of Banking and Finance (Guarantee) Limited	13.1.3	**29,260**	29,260
National Institute of Banking and Finance, Pakistan	13.1.4	**600**	-
	13.1	**101,178,860**	101,178,260
		5,779,834,599	6,070,878,551

	Note	2024	2023
The above investments are held as follows:			
Issue department	20.1	**5,324,039,225**	5,504,424,777
Banking department		**455,795,374**	566,453,774
		5,779,834,599	6,070,878,551

13.1 Investments in wholly owned subsidiaries - at cost

	2024				2023			
	Number of shares	Cost	Impairment	Carrying amount	Number of shares	Cost	Impairment	Carrying amount
		------------------------ Rupees in 000 --------------------				------------------------ Rupees in 000 --------------------		
Unquoted								
Pakistan Security Printing Corporation (Private) Limited (Note 13.1.1)	**1,000,000**	**100,149,000**	**-**	**100,149,000**	1,000,000	100,149,000	-	100,149,000
SBP Banking Services Corporation (Note 13.1.2)	**1,000**	**1,000,000**	**-**	**1,000,000**	1,000	1,000,000	-	1,000,000
National Institute of Banking and Finance (Guarantee) Limited (Note 13.1.3)	**2,926,084**	**29,260**	**-**	**29,260**	2,926,084	29,260	-	29,260
National Institute of Banking and Finance, Pakistan (Note 13.1.4)	**60,000**	**600**	**-**	**600**	-	-	-	-
Total		**101,178,860**	**-**	**101,178,860**		**101,178,260**	**-**	**101,178,260**

13.1.1 This represents 100% (2023: 100%) holding in Pakistan Security Printing Corporation (Private) Limited (PSPC) having break-up value of Rs. 88,738.76 (2023: Rs. 83,801.49) per share on the basis of the audited financial statements for the year ended June 30, 2024.

13.1.2 This represents 100% (2023: 100%) holding in SBP Banking Services Corporation (the Corporation) (BSC) having break-up value of Rs. 2,909,455 (2023: Rs. 1,861,858) per share on the basis of the audited financial statements for the year ended June 30, 2024.

13.1.3 This represents 100% (2023: 100%) holding in National Institute of Banking and Finance (Guarantee) Limited (NIBAF) having break-up value of Rs. 110.03 (2023: Rs. 105.87) per share on the basis of the audited financial statements for the year ended June 30, 2024.

13.1.4 This represents 100% holding in National Institute of Banking and Finance, Pakistan (NIBAF Pakistan) having break-up value of Rs. 9.34 per share on the basis of the audited financial statements for the period ended June 30, 2024. NIBAF Pakistan was incorporated in Pakistan on December 27, 2023 under the Companies Act, 2017 as a company limited by guarantee having share capital.

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

	Note	**2024**			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		(Rupees in '000)			
High rating		**5,543,814,582**	-	-	**5,543,814,582**
Rating below standard		**-**	-	**39,478**	**39,478**
		5,543,814,582	**-**	**39,478**	**5,543,854,060**
Less: credit loss allowance	13.6	-	-	**(39,478)**	**(39,478)**
		5,543,814,582	**-**	**-**	**5,543,814,582**

		2023			
		Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)			
High rating		5,875,064,416	-	-	5,875,064,416
Rating below standard		-	-	39,478	39,478
		5,875,064,416	-	39,478	5,875,103,894
Less: credit loss allowance	13.6	-	-	(39,478)	(39,478)
		5,875,064,416	-	-	5,875,064,416

13.3 These include investment in PIBs amounting to Rs. 43,711.25 million (2023: Rs. 43,711.25 million) which has been created against 'receivable balance of Railway' in accordance with the requirement of section 9C(6) of the State Bank of Pakistan Act, 1956. This account was converted into 'PIBs' with a duration of eight years at market interest rates.

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

	2024	2023
	% per annum	
Pakistan investment bonds	**11.86 to 20.68**	11.86 to 22.67
Federal government scrips	**3**	3

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

The Federal Government issued PIBs on June 30, 2019 with maturity of one year to ten years amounting to Rs. 7,187,000 million. PIBs having face value of Rs. 2,068,000 million (2023: Rs. 1,758,000 million) have been matured till June 30, 2024.

13.5 This represents 5,446.15 million preference shares of Rs. 10 each carrying mark-up at the rate of 7.50% per annum payable semi-annually, issued by Zarai Taraqiati Bank Limited. These preference shares are redeemable on March 7, 2027 and are secured against the guarantee of the Federal Government.

	Note	**2024**	2023
13.6 Credit loss allowance		**------------(Rupees in '000)-----------**	
Opening balance		**39,478**	39,478
Charge of credit loss allowance during the year		**-**	-
Closing balance		**39,478**	39,478

13.7 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs. 5,412.75 billion (2023: Rs 4,917.03 billion).

13.8 Investments in shares of banks and other financial institutions

	Note	**2024**			
		Percentage holding	**Cost**	**Unrealised appreciation / (diminution) (Refer note 13.9)**	**Total**
		%	**-------------------------------(Rupees in '000)-------------------------------**		
Listed					
- National Bank of Pakistan	13.10	**75.20**	**1,100,805**	**58,333,464**	**59,434,269**
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited	13.10	**76.23**	**10,199,621**	**4,803,224**	**15,002,845**
- House Building Finance Company Limited		**90.31**	**1,482,304**	**(583,021)**	**899,283**
- Deposit Protection Corporation of Pakistan	13.8.2	**100**	**500,000**	**(500,000)**	**-**
Less than or equal to 50% Shareholding					
Other investments			**4,637,706**	**36,746,006**	**41,383,712**
			16,819,631	**40,466,209**	**57,285,840**
			17,920,436	**98,799,673**	**116,720,109**

	Note	2023			
		Percentage holding	Cost	Unrealised appreciation / (diminution) (Refer note 13.9)	Total
		%	-------------------------------(Rupees in '000)-------------------------------		
Listed					
- National Bank of Pakistan		75.20	1,100,805	30,064,190	31,164,995
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited		76.23	10,199,621	(4,697,757)	5,501,864
- House Building Finance Company Limited		90.31	1,482,304	1,355,019	2,837,323
- Deposit Protection Corporation of Pakistan	13.8.2	100	500,000	(500,000)	-
Less than or equal to 50% Shareholding					
Other investments			4,637,706	45,134,479	49,772,185
			16,819,631	41,291,741	58,111,372
			17,920,436	71,355,931	89,276,367

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

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

13.9 Unrealised appreciation / (diminution) on remeasurement of investments

	Note	2024	2023
		(Rupees in '000)	
Opening balance		**71,355,931**	85,013,625
Appreciation / (diminution) during the year - net		**27,443,742**	(13,657,694)
Closing balance		**98,799,673**	71,355,931

13.10 During the current year, the management of the Bank approached the Secretary Finance, Government of Pakistan, for disposal of ordinary shares of National Bank of Pakistan and ordinary and preference shares of Zarai Taraqiati Bank Limited (ZTBL) as requied under clause 17G (3) of the SBP Act, 1956. The modalities of the disposal are being finalised and expected to be completed subsequent to the year end and are expected.

14 LOANS, ADVANCES AND BILLS OF EXCHANGE

	Note	2024	2023
		(Rupees in '000)	
At amortised cost			
Government owned / controlled financial institutions	14.3	**150,092,925**	161,148,886
Private sector financial institutions	14.4	**1,160,303,341**	1,325,174,183
		1,310,396,266	1,486,323,069
SDRs on-lending to Government of Pakistan (GoP)	14.5	**717,630,687**	749,045,287
Loan to employees		**23,513,933**	18,105,856
		2,051,540,886	2,253,474,212
Credit loss allowance	14.8	**(2,194,432)**	(2,318,507)
		2,049,346,454	2,251,155,705

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:

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	(Rupees in '000)			
Government owned / controlled financial institutions				
High rating	148,970,279	-	-	**148,970,279**
Rating below standard	-	-	1,122,646	**1,122,646**
	148,970,279	**-**	**1,122,646**	**150,092,925**
Private sector financial institutions				
High rating	1,148,852,962	-	-	**1,148,852,962**
Standard rating	3,928,031	-	-	**3,928,031**
Rating below standard	6,046,597	-	1,475,751	**7,522,348**
	1,158,827,590	**-**	**1,475,751**	**1,160,303,341**
SDRs on-lending to Government of Pakistan (GoP)				
High rating	717,630,687	-	-	**717,630,687**
	717,630,687	**-**	**-**	**717,630,687**
Loan to employees				
Performing loans	23,513,933	-	-	**23,513,933**
	23,513,933	**-**	**-**	**23,513,933**
	2,048,942,489	**-**	**2,598,397**	**2,051,540,886**
Less: credit loss allowance	**(11,722)**	-	**(2,182,710)**	**(2,194,432)**
	2,048,930,767	**-**	**415,687**	**2,049,346,454**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	---------------------------------(Rupees in '000)---------------------------------			
Government owned / controlled financial institutions				
High rating	159,366,107	-	-	159,366,107
Rating below standard	-	-	1,782,779	1,782,779
	159,366,107	-	1,782,779	161,148,886
Private sector financial institutions				
High rating	1,318,171,430	-	-	1,318,171,430
Rating below standard	5,939,123	-	1,063,630	7,002,753
	1,324,110,553	-	1,063,630	1,325,174,183
SDRs on-lending to Government of Pakistan (GoP)				
High rating	749,045,287	-	-	749,045,287
	749,045,287	-	-	749,045,287
Loan to employees				
Performing loans	18,105,856	-	-	18,105,856
	18,105,856	-	-	18,105,856
	2,250,627,803	-	2,846,409	2,253,474,212
Less: credit loss allowance	(9,204)	-	(2,309,303)	(2,318,507)
	2,250,618,599	-	537,106	2,251,155,705

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:

	2024			
	Government owned / controlled financial institutions	**Private sector financial institutions**	**Employees**	**Total**
	---(Rupees in '000)---			
Stage 1				
Opening balance as of July 1, 2023	**1,349**	**7,428**	**427**	**9,204**
Charge / (reversal) of allowance	**(1,007)**	**3,446**	**79**	**2,518**
Closing balance as of June 30, 2024	**342**	**10,874**	**506**	**11,722**
Stage 3				
Opening balance as of July 1, 2023	**1,117,613**	**1,191,690**	**-**	**2,309,303**
Reversal of credit loss allowance	**(53,983)**	**(72,610)**	**-**	**(126,593)**
Closing balance as of June 30, 2024	**1,063,630**	**1,119,080**	**-**	**2,182,710**
	1,063,972	**1,129,954**	**506**	**2,194,432**

	2023			
	Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total
	---(Rupees in '000)---			
Stage 1				
Opening balance as of July 1, 2022	19,309	-	773	20,082
Charge / (reversal) of allowance	(17,960)	7,428	(346)	(10,878)
Closing balance as of June 30, 2023	1,349	7,428	427	9,204
Stage 3				
Opening balance as of July 1, 2022	1,066,606	1,063,630	-	2,130,236
Charge of credit loss allowance	51,007	128,060	-	179,067
Closing balance as of June 30, 2023	1,117,613	1,191,690	-	2,309,303
	1,118,962	1,199,118	427	2,318,507

14.3 Loans and advances to government owned / controlled financial institutions

	Note	Scheduled banks 2024	Scheduled banks 2023	Other financial institutions 2024	Other financial institutions 2023	Total 2024	Total 2023
		(Rupees in '000)					
Agricultural sector		**910,805**	1,026,153	**64,794**	-	**975,599**	1,026,153
Industrial sector	14.3.1	**67,721,951**	76,464,912	**1,142,745**	40,487	**68,864,696**	76,505,399
Export sector		**65,698,159**	76,358,077	**-**	3,567	**65,698,159**	76,361,644
Housing sector		**-**	-	**2,685**	3,549	**2,685**	3,549
Others	14.3.2	**14,196,146**	6,664,895	**355,640**	587,246	**14,551,786**	7,252,141
		148,527,061	160,514,037	**1,565,864**	634,849	**150,092,925**	161,148,886

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 (2023: Rs. 1,054.28 million). Furthermore, repayment of loan amounting to Rs. 340.78 million has been received during the year 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 (2023: 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.

14.4 Loans and advances to private sector financial institutions

	Note	Scheduled banks 2024	Scheduled banks 2023	Other financial institutions 2024	Other financial institutions 2023	Total 2024	Total 2023
		(Rupees in '000)					
Agricultural sector		**4,407,520**	4,934,416	**802,254**	411,552	**5,209,774**	5,345,968
Industrial sector		**516,228,879**	566,164,232	**28,512,140**	31,555,595	**544,741,019**	597,719,827
Export sector	14.4.1	**557,676,744**	688,554,130	**-**	-	**557,676,744**	688,554,130
Others	14.4.2 & 14.4.3	**32,980,247**	24,310,125	**19,695,557**	9,244,133	**52,675,804**	33,554,258
		1,111,293,390	1,283,962,903	**49,009,951**	41,211,280	**1,160,303,341**	1,325,174,183

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

14.4.2 During the FY 2014-15, the Bank in continuation of a scheme of amalgamation of two commercial banks duly sanctioned by the Federal Government under section 47 of the Banking Companies Ordinance, 1962 and under section 17 of the State Bank of Pakistan Act, 1956, extended a 10 year financing facility of Rs. 5,000 million with a bullet payment of mark-up and principal at maturity to an Islamic Commercial Bank (ICB) which is secured against Government of Pakistan Ijara Sukuk. The 10 year facility was provided on the basis of Modaraba to be remunerated at profit sharing ratio declared by the ICB on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum). In accordance with the requirements of accounting framework of the Bank, the 10 year financing facility had been recognised at fair value on initial recognition. The amortised cost as of June 30, 2024 is Rs. 4,608.35 million (2023: Rs. 4,214.86 million).

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

14.5 During the 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 SBP.

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

	2024	2023
	(% per annum)	
Government owned / controlled and private sector financial institutions	**0 to 22.10**	0 to 21.14
Employees loans (where applicable)	**0 to 10.00**	0 to 10.00
SDRs on-lending to Government of Pakistan (GoP)	**4.20**	3.98

14.7 Fair valuation adjustment on COVID-19 loans - net

	2024	2023
	(Rupees in '000)	
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	**26,496,336**	25,026,995
Fair valuation loss adjustment on COVID-19 loans on initial recognition	**(2,675,944)**	(24,796,101)
	23,820,392	230,894

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

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

Facilities disbursed to the banks during the year under the above mentioned schemes aggregated to Rs. 6,467 million (2023: Rs. 57,328 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 2,675.94 million (2023: Rs.24,796.10 million). Further, during the year, an aggregate amount of Rs. 26,496.34 million (2023: Rs. 25,027.00 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

	Note	2024	2023
14.8 Credit loss allowance		-------- (Rupees in '000)	-------
Opening balance		**2,318,507**	2,150,318
(Reversal) / charge of credit loss allowance during the year		**(124,075)**	168,189
Closing balance		**2,194,432**	2,318,507

15 ASSETS HELD WITH THE RESERVE BANK OF INDIA

	Note	2024	2023
Gold reserves			
- opening balance		**18,366,839**	12,500,346
- Appreciation for the year due to revaluation	27.2.1.1	**3,422,261**	5,866,493
		21,789,100	18,366,839
Sterling securities		**1,162,991**	1,203,363
Government of India securities		**476,859**	498,575
Rupee coins		**9,582**	10,009
	15.1	**23,438,532**	20,078,786
Indian notes representing assets receivable from the Reserve Bank of India	15.2	**1,434,811**	1,500,153
	20.1	**24,873,343**	21,578,939

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

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

16 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH	Note	2024	2023
		-------- (Rupees in '000)	-------
India			
Advance against printing of notes		**39,616**	39,616
Receivable from the Reserve Bank of India		**837**	837
		40,453	40,453
Bangladesh			
Inter office balances		**819,924**	819,924
Loans, advances and commercial papers	16.1	**16,530,335**	15,345,769
		17,350,259	16,165,693
	16.2	**17,390,712**	16,206,146

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

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

	Note	2024	2023
17 PROPERTY, PLANT AND EQUIPMENT		-------- (Rupees in '000)	-------
Operating fixed assets	17.1	**94,083,747**	95,363,532
Capital work-in-progress	17.3	**996,732**	1,319,705
		95,080,479	96,683,237

17.1 Operating fixed assets

	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and machinery	Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total
	2024									
	(Rupees in '000)									
As at July 01, 2023										
Cost / revalued amount	19,585,551	66,499,781	3,266,774	6,242,830	1,750,622	58,265	277,499	3,047,282	900,622	101,629,226
Accumulated depreciation	-	(1,206,237)	(218,186)	(418,171)	(1,066,802)	(48,230)	(237,299)	(2,602,526)	(468,243)	(6,265,694)
Net book value	19,585,551	65,293,544	3,048,588	5,824,659	683,820	10,035	40,200	444,756	432,379	95,363,532
Year ended June 30, 2024										
Opening net book value	19,585,551	65,293,544	3,048,588	5,824,659	683,820	10,035	40,200	444,756	432,379	95,363,532
Additions	-	-	-	-	1,605	363	40,525	299,346	435,037	776,876
Transfers from capital work in progress	-	-	17,183	292,350	317,762	-	1,160	-	-	628,455
	-	-	17,183	292,350	319,367	363	41,685	299,346	435,037	1,405,331
Transfer from the corporation										
Cost	-	-	-	-	-	-	3,707	-	-	3,707
Accumulated depreciation	-	-	-	-	-	-	(3,218)	-	-	(3,218)
	-	-	-	-	-	-	489	-	-	489
Disposals										
Cost	(21,707)	-	-	-	(46,253)	(4,189)	(635)	(33,821)	(233,190)	(339,795)
Accumulated depreciation	-	-	-	-	46,225	4,189	575	26,609	182,647	260,245
	(21,707)	-	-	-	(28)	-	(60)	(7,212)	(50,543)	(79,550)
Depreciation charge	-	(1,206,237)	(232,542)	(468,428)	(202,170)	(1,909)	(18,510)	(292,298)	(183,961)	(2,606,055)
Net book value	19,563,844	64,087,307	2,833,229	5,648,581	800,989	8,489	63,804	444,592	632,912	94,083,747
As at June 30, 2024										
Cost / revalued amount	19,563,844	66,499,781	3,283,957	6,535,180	2,023,736	54,439	319,038	3,312,807	1,102,469	102,695,251
Accumulated depreciation	-	(2,412,474)	(450,728)	(886,599)	(1,222,747)	(45,950)	(255,234)	(2,868,215)	(469,557)	(8,611,504)
Net book value	**19,563,844**	**64,087,307**	**2,833,229**	**5,648,581**	**800,989**	**8,489**	**63,804**	**444,592**	**632,912**	**94,083,747**
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%	10%	20%	33.33%	20%	

	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and machinery	Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total
	2023									
	(Rupees in '000)									
As at July 01, 2022										
Cost / revalued amount	19,585,551	66,499,781	2,497,488	6,241,886	1,525,520	53,776	266,914	2,717,391	710,882	100,099,189
Accumulated depreciation	-	-	-	-	(934,251)	(46,309)	(221,638)	(2,379,265)	(393,980)	(3,975,443)
Net book value	19,585,551	66,499,781	2,497,488	6,241,886	591,269	7,467	45,276	338,126	316,902	96,123,746
Year ended June 30, 2023										
Opening net book value	19,585,551	66,499,781	2,497,488	6,241,886	591,269	7,467	45,276	338,126	316,902	96,123,746
Additions	-	-	32,310	944	454,490	4,489	11,146	357,492	286,604	1,147,475
Transfers from capital work in progress	-	-	736,976							736,976
	-	-	769,286	944	454,490	4,489	11,146	357,492	286,604	1,884,451
Disposals										
Cost	-	-	-	-	(229,388)	-	(561)	(27,601)	(96,864)	(354,414)
Accumulated depreciation	-	-	-	-	3,041	-	140	27,083	67,046	97,310
	-	-	-	-	(226,347)	-	(421)	(518)	(29,818)	(257,104)
Depreciation charge	-	(1,206,237)	(218,186)	(418,171)	(135,592)	(1,921)	(15,801)	(250,344)	(141,309)	(2,387,561)
Net book value	19,585,551	65,293,544	3,048,588	5,824,659	683,820	10,035	40,200	444,756	432,379	95,363,532
As at June 30, 2023										
Cost / revalued amount	19,585,551	66,499,781	3,266,774	6,242,830	1,750,622	58,265	277,499	3,047,282	900,622	101,629,226
Accumulated depreciation	-	(1,206,237)	(218,186)	(418,171)	(1,066,802)	(48,230)	(237,299)	(2,602,526)	(468,243)	(6,265,694)
Net book value	19,585,551	65,293,544	3,048,588	5,824,659	683,820	10,035	40,200	444,756	432,379	95,363,532
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%	10%	20%	33.33%	20%	

* These represents revalued assets

17.2 Land and Buildings of the Bank are carried at revalued amount. The latest revaluation was carried out on June 30, 2022 by an independent valuer i.e. M/S M.J.Surveyors (Private) limited which resulted in a surplus of Rs. 19,847.85 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	2024	2023
		------------ (Rupees in '000)	-----------
Freehold land		**985,561**	986,529
Leasehold land		**2,964,985**	3,024,063
Buildings on freehold land		**1,230,300**	1,308,530
Buildings on leasehold land		**1,804,295**	1,930,238
		6,985,141	7,249,360

17.3 Capital work-in-progress

	Note	2024	2023
Leasehold land		**449**	449
Buildings on freehold land		**53,894**	48,180
Buildings on leasehold land		**561,432**	592,859
Office equipment		**-**	1,160
Plant and machinery		**380,957**	677,057
		996,732	**1,319,705**

18 INTANGIBLE ASSETS

	Note	2024	2023
Software	18.1	**181,415**	155,317
Capital work-in-progress		**573,734**	-
		755,149	155,317

18.1 Intangible assets

	Note	2024	2023
Cost		**1,295,205**	1,171,995
Accumulated amortisation		**(1,139,888)**	(1,039,073)
Opening net book value		**155,317**	132,922
Additions during the year		**159,767**	123,210
Amortisation charge during the year	41	**(133,669)**	(100,815)
Closing net book value		**181,415**	155,317
Cost		**1,454,972**	1,295,205
Accumulated amortisation		**(1,273,557)**	(1,139,888)
Closing net book value		**181,415**	155,317
Useful life		**3 years**	3 years

19 OTHER ASSETS

	Note	2024	2023
Commission receivable and others	19.1	**13,127,425**	9,586,877
Other advances, deposits and prepayments	19.2	**12,229,323**	12,482,030
		25,356,748	22,068,907

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

19.2 This includes Rs. 289.11 million (2023: Rs. 81.506 million) receivable from SBP Banking Services Corporation (a subsidiary) in lieu of training obtained from the Institute which is not part of the current account with SBP Banking Services Corporation.

		Note	2024	2023
20	**BANKNOTES IN CIRCULATION**		**-------------(Rupees in '000)------------**	
	Total banknotes issued	20.1	**9,698,401,126**	9,664,420,708
	Banknotes held with the banking department	7	**(189,695)**	(130,550)
	Notes in circulation		**9,698,211,431**	9,664,290,158

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	2024	2023
		-------------(Rupees in '000)------------	
Gold reserves held by the Bank	6	**1,349,448,617**	1,136,973,623
Local currency - coins	7	**39,941**	350,957
Foreign currency accounts and investments	8	**-**	1,092,412
Securities purchased under agreement to resell	12	**3,000,000,000**	3,000,000,000
Investments - local	13	**5,324,039,225**	5,504,424,777
Assets held with the Reserve Bank of India	15	**24,873,343**	21,578,939
		9,698,401,126	9,664,420,708

21 CURRENT ACCOUNTS OF GOVERNMENT

21.1 Current accounts of governments - payable balances

	Note	2024	2023
Federal Government	21.2	**862,683,327**	681,346,323
Provincial governments			
- Punjab	21.3	**627,731,043**	466,447,417
- Sindh	21.4	**115,899,975**	103,869,839
- Khyber Pakhtunkhwa	21.5	**63,403,027**	61,523,451
- Balochistan	21.6	**44,631,129**	15,292,405
Government of Azad Jammu and Kashmir	21.7	**30,893,108**	14,358,196
Gilgit - Baltistan Administration Authority	21.8	**20,084,172**	20,791,769
		902,642,454	682,283,077
		1,765,325,781	1,363,629,400

21.2 Federal Government

	2024	2023
Non-food account	**846,356,764**	669,841,388
Zakat fund accounts	**12,214,987**	7,393,359
Other accounts	**4,111,576**	4,111,576
	862,683,327	681,346,323

21.3 Provincial Government - Punjab

	2024	2023
Non-food account	**624,774,025**	465,175,176
Zakat fund account	**177,158**	351,698
Other accounts	**2,779,860**	920,543
	627,731,043	466,447,417

21.4 Provincial Government - Sindh

	2024	2023
Non-food account	**108,735,069**	94,639,642
Zakat fund account	**4,613,472**	4,937,319
Other accounts	**2,551,434**	4,292,878
	115,899,975	103,869,839

21.5 Provincial Government - Khyber Pakhtunkhwa

	2024	2023
Non-food account	**58,344,759**	55,418,963
Zakat fund account	**1,322,498**	3,581,356
Other accounts	**3,735,770**	2,523,132
	63,403,027	61,523,451

		2024	2023
21.6	**Provincial Government - Balochistan**	-------------(Rupees in '000)------------	
	Non-food account	**41,742,547**	13,075,558
	Zakat fund account	**2,643,886**	1,991,852
	Other accounts	**244,696**	224,995
		44,631,129	15,292,405
21.7	**Government of Azad Jammu and Kashmir**	**30,893,108**	14,358,196
21.8	**Gilgit - Baltistan Administration Authority**	**20,084,172**	20,791,769

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%. The renewal of this arrangement is in progress and expected to be completed subsequent to the year end.

		Note	2024	2023
23	**DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS**		-------------(Rupees in '000)------------	
	Foreign currency			
	Scheduled banks	23.1	**65,209,578**	67,228,059
	Held under cash reserve requirement	23.1	**300,404,706**	304,854,509
	Others		**22,360,498**	26,498,334
			387,974,782	398,580,902
	Local currency			
	Scheduled banks	23.1	**1,461,839,092**	1,241,323,247
	Financial institutions	23.1	**50,314,873**	36,644,866
	Others		**99,291**	94,849
			1,512,253,256	1,278,062,962
			1,900,228,038	1,676,643,864

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

		Note	2024	2023
24	**OTHER DEPOSITS AND ACCOUNTS**		-------------(Rupees in '000)------------	
	Foreign currency			
	Foreign central bank		**125,593,441**	128,994,228
	International organisations		**931,523,698**	653,157,077
	Others		**28,327,466**	27,499,868
		24.1 & 24.2	**1,085,444,605**	809,651,173
	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		**3**	930
	International organisations		**228,152**	318,213
	Others *		**80,026,836**	105,321,969
			122,349,180	147,735,301
			1,207,793,785	957,386,474

* This includes deposit account of BSC maintained by the Bank amounting to Rs. 266.15 million (2023: 2,532.14 million).

24.1 This includes FCY deposits equivalent to Rs. 1,113,365.00 million (based on exchange rate as of June 30, 2024) [2023: 1,143,962.00 million (based on exchange rate as of June 30, 2023)], carrying interest at Secured Overnight Financing Rate (SOFR) 180 day Average + 1.72% (2023: twelve month LIBOR + 1.00%), payable semi-annually. These deposits have been set off against the Rupee counterpart receivable from the Federal Government and have been covered under Ministry of Finance (MoF) Guarantee whereby the MoF has agreed to assume all liabilities and risks arising from these deposits.

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

	2024	2023
	(% per annum)	
Foreign central bank	**5.68 to 5.88**	5.50 to 5.70
International organisations	**6.50 to 6.96**	3.00 to 6.89

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

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

25 PAYABLE TO THE INTERNATIONAL MONETARY FUND

	Note	**2024**	2023
		-------------(Rupees in '000)------------	
Borrowings under:			
- fund facilities	25.1 & 25.3	**1,075,044,556**	502,619,466
- allocation of SDRs	25.2 & 25.3	**1,082,010,456**	1,129,442,113
		2,157,055,012	1,632,061,579
Current account for administrative charges		**85**	88
		2,157,055,097	1,632,061,667

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

Under GRA financing, the IMF granted Extended fund facility (EFF) amounting to SDR 4,393.00 million in FY 2013-14, having repayment period of 4½ – 10 years, with repayments in twelve equal semi-annual instalments. A total amount of SDR 4,393.00 million had been disbursed under twelve tranches of EFF. The repayment under this facility started from March 2018 and will continue till September 2026. Repayments made during the year amounted to SDR 642.17 million (2023: SDR 732.17 million) in 21 different tranches (2023:24 tranches).

During the year ended June 30, 2024, under GRA financing, the IMF granted Stand by arrangement (SBA) amounting to SDR 2,250.00 million, having repayment period of 3¼ – 5 years, with repayments in eight equal quarterly installments. A total amount of SDR 2,250.00 million have been disbursed under three tranches of SBA. The repayment under this facility will start from October 2026 and will continue till April 2029.

25.2 During 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.

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

	Note	**2024**	2023
		--------(% per annum) in SDR--------	
Fund facilities	25.3.1	**5.20**	4.98
Allocation of SDR		**4.20**	3.98

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.

26 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up of 19.5% per annum (2023: 21.00% per annum) and is due to mature on July 2, 2024 (2023: July 4, 2023).

26.1 Pakistan Investment Bonds having maturity of 5 years are pledged as security under borrowing having carrying value of Rs. 610,376.29 million (2023: Rs.143,154.81 million).

		Note	2024	2023
27	**OTHER LIABILITIES**		-------------(Rupees in '000)------------	
	Provision against overdue mark-up	27.1	**16,136,242**	14,951,675
	Special reserve provision under Financial Inclusion and Infrastructure Project (FIIP)		**24,017,148**	18,603,827
	Deferred Grant Income under FIIP		**573,734**	-
	Remittance clearance account		**97,325**	1,255,158
	Exchange loss payable under exchange risk coverage scheme		**801,877**	861,266
	Unrealised loss on local currency derivatives		**595,805**	52,663,898
	Unrealized loss on foreign currency derivatives		**5,988,923**	15,243,800
	Other accruals and provisions	27.2	**55,143,065**	46,514,487
	Others		**19,568,024**	6,407,339
			122,922,143	156,501,450

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

		Note	2024	2023
			-------------(Rupees in '000)------------	
27.2	**Other accruals and provisions**			
	Agency commission		**11,681,126**	11,101,518
	Provision for employees' compensated absences	41.7.9	**6,655,851**	5,830,723
	Provision for other doubtful assets	27.2.1	**26,455,829**	23,161,396
	Other provisions	27.2.2	**4,087,096**	2,862,037
	Others		**6,263,163**	3,558,813
			55,143,065	46,514,487

27.2.1 Provision against other doubtful assets

	Note	2024	2023
Provision against assets held with / receivable from the Government of India and the Reserve Bank of India			
- issue department		**24,873,372**	21,578,939
- banking department		**40,483**	40,483
	27.2.1.2	**24,913,855**	21,619,422
Provision against assets receivable from the Government of Bangladesh			
- issue department		**-**	-
- banking department		**1,541,974**	1,541,974
	27.2.1.2	**1,541,974**	1,541,974
	27.2.1.1	**26,455,829**	23,161,396

27.2.1.1 Movement of provisions against other doubtful assets

	Note	2024	2023
Opening balance		**23,161,396**	16,398,780
(Reversal) / charge during the year		**(127,828)**	896,123
Appreciation relating to gold reserves held by the Reserve Bank of India	15	**3,422,261**	5,866,493
Closing balance		**26,455,829**	23,161,396

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

27.2.2 This represents provision against home remittance amounting to Rs. 260.36 million (2023: Rs. 260.36 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600.00 million (2023: Rs. 1,600.00 million) and other provision made in respect of litigations and claims against the Bank amounting to Rs. 2,226.74 million (2023: Rs. 1,001.68 million).

28 DEFERRED LIABILITY - UNFUNDED STAFF RETIREMENT BENEFITS

	Note	2024	2023
		-------------(Rupees in '000)------------	
Pension fund		**32,336,876**	29,122,723
Gratuity scheme		**207,264**	164,162
Benevolent fund scheme		**328,389**	321,441
Post retirement medical benefits		**16,950,699**	13,352,681
Income Continuation Plan		**1,893,639**	1,350,555
Six months post retirement facility		**1,766,807**	1,212,444
Gratuity - Contractual employees		**30,583**	-
	41.7.3	**53,514,257**	45,524,006
Provident fund scheme		**13,207**	190,778
		53,527,464	45,714,784

29 SHARE CAPITAL

2024	2023		2024	2023
---------(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 The shares of the Bank are held by the Government of Pakistan and certain Government controlled entities except for 200 shares held by the Central Bank of India (held by Deputy Custodian Enemy Property, Banking Policy and Regulations Department, State Bank of Pakistan) and 500 shares held by the State of Hyderabad.

29.2 As per section 4(2) of State Bank of Pakistan Act, 1956, paid-up capital of the Bank shall be Rs 100,000 million with effect from January 28, 2022, divided into 1,000 million shares of Rs 100 each, which shall be made up through issuance of bonus shares by capitalising of profits or general reserve or through subscription of shares in cash by the Federal Government. 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 State Bank of Pakistan Act, 1956. During the year, the Board of Directors has approved appropriation of Rs. 603.245 billion (2023: Rs 226.176 billion) to general reserve.

30.2 The reserve for acquisition of PSPC

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

31 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK

	Note	2024	2023
		-------------(Rupees in '000)------------	
Opening balance		**1,132,158,155**	769,061,112
Appreciation for the year due to revaluation	6	**211,883,560**	363,097,043
Closing balance		**1,344,041,715**	1,132,158,155

		Note	2024	2023
32	**CONTINGENCIES AND COMMITMENTS**		**-------------(Rupees in '000)------------**	

32.1 Contingencies

	Note	2024	2023
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	32.1.1	**2,680,584**	6,426,792
Federal Government owned / controlled bodies and authorities		**3,526,240**	5,594,156
		6,206,824	12,020,948
b) Other claims against the Bank not acknowledged as debts	32.1.2	**1,687,123**	834,990

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.

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

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

		Note	2024	2023
			-------------(Rupees in '000)------------	
32.2	**Commitments**			
32.2.1	Foreign currency forward and swap contracts - sale		**1,808,999,457**	1,874,895,937
32.2.2	Foreign currency forward and swap contracts - purchase		**842,051,338**	558,559,284
32.2.3	Capital commitments	32.2.3.1	**1,082,500**	571,400

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

32.2.4 The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 1,149,156 million) [(2023: PKR of CNY 30,000 million (Rs. 1,190,091 million)] to People's Bank of China under bilateral currency swap agreement as disclosed in note 22 to these unconsolidated financial statements.

		Note	2024	2023
			-------------(Rupees in '000)------------	
33	**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		**1,220,790,216**	958,290,893
	- Federal Government scrips		**82,200**	82,200
	- SDRs on-lending to Government of Pakistan (GoP)	14.5	**30,059,294**	18,344,342
	Securities purchased under agreement to resell		**2,091,935,736**	1,095,943,099
	Interest income on preference shares		**4,273,953**	4,254,561
	Return on loans and advances to financial institutions		**112,932,775**	73,611,195
	Foreign currency deposits		**93,066,534**	29,591,884
	Others		**4,408**	4,002
			3,553,145,116	2,180,122,176
	At fair value through other comprehensive income			
	Foreign currency securities		**1,946,615**	3,298,807

		Note	2024	2023
34	**INTEREST / MARK-UP EXPENSE**		**-------------(Rupees in '000)------------**	
	Deposits		**64,336,554**	26,598,038
	Interest on bilateral currency swap		**47,482,355**	42,090,742
	Interest on special drawing rights		**47,470,015**	22,882,818
	Securities sold under agreement to repurchase		**77,661,258**	26,542,504
	Charges on allocation of special drawing rights of the IMF		**44,874,973**	29,551,102
			281,825,155	147,665,204
35	**COMMISSION INCOME**			
	Market treasury bills	35.1	**4,044,270**	4,063,159
	Management of public debts	35.1	**6,249,532**	4,563,466
	Prize bonds and national saving certificates	35.1	**566,139**	566,099
	Draft / payment orders		**2,145**	1,518
	Others		**70**	66
			10,862,156	9,194,308

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

		Note	2024	2023
36	**EXCHANGE GAIN / (LOSS) - NET**		**------------ (Rupees in '000) -----------**	
	Gain / (loss) on:			
	- Foreign currency placements, deposits, securities and other accounts - net		**136,166,534**	(589,674,943)
	- IMF fund facilities		**33,979,963**	(185,627,066)
	- Special drawing rights of the IMF		**15,930,039**	(99,367,785)
			186,076,536	(874,669,794)
37	**OTHER OPERATING INCOME / (LOSS) - NET**			
	Penalties levied on banks and financial institutions		**3,098,249**	1,929,026
	License / credit information bureau fee recovered		**1,115,328**	1,161,374
	Loss on disposal of foregin investments - net at fair value through profit or loss		**-**	(17,902,144)
	Gain on remeasurement of securities at fair value through profit or loss		**-**	12,804,237
	Others		**932,549**	462,690
			5,146,126	(1,544,817)
38	**OTHER INCOME - NET**			
	(Loss) / gain on disposal of property, plant and equipment		**(2,932)**	7,572
	Liabilities and provisions written back - net	38.1	**-**	36,723,685
	Grant income under foreign assistance program		**100,491**	314,416
	Others		**176,918**	151,779
			274,477	37,197,452

38.1 The Bank had introduced a new series of banknotes between 2005 and 2008, gradually phasing out the old design banknotes from circulation. In accordance with the decision of the Federal Government, the old design banknotes of denominations Rs. 10, 50, 100, and, 1000, were demonetized and ceased to be legal tender as of December 1, 2016 and were exchangeable at the offices of the SBP Banking Services Corporation until December 31, 2022. During the year ended June 30, 2023, the Bank had derecognised liability for banknotes which remained unexchanged as at December 31, 2022 including the liability for unexchanged old design banknotes of Rs. 500 denomination which were exchangeable until October 1, 2012.

39 BANKNOTES' PRINTING CHARGES

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

40 AGENCY COMMISSION

Agency commission is mainly payable to National Bank of Pakistan (NBP) under an agreement for providing banking services to Federal and Provincial Governments as an agent of the Bank. Furthermore, certain portion of the agency commission also pertains to the Bank of Punjab (BoP), the Sindh Bank Limited and the Bank of Khyber (BoK), which were appointed as agents of the Bank in March 2016 and October 2022 respectively to collect Government of Punjab's taxes and receipts. During the year, the Bank of Khyber (BoK) was also appointed as an agent on December 27, 2023.

41 GENERAL ADMINISTRATIVE AND OTHER EXPENSES

	Note	2024	2023
		------------ (Rupees in '000) -----------	
Salaries and other benefits		**8,710,386**	6,870,716
Charge against retirement benefits and employees' compensated absences	41.1 & 41.7.4	**9,778,278**	5,449,152
Rent and taxes		**40,029**	47,041
Insurance expenses		**132,225**	80,359
Electricity, gas and water expenses		**147,150**	148,728
Depreciation expense	17.1	**2,606,055**	2,387,561
Amortisation expense	18.1	**133,669**	100,815
Repairs and maintenance expenses		**1,193,595**	838,891
Auditors' remuneration	41.6	**16,833**	14,028
Legal and professional charges		**148,491**	159,047
Fund managers / custodian expenses		**-**	448,795
Travelling expenses		**120,754**	78,736
Daily expenses		**54,196**	40,304
Postages, telegram / telex and telephone		**347,989**	305,513
Training expenses	41.2	**202,606**	369,856
Stationery expenses		**17,271**	11,301
Books and newspapers charges		**20,427**	32,627
Advertisement expenses		**166,044**	263,552
Board committee expenses		**20,906**	18,814
Recruitment charges		**20,751**	10,223
Others		**1,602,265**	381,174
		25,479,920	18,057,233
Expenses reimbursed to:			
SBP Banking Services Corporation - a subsidiary	41.4	**16,989,941**	15,919,210
		16,989,941	15,919,210
		42,469,861	33,976,443

41.1 This includes an amount relating to defined contribution plan aggregating to Rs. 539.547 million (2023: Rs. 496.15 million) and employees compensated absences amounting to Rs 1,052.35 million (2023: reversal of Rs 725.92 million).

41.2 This includes Rs 190.53 million (2023: Rs 356.57 million) relating to the Institute (a wholly owned subsidiary of the Bank) representing reimbursement of training expenses relating to employees of the Bank.

41.3 During FY 2021-22, the Bank entered into an arrangement with the Corporation whereby all the expenses are reimbursed to the Corporation subject to the limit as more fully explained in note 41.5 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	2024	2023
		------(Rupees in '000)------	

41.4 Expenses reimbursable to SBP Banking Services Corporation - a subsidiary

	Note	2024	2023
Salaries and other benefits		**8,432,361**	7,120,086
Rent and taxes		**66,877**	66,091
Insurance expenses		**49,093**	54,589
Electricity, gas and water expenses		**934,030**	654,317
Repairs and maintenance expenses		**499,260**	556,058
Auditors' remuneration	41.6	**16,833**	14,028
Legal and professional charges		**17,436**	13,408
Travelling expenses		**38,098**	25,176
Daily expenses		**57,919**	47,121
Fuel charges		**14,956**	11,798
Conveyance charges		**29,758**	28,143
Postage and telephone expenses		**16,282**	15,410
Training expenses		**96,492**	38,799
Remittance of treasure		**544,303**	472,617
Stationery expenses		**19,142**	11,690
Books and newspapers charges		**3,877**	3,731
Advertisement expenses		**10,207**	7,015
Bank guards' charges		**283,331**	230,156
Uniforms		**28,395**	27,732
Expenses to be reimbursed to the Institute		**289,113**	81,506
Depreciation expense		**652,168**	634,213
Charge against retirement benefits and employees' compensated absences		**16,384,138**	12,830,433
Others		**634,999**	361,521
		29,119,068	23,305,638
Less: Limitation on reimbursement of expenses	41.4.1	**12,129,127**	7,386,428
Net reimbursable from State Bank of Pakistan		**16,989,941**	15,919,210

41.4.1 Limitation on reimbursement of expenses

	Note	2024	2023
Interest income from investments funding the deferred liabilities (a)		**12,129,127**	7,386,428
Interest cost related to defined benefit plans (b)		**13,539,633**	9,096,318
Lower of (a) or (b)	41.4.1.1	**12,129,127**	**7,386,428**

41.4.1.1 The amount adjusted from the unconsolidated profit and loss account is based on lower of interest cost in respect of defined benefit schemes and interest income from investments as explained in note 41.5 to these unconsolidated financial statements.

41.5 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.

41.6 Auditors' remuneration

	2024			2023		
	BDO Ebrahim & Co	**A. F. Ferguson & Co.**	**Total**	BDO Ebrahim & Co	A. F. Ferguson & Co.	Total
	(Rupees in '000)					
State Bank of Pakistan						
Audit fee (including out of pocket expenses)	**7,206**	**8,381**	**15,587**	6,005	6,984	12,989
Sindh Sales Tax on services	**576**	**670**	**1,246**	480	559	1,039
	7,782	**9,051**	**16,833**	6,485	7,543	14,028
SBP Banking Services Corporation						
Audit fee (including out of pocket expenses)	**7,206**	**8,381**	**15,587**	6,005	6,984	12,989
Sindh Sales Tax on services	**576**	**670**	**1,246**	480	559	1,039
	7,782	**9,051**	**16,833**	6,485	7,543	14,028
	15,564	**18,102**	**33,666**	12,970	15,086	28,056

41.7 Staff retirement benefits

41.7.1 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:

	2024	2023
- discount rate for year end obligation	**14.75% p.a**	16.25% p.a
- salary increase rate	**24.75% p.a**	20.25% p.a
- pension indexation rate	**13.50% p.a**	14.25% p.a
- medical cost increase rate	**14.75% p.a**	16.25% p.a
- petrol price increase rate (where applicable)	**24.75% p.a**	20.25% p.a
- personnel turnover	**4.84% p.a**	6.20% p.a
- normal retirement age	**60 Years**	60 Years

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

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

Discount rate risk

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

Salary increase / inflation risk

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

Pension Increase

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

Mortality risk

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

Withdrawal risk

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

41.7.3 Change in present value of defined benefit obligation

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

	2023						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Present value of defined benefit obligation July 1, 2022	26,333,625	142,218	11,953,320	283,929	966,983	1,189,879	40,869,954
Current service cost	342,125	9,574	21,627	6,046	60,619	-	439,991
Interest cost on defined benefit obligation	3,342,617	18,844	1,546,210	34,987	125,224	154,353	5,222,235
	3,684,742	28,418	1,567,837	41,033	185,843	154,353	5,662,226
Benefits paid	(2,212,653)	-	(567,621)	(36,104)	(43,790)	(49,903)	(2,910,071)
Remeasurements:							
actuarial (gains) / losses from changes in financial assumptions	1,308,083	(7,637)	82,966	(40,889)	103,408	56,226	1,502,157
experience adjustments	8,926	1,163	316,179	73,472	-	-	399,740
	1,317,009	(6,474)	399,145	32,583	103,408	56,226	1,901,897
Present value of defined benefit obligation as on June 30, 2023	29,122,723	164,162	13,352,681	321,441	1,212,444	1,350,555	45,524,006

41.7.3.1 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

	2024							
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total
	(Rupees in '000)							
- Actuarial (gains) / losses from changes in financial assumptions	1,191,626	(821)	(113,837)	18,915	(6,080)	36,128	-	1,125,931
- Experience adjustments	322,712	6,529	2,478,327	(87,968)	46,134	355,509	-	3,121,243
	1,514,338	5,708	2,364,490	(69,053)	40,054	391,637	-	4,247,174
Reimbursed from SBP Banking Services Corporation - a subsidiary*	2,185,191	(1,104)	(3,704,361)	(27,252)	(951)	324,267	-	(1,224,210)

	2023						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
- Actuarial (gains) / losses from changes in financial assumptions	1,308,083	(7,637)	82,966	(40,889)	103,408	56,226	1,502,157
- Experience adjustments	8,926	1,163	316,179	73,472	-	-	399,740
	1,317,009	(6,474)	399,145	32,583	103,408	56,226	1,901,897
Reimbursed to SBP Banking Services Corporation - a subsidiary*	2,894,411	1,313	4,024,329	14,345	61,533	(492,471)	6,503,460

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

41.7.4 Amount recognised in the unconsolidated profit and loss account

	2024							
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total
	(Rupees in '000)							
Current service cost	509,625	10,718	130,170	3,659	77,861	-	32,801	764,834
Past service cost	-	-	-	-	336,233	-	-	336,233
Interest cost on defined benefit obligation	4,481,201	26,676	2,089,673	50,117	189,748	214,354	-	7,051,769
	4,990,826	37,394	2,219,843	53,776	603,842	214,354	32,801	8,152,836

	2023						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Current service cost	342,125	9,574	21,627	6,046	60,619	-	439,991
Interest cost on defined benefit obligation	3,342,617	18,844	1,546,210	34,987	125,224	154,353	5,222,235
	3,684,742	28,418	1,567,837	41,033	185,843	154,353	5,662,226

41.7.5 Movement of present value of defined benefit obligation

	2024							
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total
	(Rupees in '000)							
Net recognised liabilities at July 1, 2023	**29,122,723**	**164,162**	**13,352,681**	**321,441**	**1,212,444**	**1,350,555**	**-**	**45,524,006**
Amount recognised in the unconsolidated profit and loss account	**4,990,826**	**37,394**	**2,219,843**	**53,776**	**603,842**	**214,354**	**32,801**	**8,152,836**
Remeasurements	**1,514,338**	**5,708**	**2,364,490**	**(69,053)**	**40,054**	**391,637**	**-**	**4,247,174**
Benefits paid and contributions - net	**(3,291,011)**	**-**	**(986,315)**	**22,225**	**(89,533)**	**(62,907)**	**(2,218)**	**(4,409,759)**
Net recognised liabilities at June 30, 2024	**32,336,876**	**207,264**	**16,950,699**	**328,389**	**1,766,807**	**1,893,639**	**30,583**	**53,514,257**

	2023						
	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, 2022	26,333,625	142,218	11,953,320	283,929	966,983	1,189,879	40,869,954
Amount recognised in the unconsolidated profit and loss account	3,684,742	28,418	1,567,837	41,033	185,843	154,353	5,662,226
Remeasurements	1,317,009	(6,474)	399,145	32,583	103,408	56,226	1,901,897
Benefits paid during the year	(2,212,653)	-	(567,621)	(36,104)	(43,790)	(49,903)	(2,910,071)
Net recognised liabilities at June 30, 2023	29,122,723	164,162	13,352,681	321,441	1,212,444	1,350,555	45,524,006

41.7.6 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%	(2,029,448)	2,329,287
Future salary increase	1%	390,088	(650,638)
Future pension increase	1%	1,745,488	(2,050,892)
Expected mortality rates	1 Year	1,315,451	(1,184,388)
Gratuity			
Discount rate	1%	(11,298)	12,420
Future salary increase	1%	12,876	(11,920)
Gratuity Contractual Employee			
Discount rate	1%	(575)	595
Future salary increase	1%	709	(696)
Post retirement medical benefit scheme			
Discount rate	1%	(1,775,439)	2,192,824
Future Post-Retirement medical cost increase	1%	2,133,489	(1,740,266)
Expected mortality rates	1 Year	709,369	(634,971)
Benevolent			
Discount rate	1%	(12,877)	14,062
Six months post retirement facility			
Discount rate	1%	(106,788)	119,430
Future salary increase	1%	122,498	(111,603)
Income Continuation Plan			
Discount Rate	1%	(1,716,206)	135,884
Future Salary Increase	1%	108,005	(97,363)
Expected mortality rates	1 Year	(140,050)	139,043

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

41.7.7 Duration of defined benefit obligation

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees
Weighted average duration of the defined benfit obligation	7 Years	6 Years	12 Years	4 Years	6 Years	7 Years	2 Years

41.7.8 Estimated expenses to be charged to the unconsolidated profit and loss account for the year ending June 30, 2025

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2025 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total
	(Rupees in '000)							
Current service cost	371,495	12,666	222,068	3,221	127,320	-	21,743	758,513
Interest cost on defined benefit obligation	4,611,863	29,686	2,459,501	45,456	244,354	242,777	3,914	7,637,551
Amount chargeable to the unconsolidated profit and loss account	4,983,358	42,352	2,681,569	48,677	371,674	242,777	25,657	8,396,064

41.7.9 Employees' compensated absences

The Bank's liability for employees' compensated absences determined through an actuarial valuation carried out under the Projected unit credit method amounted to Rs. 6,655.85 million (2023: Rs. 5,830.72 million). An amount of Rs. 1,052.35 million (2023: Rs. 725.92 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, 2025 would be Rs. 1,141.77 million. The benefits paid during the year amounted to Rs. 227.22 million (2023: Rs. 114.97 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 372.69 million (2023: Rs. 329.73 million) and Rs. 414.20 million (2023: Rs. 366.03 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. 428.49 million (2023: Rs. 437.795 million) and Rs. 392.73 million (2023: Rs. 400.142 million) respectively and the net liability would also be affected by the same amount. The weighted average duration for the liability against employee's compensated absences is 6 years.

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

The following table reconciles the expected credit loss allowance for the year ended June 30, 2024 by classes of financial instruments:

	2024				
	Foreign currency accounts and investments (note 8.5)	Investments - local (note 13.6)	Loans, advances and bills of exchange (note 14.8)	Securities purchased under agreement to resell (note 12.5)	Total
	(Rupees in '000)				
As at July 1, 2023	1,461	39,478	2,318,507	56,575	**2,416,021**
(Reversal) during the year	(293)	-	(124,075)	(45,321)	**(169,689)**
As at June 30, 2024	**1,168**	**39,478**	**2,194,432**	**11,254**	**2,246,332**

	2023				
	Foreign currency accounts and investments (note 8.5)	Investments - Local (note 13.6)	Loans, advances and bills of exchange (note 14.8)	Securities purchased under agreement to resell (note 12.5)	Total
	(Rupees in '000)				
As at July 1, 2022	4,165	39,478	2,150,318	8,732	2,202,693
(Reversal) / charge during the year	(2,704)	-	168,189	47,843	213,328
As at June 30, 2023	1,461	39,478	2,318,507	56,575	2,416,021

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

	Note	2024	2023
		------------- (Rupees in '000) ------------	
Profit for the year		**3,414,221,436**	1,139,287,044
Adjustments for:			
Depreciation expense	17.1 & 41.4	**3,258,223**	3,021,774
Amortisation expense	18.1	**133,669**	100,815
(Reversal) / provision of credit loss allowance	42	**(169,689)**	213,328
Provision / (reversal) for / write-off:			
- retirement benefits and employees' compensated absences	41 & 41.4	**9,778,278**	5,449,152
- other doubtful assets	27.2.1.1	**(127,828)**	896,123
Loss / (gain) on disposal of property, plant and equipment	38	**2,932**	(7,572)
Loss on disposal of financial assets	37	**-**	17,902,144
Loss / (gain) on remeasurement of securities	37	**-**	(12,804,237)
Dividend income		**(665,500)**	(605,000)
Fair valuation adjustment on COVID-19 loans - net		**(23,820,392)**	(230,894)
Liabilities and provisions written back - net		**-**	(36,723,685)
Effect of exchange (gain) / loss on assets and liabilities		**(125,435,150)**	874,669,794
		3,277,175,979	1,991,168,786

44 CASH AND CASH EQUIVALENTS

	Note	2024	2023
Local currency - coins	7	**39,941**	350,957
Foreign currency accounts and investments having maturity of less than 3 months	8 & 44.1	**2,721,090,843**	1,588,334,432
Earmarked foreign currency balances	9	**20,507,133**	20,205,798
Special Drawing Rights of the International Monetary Fund	10	**204,445,631**	5,380,665
		2,946,083,548	1,614,271,852

44.1 Foreign currency accounts and investments excludes unrealised gain on foreign currency derivatives amounting to Rs.14.24 million (2023: Rs. 31.46 million) and deposits held with IMF amounting to Rs. 1,706.00 million (2023: Rs. 1,781.50 miilion).

45 RELATED PARTY TRANSACTIONS

The Bank enters into transactions with related parties in its normal course of business. Related parties include the Federal Government as major shareholder of the Bank, Provincial Governments, Government of Azad Jammu and Kashmir, Gilgit-Baltistan Administration Authority, government controlled enterprises / entities, subsidiaries of the Bank, associates of the Bank, retirement benefit plans of the Bank, Directors of the Bank, Governor of the Bank, Deputy Governor of the Bank, Non-executive Directors of the Bank, External members of Monetary Policy Committee (MPC) and key management personnel of the Bank.

45.1 National Institute of Banking and Finance (Guarantee) Limited (the institute)

	2024	2023
	------------- Rupees in '000 -------------	
Balances at the year end		
Current account with the Institute	**129,073**	215,932
Transactions during the year		
Training expense	**479,641**	438,080
Payments made during the year	**566,500**	419,290

45.2 Pakistan Security Printing Corporation (Private) Limited

	2024	2023
Balances at the year end		
Payable against printing charges	**4,493,495**	2,843,258
Receivable from PSPC	**75,067**	19,923

	2024	2023
	------------- Rupees in '000 -------------	
Transactions during the year		
Banknotes printing charges	**31,336,530**	21,307,817
Payment made against printing charges	**29,686,293**	18,753,938

45.3 Governments and related entities

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

	2024	2023
Transactions during the year	------------ (Rupees in '000) ------------	
- Maturity of PIBs	**310,000,000**	310,000,000

- Commission income from sale of Market Treasury Bills, issuance of prize bonds, National Saving Certificates and management of public debt (refer note 35.1)

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

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

	2024	2023
	------------- (Rupees in '000) ------------	
Salaries and other benefits of Governor and Deputy Governors	**203,599**	124,284
Fee of Non-Executive Directors	**18,315**	15,212
Fee of external members of MPC	**7,141**	4,585
	229,055	**144,081**

45.5 Remuneration to key management personnel

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

	2024	2023
	------------- (Rupees in '000) ------------	
Salaries and other benefits	**885,089**	806,012
Retirement benefits and employees' compensated absences	**597,820**	154,617
Loans disbursed during the year	**316,213**	220,340
Loans repaid during the year	**187,277**	183,395
Disposal of vehicle during the year	**4,329**	8,567
Directors' fees	**25,456**	19,797
Number of key management personnel	**30**	31

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

45.6 Subsidiaries of the Bank

Material transactions with the subsidiaries have been disclosed in these unconsolidated financial statements in note 45.1 and 45.2 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.

45.7 Associated undertakings of the Bank

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

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

45.7.2 Security Papers Limited (SPL) - associated undertaking

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

46 RISK MANAGEMENT POLICIES

The Bank is primarily subject to interest / mark-up rate, credit, currency, price and liquidity risks. The policies and procedures for managing these risks are outlined in notes 46.1 to 46.6 to these unconsolidated financial statements. The Bank has designed and implemented a framework of controls to identify, monitor and manage these risks. The senior management is responsible for advising the Governor on the monitoring and management of these risks.

46.1 Credit risk management

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

46.1.1 Derivative financial instruments

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

46.1.2 Impairment assessment

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

46.1.2.1 Definition of default

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

Quantitative criteria

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

Qualitative criteria

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

46.1.2.2 Credit rating and PD estimation process

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

Internal rating	**2024**	2023	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	**9.6562%-100%**	9.6562%-100%	CC
Non performing			
Individually impaired	**100%**	100%	

46.1.2.3 Exposure at default

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

46.1.2.4 Loss given default

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

46.1.2.5 Significant increase in credit risk

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

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

46.1.2.6 Collateral and other credit enhancements

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

46.1.3 Concentrations of 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:

46.1.3.1 Geographical analysis

	2024						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	(Rupees in '000)						
Financial assets							
Local currency - coins	39,941	-	-	-	-	-	39,941
Foreign currency accounts and investments	2,973,861	1,476,485,753	1,129,472,485	71,681,738	18,617	42,178,625	2,722,811,079
Earmarked foreign currency balances	20,507,133	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	-	204,445,631	-	-	-	204,445,631
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	43,612	-	-	-	43,612
Securities purchased under agreement to resell	11,825,545,546	-	-	-	-	-	11,825,545,546
Investments - local	5,678,655,739	-	-	-	-	-	5,678,655,739
Loans, advances and bills of exchange	2,048,819,164	527,290	-	-	-	-	2,049,346,454
Assets held with the Reserve Bank of India	-	3,084,243	-	-	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	-	17,390,712	-	-	-	-	17,390,712
Other assets	11,742,679	10,622,290	1,777,528	-	-	-	24,142,497
Total financial assets	19,588,284,063	1,508,110,288	1,335,739,256	71,681,738	18,617	42,178,625	22,546,012,587

	2023						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	(Rupees in '000)						
Financial assets							
Local currency - coins	350,957	-	-	-	-	-	350,957
Foreign currency accounts and investments	124,177	652,957,721	822,962,504	110,535,177	2,868	3,564,940	1,590,147,387
Earmarked foreign currency balance	20,205,798	-	-	-	-	-	20,205,798
Special drawing rights of International Monetary Fund	-	-	5,380,665	-	-	-	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	45,542	-	-	-	45,542
Securities purchased under agreement to resell	8,387,621,479	-	-	-	-	-	8,387,621,479
Investments - local	5,969,700,291	-	-	-	-	-	5,969,700,291
Loans, advances and bills of exchange	2,250,827,756	327,949	-	-	-	-	2,251,155,705
Assets held with the Reserve Bank of India	-	3,212,100	-	-	-	-	3,212,100
Balances due from the Governments of India and Bangladesh	-	16,206,146	-	-	-	-	16,206,146
Other assets	15,272,522	6,125,169	43,104	3,625	-	-	21,444,420
Total financial assets	16,644,102,980	678,829,085	828,431,815	110,538,802	2,868	3,564,940	18,265,470,490

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

46.1.3.2 Industrial analysis

	2024						
	Sovereign	**Supra-national**	**Public sector entities**	**Corporate**	**Banks & financial institutions**	**Others**	**Grand total**
	---------- (Rupees in '000) ----------						
Financial assets							
Local currency - coins	39,941	-	-	-	-	-	**39,941**
Foreign currency accounts and investments	2,087,566,925	47,439,168	-	-	587,804,986	-	**2,722,811,079**
Earmarked foreign currency balances	20,507,133	-	-	-	-	-	**20,507,133**
Special drawing rights of International Monetary Fund	-	204,445,631	-	-	-	-	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-	-	-	-	**43,612**
Securities purchased under agreement to resell	-	-	-	-	11,825,545,546	-	**11,825,545,546**
Investments - local	5,488,641,093	-	130,509,886	-	59,504,760	-	**5,678,655,739**
Loans, advances and bills of exchange	756,519,968	-	139,834,409	-	1,129,478,652	23,513,425	**2,049,346,454**
Assets held with the Reserve Bank of India	3,084,243	-	-	-	-	-	**3,084,243**
Balances Due From The Governments Of India and Bangladesh (Former East Pakistan)	17,390,712	-	-	-	-	-	**17,390,712**
Other assets	20,882,753	1,777,528	255,996	-	904,890	321,330	**24,142,497**
Total financial assets	**8,394,632,768**	**253,705,939**	**270,600,291**	**-**	**13,603,238,834**	**23,834,755**	**22,546,012,587**

	2023						
	Sovereign	Supra-national	Public sector entities	Corporate	Banks & financial institutions	Others	Grand total
	---------- (Rupees in '000) ----------						
Financial assets							
Local currency - coins	350,957	-	-	-	-	-	350,957
Foreign currency accounts and investments	943,530,921	32,799,260	-	-	613,817,206	-	1,590,147,387
Earmarked foreign currency balance	20,205,798	-	-	-	-	-	20,205,798
Special drawing rights of International Monetary Fund	-	5,380,665	-	-	-	-	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	-	45,542	-	-	-	-	45,542
Securities purchased under agreement to resell	-	-	-	-	8,387,621,479	-	8,387,621,479
Investments - local	5,820,080,264	-	94,488,335	-	55,131,692	-	5,969,700,291
Loans, advances and bills of exchange	749,045,287	-	159,701,974	-	1,324,302,588	18,105,856	2,251,155,705
Assets held with the Reserve Bank of India	3,212,100	-	-	-	-	-	3,212,100
Balances due from the Governments of India and Bangladesh	16,206,146	-	-	-	-	-	16,206,146
Other assets	14,709,927	43,104	5,671,555	-	56,807	963,027	21,444,420
Total financial assets	7,567,341,400	38,268,571	259,861,864	-	10,380,929,772	19,068,883	18,265,470,490

46.1.4 CREDIT EXPOSURE BY CREDIT RATING

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

	2024							
	Sovereign (46.1.4.1)	**AAA**	**AA**	**A**	**BBB**	**Lower than BBB**	**Unrated**	**Grand Total**
	(Rupees in 000')							
Financial assets								
Foreign currency accounts and investments	1,510,760,346	48,731,148	423,390	1,160,893,559	-	-	2,002,636	**2,722,811,079**
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	-	**20,507,133**
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	204,445,631	**204,445,631**
Reserve tranche with the International Fund under quota arrangements	-	-	-	-	-	-	43,612	**43,612**
Securities purchased under agreement to resell	-	9,202,618,096	2,302,404,140	212,306,891	-	-	108,216,419	**11,825,545,546**
Investments - local	5,488,641,092	172,847,906	3,309,250	13,856,189	-	-	1,302	**5,678,655,739**
Loans, advances and bills of exchange	717,630,686	858,136,054	402,426,673	37,260,513	3,928,031	922,180	29,042,316	**2,049,346,454**
Assets held with the Reserve Bank of India	-	-	-	-	3,084,243	-	-	**3,084,243**
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	17,350,259	-	**17,390,712**
Other assets	20,882,753	3,262	716	-	-	-	3,255,766	**24,142,497**
Total financial assets	**7,758,422,010**	**10,282,336,466**	**2,708,564,169**	**1,424,317,153**	**7,052,727**	**18,272,439**	**347,007,682**	**22,545,972,646**

	2023							
	Sovereign (46.1.4.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	(Rupees in 000')							
Financial assets								
Foreign currency accounts and investments	943,530,921	3,577,473	208,699	610,165,251	-	-	32,665,043	1,590,147,387
Earmarked foreign currency balance	20,205,798	-	-	-	-	-	-	20,205,798
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	5,380,665	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	45,542	45,542
Securities purchased under agreement to resell	-	5,913,262,782	2,070,079,050	312,393,463	-	-	91,886,184	8,387,621,479
Investments - local	5,820,080,264	139,358,663	7,689,914	2,552,056	-	-	19,394	5,969,700,291
Loans, advances and bills of exchange	749,045,287	701,619,427	473,465,262	302,439,701	-	-	24,586,028	2,251,155,705
Assets held with the Reserve Bank of India	-	-	-	-	3,212,100	-	-	3,212,100
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	16,165,693	-	16,206,146
Other assets	14,709,927	5,220,468	13,640	-	-	-	1,500,385	21,444,420
Total financial assets	7,547,572,197	6,763,038,813	2,551,456,565	1,227,550,471	3,252,553	16,165,693	156,083,241	18,265,119,533

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

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

46.2 LIQUIDITY ANALYSIS WITH INTEREST / MARK-UP RATE RISK

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

	2024						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Financial assets	----------(Rupees in '000)----------						
Non-derivative assets:							
Local currency - coins	-	-	-	39,941	-	39,941	**39,941**
Foreign currency accounts and investments	2,720,861,482	-	2,720,861,482	229,361	1,706,000	1,935,361	**2,722,796,843**
Earmarked foreign currency balance	-	-	-	20,507,133	-	20,507,133	**20,507,133**
Special drawing rights of International Monetary Fund	204,445,631	-	204,445,631	-	-	-	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	43,612	-	43,612	**43,612**
Securities purchased under agreement to resell	11,825,545,546	-	11,825,545,546	-	-	-	**11,825,545,546**
Investments - local	-	5,543,814,582	5,543,814,582	-	116,720,109	116,720,109	**5,660,534,691**
Loans, advances and bills of exchange	718,220,507	1,280,186,262	1,998,406,769	30,323,615	20,616,070	50,939,685	**2,049,346,454**
Assets held with the Reserve Bank of India	-	-	-	3,084,243	-	3,084,243	**3,084,243**
Balances due from the Governments of India and Bangladesh	16,451,835	-	16,451,835	938,877	-	938,877	**17,390,712**
Other assets	10,955,386	-	10,955,386	13,187,111	-	13,187,111	**24,142,497**
	15,496,480,387	6,824,000,844	22,320,481,231	68,353,893	139,042,179	207,396,072	**22,527,877,303**
Derivative assets							
Foreign currency accounts and investments	-	-	-	14,236	-	14,236	**14,236**
Investments - local	-	-	-	18,121,048	-	18,121,048	**18,121,048**
	-	-	-	18,135,284	-	18,135,284	**18,135,284**
Grand total	**15,496,480,387**	**6,824,000,844**	**22,320,481,231**	**86,489,177**	**139,042,179**	**225,531,356**	**22,546,012,587**
Financial liabilities							
Banknotes in circulation	-	-	-	9,698,211,431	-	9,698,211,431	**9,698,211,431**
Bills payable	-	-	-	1,227,316	-	1,227,316	**1,227,316**
Current accounts of the governments*	-	-	-	1,765,325,781		1,765,325,781	**1,765,325,781**
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	374,385	-	374,385	**374,385**
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	-	-	-	129,073	-	129,073	**129,073**
Payable under bilateral currency swaps agreements	1,149,156,000	-	1,149,156,000	11,509,580	-	11,509,580	**1,160,665,580**
Deposits of banks and financial institutions	182,860,692	-	182,860,692	1,717,367,346	-	1,717,367,346	**1,900,228,038**
Other deposits and accounts	1,029,862,440	-	1,029,862,440	177,931,345	-	177,931,345	**1,207,793,785**
Payable to the International Monetary Fund	169,221,775	1,971,138,833	2,140,360,608	16,694,489	-	16,694,489	**2,157,055,097**
Securities sold under agreement to repurchase	609,731,594	-	609,731,594	-	-	-	**609,731,594**
Other liabilities	-	24,017,148	24,017,148	82,170,211	-	82,170,211	**106,187,359**
	3,140,832,501	1,995,155,981	5,135,988,482	13,470,940,957	-	13,470,940,957	**18,606,929,439**
Derivative liabilities							
Other liabilities		-	-	6,584,728	-	6,584,728	**6,584,728**
	3,140,832,501	1,995,155,981	5,135,988,482	13,477,525,685	-	13,477,525,685	**18,613,514,167**
On balance sheet gap (a)	**12,355,647,886**	**4,828,844,863**	**17,184,492,749**	**(13,391,036,508)**	**139,042,179**	**(13,251,994,329)**	**3,932,498,420**
Foreign currency forward and swap contracts - sale	-	-	-	1,808,999,457	-	1,808,999,457	**1,808,999,457**
Foreign currency forward and swap contracts - purchase	-	-	-	842,051,338	-	842,051,338	**842,051,338**
Capital commitments	-	-	-	1,082,500	-	1,082,500	**1,082,500**
Contingent liabilities in respect of guarantees given	-	-	-	-	6,206,824	6,206,824	**6,206,824**
Other claims against the Bank not acknowledged as debts	-	-	-	-	1,687,123	1,687,123	**1,687,123**
Commitment under bilateral currency swap agreement	-	-	-	1,149,156	-	1,149,156	**1,149,156**
Off balance sheet gap (b)	-	-	-	2,653,282,451	7,893,947	2,661,176,398	2,661,176,398
Off balance sheet gap (b)	-	-	-	2,652,133,295	6,206,824	2,658,340,119	**2,658,340,119**
Total yield / interest risk sensitivity gap (a+b)	**12,355,647,886**	**4,828,844,863**	**17,184,492,749**	**(16,043,169,803)**	**132,835,355**	**(15,910,334,448)**	**1,274,158,301**
Cumulative yield / interest risk sensitivity gap	**12,355,647,886**	**17,184,492,749**					

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

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

	2023						
	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	-	-	-	350,957	-	350,957	**350,957**
Foreign currency accounts and investments	1,588,090,797	-	1,588,090,797	243,574	1,781,557	2,025,131	**1,590,115,928**
Earmarked foreign currency balance	-	-	-	20,205,798	-	20,205,798	**20,205,798**
Special drawing rights of International Monetary Fund	5,380,665	-	5,380,665	-	-	-	**5,380,665**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	45,542	-	45,542	**45,542**
Securities purchased under agreement to resell	8,387,621,479	-	8,387,621,479		-	-	**8,387,621,479**
Current accounts of governments	-	-	-	-	-	-	**-**
Investments - local	310,000,000	5,565,064,416	5,875,064,416	-	89,276,367	89,276,367	**5,964,340,783**
Loans, advances and bills of exchange	114,152,088	2,051,270,118	2,165,422,206	9,731,542	76,001,957	85,733,499	**2,251,155,705**
Assets held with the Reserve Bank of India	-	-	-	3,212,100	-	3,212,100	**3,212,100**
Balances due from the Governments of India and						-	
Bangladesh	15,267,269	-	15,267,269	938,877	-	938,877	**16,206,146**
Other assets	6,046,235	-	6,046,235	15,398,185	-	15,398,185	**21,444,420**
	10,426,558,533	7,616,334,534	18,042,893,067	50,126,575	167,059,881	217,186,456	**18,260,079,523**
Derivative assets							
Foreign currency accounts and investments				31,459		31,459	**31,459**
Investments - local	-	-	-	5,359,508	-	5,359,508	**5,359,508**
	-	-	-	5,390,967	-	5,390,967	**5,390,967**
Grand total	**10,426,558,533**	**7,616,334,534**	**18,042,893,067**	**55,517,542**	**167,059,881**	**222,577,423**	**18,265,470,490**
Financial liabilities							
Banknotes in circulation	-	-	-	9,664,290,158	-	9,664,290,158	**9,664,290,158**
Bills payable	-	-	-	1,618,623	-	1,618,623	**1,618,623**
Current accounts of the governments*	-	-	-	1,363,629,400		1,363,629,400	**1,363,629,400**
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	8,589,669	-	8,589,669	**8,589,669**
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	-	-	-	215,932	-	215,932	**215,932**
Payable to Islamic banking institutions against Bai Muajjal transactions	-	-	-	-	-	-	**-**
Payable under bilateral currency swaps agreements	1,190,091,000	-	1,190,091,000	19,893,315	-	19,893,315	**1,209,984,315**
Deposits of banks and financial institutions	1,490,604,631	-	1,490,604,631	186,039,233	-	186,039,233	**1,676,643,864**
Other deposits and accounts	772,174,350	-	772,174,350	185,212,124	-	185,212,124	**957,386,474**
Payable to the International Monetary Fund	245,533,808	1,374,786,613	1,620,320,421	11,741,246	-	11,741,246	**1,632,061,667**
Securities sold under agreement to repurchase	142,882,146	-	142,882,146	-	-	-	**142,882,146**
Other liabilities	-	18,603,827	18,603,827	62,664,521	-	62,664,521	**81,268,348**
	3,841,285,935	1,393,390,440	5,234,676,375	11,503,894,221	-	11,503,894,221	**16,738,570,596**
Derivative liabilities							
Other liabilities	-	-	-	67,907,698	-	67,907,698	**67,907,698**
	3,841,285,935	1,393,390,440	5,234,676,375	11,571,801,919	-	11,571,801,919	**16,806,478,294**
On balance sheet gap (a)	**6,585,272,598**	**6,222,944,094**	**12,808,216,692**	**(11,516,284,377)**	**167,059,881**	**(11,349,224,496)**	**1,458,992,196**
Foreign currency forward and swap contracts - sale	-	-	-	1,874,895,937	-	1,874,895,937	**1,874,895,937**
Foreign currency forward and swap contracts - purchase	-	-	-	558,559,284	-	558,559,284	**558,559,284**
Capital commitments	-	-	-	571,400	-	571,400	**571,400**
Contingent liabilities in respect of guarantees given	-	-	-	-	12,020,948	12,020,948	**12,020,948**
Other claims against the Bank not acknowledged as debts	-	-	-	-	834,990	834,990	**834,990**
Commitment under bilateral currency swap agreement	-	-	-	1,190,091	-	1,190,091	**1,190,091**
Off balance sheet gap (b)	**-**	**-**	**-**	**2,435,216,712**	**12,855,938**	**2,448,072,650**	**2,448,072,650**
Off balance sheet gap (b)	-	-	-	2,434,026,621	12,020,948	2,446,047,569	**2,446,047,569**
Total yield / interest risk sensitivity gap (a+b)	**6,585,272,598**	**6,222,944,094**	**12,808,216,692**	**(13,950,310,998)**	**155,038,933**	**(13,795,272,066)**	**(987,055,373)**
Cumulative yield / interest risk sensitivity gap	**6,585,272,598**	**12,808,216,692**					

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

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

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

46.3 Interest rate risk

46.3.1 Cash flow interest rate risk

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

If interest rates had been 10 basis points higher / lower and all other variables were held constant, the Bank's profit for the year ended June 30, 2024 would increase / decrease by Rs. 17,184.49 million (2023: Rs.12,808.22 million). This is mainly attributable to the Bank's exposure to interest rates on its variable rate instruments.

46.3.2 Fair value interest rate risk

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

The Bank is exposed to fair value interest rate risk on its debt securities, classified as financial assets at fair value through other comprehensive income. To manage its fair value interest rate risk arising from investments in these securities, the management has formulated risk management policies.

As at June 30, 2024, a 10 basis points shift in market value, mainly as a result of change in interest rates with all other variables held constant, would result in total comprehensive income for the year to increase by Rs. 41,379.80 million (2023: Rs. 41,009.07 million) or decrease by Rs. 41,379.80 million (2023: Rs. 41,009.07 million) mainly as a result of a increase or decrease in the fair value of financial assets classified as financial asset at fair value.

46.4 Currency risk management

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

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

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

The sensitivity analysis calculates the effect of reasonably possible movement of the currency rate against Pak Rupee, with all other variables held constant, on the unconsolidated profit and loss account and equity. If the Rupee had weakened / strengthened 1 percent against the principal currencies to which the Bank had significant exposure as at June 30, 2024 with all other variables constant profit for the year would have been Rs. 18,493.17 million higher / lower (2023: Rs. 24,970.74 million). Net foreign currency exposure of the Bank is as follows:

	2024	2023
	------------ (Rupees in '000) ----------	
US Dollar	**(1,162,185,257)**	(1,121,620,433)
Pound Sterling	**(113,850,721)**	(94,246,079)
Chinese Yuan	**(459,072,232)**	(722,522,953)
Euro	**(550,260,936)**	(460,519,487)
Japanese Yen	**(143,862,638)**	(102,725,552)
United Arab Emirates Dirham	**576,883,444**	176,240
Australian Dollar	**27,743**	-
Canadian Dollar	**10,495**	5,372
Others	**2,993,038**	4,379,354
	(1,849,317,064)	(2,497,073,538)

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.

46.5 Price risk

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

The Bank is exposed to equity securities price risk because of investment in listed equity securities by the Bank classified as at fair value through other comprehensive income. The investments in equity securities are held as per the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes.

In case of 5% increase or decrease in KSE 100 index on June 30, 2024, other comprehensive income would increase or decrease by Rs. 2,971.71 million (2023: Rs. 1,558.25 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, 2024 is not necessarily indicative of the effect on the Bank's equity instruments of future movements in the level of KSE 100 index.

The composition of the Bank's financial instruments and the correlation thereof to different variables is expected to change over time. Accordingly, the sensitivity analysis is discussed in notes 46.3, 46.4 and 46.5 prepared as of the reporting date are not necessarily indicative of the effects on the Bank's unconsolidated profit and loss account of future movements in different variables.

46.6 Liquidity risk management

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

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

47 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	
	2024	2023	**2024**	2023
	----(Rupees in '000)----			
Financial assets				
Local currency - coins	**39,941**	350,957	**39,941**	350,957
Foreign currency accounts and investments	**2,722,811,079**	1,590,147,387	**2,722,811,079**	1,590,147,387
Earmarked foreign currency balances	**20,507,133**	20,205,798	**20,507,133**	20,205,798
Special drawing rights of the International Monetary Fund	**204,445,631**	5,380,665	**204,445,631**	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	**43,612**	45,542	**43,612**	45,542
Securities purchased under agreement to resell	**11,825,545,546**	8,387,621,479	**11,825,545,546**	8,387,621,479
Investments - local	**5,678,655,739**	5,970,700,291	**5,547,590,233**	5,011,665,018
Loans, advances and bills of exchange	**2,049,346,454**	2,251,155,705	**2,049,346,454**	2,251,155,705
Assets held with the Reserve Bank of India	**3,084,243**	3,212,100	**3,084,243**	3,212,100
Balances due from the Governments of India and Bangladesh	**17,390,712**	16,206,146	**17,390,712**	16,206,146
Other assets	**24,142,497**	21,444,420	**24,142,497**	21,444,420

	Carrying value		Fair value	
	2024	2023	**2024**	2023
	----(Rupees in '000)----			
Financial liabilities				
Banknotes in circulation	**9,698,211,431**	9,664,290,158	**9,698,211,431**	9,664,290,158
Bills payable	**1,227,316**	1,618,623	**1,227,316**	1,618,623
Current accounts of Governments	**1,765,325,781**	1,363,629,400	**1,765,325,781**	1,363,629,400
Current account with SBP Banking Services Corporation - a subsidiary	**374,385**	8,589,669	**374,385**	8,589,669
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	**129,073**	215,932	**129,073**	215,932
Payable under bilateral currency swap agreement	**1,160,665,580**	1,209,984,315	**1,160,665,580**	1,209,984,315
Deposits of banks and financial institutions	**1,900,228,038**	1,676,643,864	**1,900,228,038**	1,676,643,864
Other deposits and accounts	**1,207,793,785**	957,386,474	**1,207,793,785**	957,386,474
Payable to the International Monetary Fund	**2,157,055,097**	1,632,061,667	**2,157,055,097**	1,632,061,667
Securities sold under agreement to repurchase	**609,731,594**	142,882,146	**609,731,594**	142,882,146
Other liabilities	**112,772,097**	149,176,046	**112,772,097**	149,176,046

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

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

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.

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

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	----(Rupees in '000)----			
On balance sheet financial assets				
Foreign currency accounts and investments	-	41,040,531	-	41,040,531
Investments - local	31,164,995	4,922,385,911	58,111,372	5,011,662,278
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	93,752,342	93,752,342
Gold reserves held by the Bank	1,136,973,623	-	-	1,136,973,623
Assets held with the Reserve Bank of India	18,366,839	-	-	18,366,839
	1,186,505,457	4,963,426,442	151,863,714	6,301,795,613

	2023			
	Level 1	Level 2	Level 3	Total
	--------------------------------------(Rupees in '000)--------------------------------------			
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	-	1,874,895,937	-	1,874,895,937
Foreign currency forward and swap contracts - purchase	-	558,559,284	-	558,559,284

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

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

There were no transfers between levels 1, 2 and 3 during the year.

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

Item	Valuation approach and input used
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 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.

47.2.1 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, 2024	Fair value at June 30, 2023	Unobser-vable inputs *	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
	Rupees in '000					
Unlisted equity securities	55,346,793	58,111,372	Discount rate	11-15%	11%-15%	Increase/ (decrease) discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 2,123.249 million.
			Terminal growth rate	5-8%	9%-11%	Increase/ (decrease) Terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 1,285.146 million.

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

47.2.2 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.

48 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2024			
	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	-	39,941	-	**39,941**
Foreign currency accounts and investments	14,236	2,681,417,040	41,379,803	**2,722,811,079**
Earmarked foreign currency balances	-	20,507,133	-	**20,507,133**
Special drawing rights of the International Monetary Fund	-	204,445,631	-	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-	**43,612**
Securities purchased under agreement to resell	-	11,825,545,546	-	**11,825,545,546**
Investments - local	18,121,048	5,644,993,442	116,720,109	**5,779,834,599**
Loans, advances and bills of exchange	-	2,049,346,454	-	**2,049,346,454**
Assets held with the Reserve Bank of India	-	3,084,243	-	**3,084,243**
Balances due from the Governments of India and Bangladesh	-	17,390,712	-	**17,390,712**
Other assets	-	24,142,497	-	**24,142,497**

	2023			
	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	-	350,957	-	350,957
Foreign currency accounts and investments	31,459	1,549,106,856	41,009,072	1,590,147,387
Earmarked foreign currency balances	-	20,205,798	-	20,205,798
Special drawing rights of the International Monetary Fund	-	5,380,665	-	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	-	45,542	-	45,542
Securities purchased under agreement to resell	-	8,387,621,479	-	8,387,621,479
Investments - local	5,359,508	5,875,064,416	89,276,367	5,969,700,291
Loans, advances and bills of exchange	-	2,251,155,705	-	2,251,155,705
Assets held with the Reserve Bank of India	-	3,212,100	-	3,212,100
Balances due from the Governments of India and Bangladesh	-	16,206,146	-	16,206,146
Other assets	-	21,444,420	-	21,444,420

	2024		
	Amortised cost	At fair value through profit or loss	Total
Financial liabilities	(Rupees in '000)		
Banknotes in circulation	9,698,211,431	-	**9,698,211,431**
Bills payable	1,227,316	-	**1,227,316**
Current accounts of governments	1,765,325,781	-	**1,765,325,781**
Current account with SBP Banking Services Corporation - a subsidiary	374,385	-	**374,385**
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	129,073	-	**129,073**
Payable under bilateral currency swap agreement	1,160,665,580	-	**1,160,665,580**
Deposits of banks and financial institutions	1,900,228,038	-	**1,900,228,038**
Other deposits and accounts	1,207,793,785	-	**1,207,793,785**
Payable to the International Monetary Fund	2,157,055,097	-	**2,157,055,097**
Securities sold under agreement to repurchase	609,731,594	-	**609,731,594**
Other liabilities	106,187,359	6,584,728	**112,772,087**

Financial liabilities	2023 Amortised cost	2023 At fair value through profit or loss	2023 Total
	-----------------------	(Rupees in '000)	-----------------------
Banknotes in circulation	9,664,290,158	-	9,664,290,158
Bills payable	1,618,623	-	1,618,623
Current accounts of governments	1,363,629,400	-	1,363,629,400
Current account with SBP Banking Services Corporation - a subsidiary	8,589,669	-	8,589,669
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	215,932	-	215,932
Payable under bilateral currency swap agreement	1,209,984,315	-	1,209,984,315
Deposits of banks and financial institutions	1,676,643,864	-	1,676,643,864
Other deposits and accounts	957,386,474	-	957,386,474
Payable to the International Monetary Fund	1,632,061,667	-	1,632,061,667
Securities sold under agreement to repurchase	142,882,146	-	142,882,146
Other liabilities	81,268,348	67,907,698	149,176,046

49 NON-ADJUSTING EVENT

The Board of Directors of the Bank in their meeting held on **September 11, 2024** have appropriated an amount of Rs. 125,437.08 million to "Unrealised Exchange Gain". 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, 2024 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, 2025.

50 CORRESPONDING FIGURES

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

From	To	(Rupees in '000)
Other Asset - Unrealised gain on local currency derivatives	**Investments - local** - Unrealised gain on local currency derivatives	18,121,048

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 **September 11, 2024** by the Board of Directors of the Bank.

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

STATE BANK OF PAKISTAN

Consolidated Financial Statements

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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, National Institute of Banking and Finance (Guarantee) Limited, Pakistan Security Printing Corporation (Private) Limited and National Institute of Banking and Finance, Pakistan (together 'the Group'), which comprise the consolidated balance sheet as at June 30, 2024, and the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements'* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

	Key Audit Matters	How the matters were addressed in our audit
1	**Foreign currency accounts and investments** (Refer note 9 of the annexed consolidated financial statements)	
	The Group maintained certain foreign currency accounts and investments which aggregated to Rs 2,722,811 million as at June 30, 2024. 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;

		▪ 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 **Salman Hussain** (A. F. Ferguson & Co., Chartered Accountants) and **Zulfikar Ali Causer** (BDO Ebrahim & Co., Chartered Accountants).

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A. F. FERGUSON & CO.
Chartered Accountants
Dated:
Karachi
UDIN:

-Sd-

BDO EBRAHIM & CO.
Chartered Accountants
Dated:
Karachi
UDIN:

STATE BANK OF PAKISTAN
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2024

	Note	2024	2023
		--------------(Rupees in '000)--------------	
ASSETS			
Cash and bank balances	6	**235,579**	182,091
Gold reserves held by the Bank	7	**1,349,448,617**	1,136,973,623
Local currency - coins	8	**39,941**	350,957
Foreign currency accounts and investments	9	**2,722,811,079**	1,590,147,387
Earmarked foreign currency balances	10	**20,507,133**	20,205,798
Special drawing rights of the International Monetary Fund	11	**204,445,631**	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	12	**43,612**	45,542
Securities purchased under agreement to resell	13	**11,825,545,546**	8,387,621,479
Investments - local	14	**5,763,696,790**	6,038,714,565
Investment in associates	15	**9,147,809**	7,875,552
Loans, advances and bills of exchange	16	**2,069,327,373**	2,266,020,280
Taxation - net		**1,606,206**	980,526
Assets held with the Reserve Bank of India	17	**24,873,343**	21,578,939
Balances due from the Governments of India and Bangladesh	18	**17,390,712**	16,206,146
Property, plant and equipment	19	**162,056,703**	163,867,930
Investment property	20	**1,234,656**	1,175,863
Intangible assets	21	**755,837**	155,820
Other assets	23	**31,312,525**	29,670,403
Total assets		**24,204,479,092**	19,687,153,566
LIABILITIES			
Banknotes in circulation	24	**9,698,211,431**	9,664,290,158
Bills payable		**1,526,035**	2,148,912
Current accounts of governments	25	**1,765,325,781**	1,363,629,400
Payable under bilateral currency swap agreement	26	**1,160,665,580**	1,209,984,315
Deposits of banks and financial institutions	27	**1,900,324,435**	1,676,730,871
Other deposits and accounts	28	**1,207,590,669**	954,804,696
Payable to the International Monetary Fund	29	**2,157,055,097**	1,632,061,667
Securities sold under agreement to repurchase	30	**609,731,594**	142,882,146
Other liabilities	31	**127,342,309**	162,351,018
Deferred liability - staff retirement benefits	32	**144,698,189**	131,048,120
Deferred taxation	22	**2,812,028**	2,398,664
Endowment fund		**140,009**	141,226
Total liabilities		**18,775,423,157**	16,942,471,193
Net assets		**5,429,055,935**	2,744,682,373
REPRESENTED BY			
Share capital	33	**100,000,000**	100,000,000
Reserves	34	**935,491,214**	397,710,453
Unappropriated profit		**2,831,177,920**	923,888,844
Unrealised appreciation on gold reserves held by the Bank	35	**1,344,041,715**	1,132,158,155
Unrealised appreciation on remeasurement of Foreign currency accounts and investments		**7,372**	10,211
Unrealised appreciation on remeasurement of investments - local	14.8	**98,799,673**	71,355,931
Surplus on revaluation of property	19.2	**119,538,041**	119,558,779
Total equity		**5,429,055,935**	2,744,682,373
CONTINGENCIES AND COMMITMENTS	36		

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

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

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Jameel Ahmad	**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, 2024

	Note	2024	2023
		---------------(Rupees in '000)---------------	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	37	**3,568,152,137**	2,189,229,399
- fair value through other comprehensive income	37	**1,946,615**	3,298,807
Interest / mark-up expense	38	**(281,825,377)**	(147,668,480)
		3,288,273,375	2,044,859,726
Fair valuation adjustment on COVID-19 loans - net	16.7	**23,820,392**	230,894
Commission income	39	**10,862,156**	9,194,308
Exchange gain / (loss) - net	40	**186,092,601**	(875,024,851)
Dividend income		**665,500**	605,000
Share of profit from associates	41	**1,715,543**	725,955
Other operating gain / (loss) - net	42	**5,752,596**	(527,475)
Other income - net	43	**442,964**	37,474,478
		3,517,625,127	1,217,538,035
Less: operating expenses			
- banknotes' and prize bond printing charges	44	**26,637,533**	17,775,046
- agency commission	45	**12,381,453**	11,088,067
- general administrative and other expenses	46	**56,056,235**	42,741,499
(Reversal of provision) / provision against			
- other doubtful assets	31.2.1.2	**(127,828)**	896,123
- others		**-**	439
		(127,828)	896,562
(Reversal) / charge of credit loss allowance on financial instruments - net	47	**(169,689)**	213,328
		94,777,704	72,714,502
Profit before taxation		**3,422,847,423**	1,144,823,533
Taxation	48	**2,560,375**	1,878,150
Profit after taxation		**3,420,287,048**	1,142,945,383

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, 2024

	Note	2024	2023
		-------------(Rupees in '000)------------	
Profit after taxation		**3,420,287,048**	1,142,945,383
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	**211,883,560**	363,097,043
Changes in the fair value of debt instruments at fair value through other comprehensive income		**(2,839)**	10,211
		211,880,721	363,107,254
Items that will not be reclassified subsequently to the consolidated profit and loss account:			
Unrealised appreciation / (diminution) on remeasurement of investments - local	14.8	**27,443,742**	(13,657,694)
Remeasurements of staff retirement defined benefit plans - net	46.3.3.1 & 46.4.7	**(3,068,599)**	(8,359,416)
		24,375,143	(22,017,110)
Total comprehensive income for the year		**3,656,542,912**	1,484,035,527

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, 2024

	Share capital	----Reserves---- General reserve (note 34.1)	Reserve fund	Reserve for acquisition of PSPC (note 34.2)	Reserve created as a result of acquisition of PSPC	Subtotal	Unappropriated profit	Unrealised appreciation on gold reserves held by the Bank (note 35)	Unrealised appreciation/ (diminution) on remea-surement of investments - local (note 14.8)	Changes in the fair value of debt instru-ments at fair value through other compre-hensive income (note 9)	Surplus on revaluation of property	Total
	----(Rupees in '000)----											
Balance as at July 1, 2022	**100,000,000**	**147,296,363**	**53,106**	**65,464,000**	**(41,279,353)**	**171,534,116**	**386,665,405**	**769,061,112**	**85,013,625**	**-**	**119,558,779**	**1,631,833,037**
Profit after taxation	-	-	-	-	-	-	1,142,945,383	-	-	-	-	1,142,945,383
Other comprehensive income												
Unrealised appreciation on remeasurement of investments - local (note 14.8)	-	-	-	-	-	-	-	-	(13,657,694)	-	-	(13,657,694)
Changes in the fair value of debt instruments at fair value through other comprehensive Income	-	-	-	-	-	-	-	-	-	10,211	-	10,211
Impact of reclassification of property, held by the Bank (note 35)	-	-	-	-	-	-	-	363,097,043	-	-	-	363,097,043
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of staff retirement defined benefit plans (note 46.3.3.1 & 46.4.7)	-	-	-	-	-	-	(8,359,416)	-	-	-	-	(8,359,416)
	-	-	-	-	-	-	(8,359,416)	363,097,043	(13,657,694)	10,211	-	341,090,144
Total comprehensive income for the year	-	-	-	-	-	-	1,134,585,967	363,097,043	(13,657,694)	10,211	-	1,484,035,527
Appropriations												
Transfer to the general reserve (note 34.1)	-	226,176,337	-	-	-	226,176,337	(226,176,337)	-	-	-	-	-
	-	226,176,337	-	-	-	226,176,337	(226,176,337)	-	-	-	-	-
Transactions with owners												
Profit transferred to the Government of Pakistan	-	-	-	-		-	(371,186,191)	-	-	-	-	(371,186,191)
	-	-	-	-		-	(371,186,191)	-	-	-	-	(371,186,191)
Balance as at June 30, 2023	**100,000,000**	**373,472,700**	**53,106**	**65,464,000**	**(41,279,353)**	**397,710,453**	**923,888,844**	**1,132,158,155**	**71,355,931**	**10,211**	**119,558,779**	**2,744,682,373**
Profit after taxation	-	-	-	-	-	-	3,420,287,048	-	-	-	-	3,420,287,048
Other comprehensive income												
Unrealised appreciation on remeasurement of investments - local (note 14.8)	-	-	-	-	-	-	-	-	27,443,742	-	-	27,443,742
Changes in the fair value of debt instruments at fair value through other comprehensive Income	-	-	-	-	-	-	-	-	-	(2,839)	-	(2,839)
Unrealised appreciation on gold reserves held by the Bank (note 35)	-	-	-	-	-	-	-	211,883,560	-	-	-	211,883,560
Surplus on revaluation of property	-	-	-	-	-	-	20,738	-	-	-	(20,738)	-
Remeasurements of staff retirement defined benefit plans (note 46.3.3.1 & 46.4.7)	-	-	-	-	-	-	(3,068,599)	-	-	-	-	(3,068,599)
	-	-	-	-		-	(3,047,861)	211,883,560	27,443,742	(2,839)	(20,738)	236,255,864
Total comprehensive income for the year	-	-	-	-	-	-	3,417,239,187	211,883,560	27,443,742	(2,839)	(20,738)	3,656,542,912
Appropriations												
Transfer to the general reserve (note 34.1)	-	603,244,761		-	-	603,244,761	(603,244,761)	-	-	-	-	-
Transactions with owners												
Profit transferred to the Government of Pakistan	-	-	-	(65,464,000)	-	(65,464,000)	(906,705,350)	-	-	-	-	(972,169,350)
	-	-	-	(65,464,000)	-	(65,464,000)	(906,705,350)	-	-	-	-	(972,169,350)
Balance as at June 30, 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**	**119,538,041**	**5,429,055,935**

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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		------ (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	49	**3,301,104,784**	2,009,568,345
Taxes paid		**(2,772,691)**	(4,039,748)
(Increase) / decrease in assets:			
Foreign currency accounts and investments		**(1,677,087)**	(397,895,828)
Gold reserves held by the Bank		**(591,434)**	(239,175)
Securities purchased under agreement to resell		**(3,437,878,746)**	(3,869,020,621)
Investments - local		**380,852,039**	311,327,650
Loans, advances and bills of exchange		**220,637,374**	(183,435,450)
Other assets		**(1,642,122)**	12,939,575
		(2,840,299,976)	(4,126,323,849)
		458,032,118	(2,120,795,252)
Increase / (decrease) in liabilities:			
Banknotes in circulation - net		**33,921,273**	1,708,421,743
Bills payable		**(622,877)**	241,328
Current accounts of Governments		**401,696,381**	(183,552,848)
Payable under bilateral currency swap agreement		**(36,194,538)**	283,070,219
Deposits of banks and financial institutions		**234,155,901**	421,696,197
Payment of retirement benefits and employees' compensated absences		**(15,717,575)**	(8,117,163)
Other deposits and accounts		**258,832,052**	220,225,269
Securities sold under agreement to repurchase		**466,849,448**	673,076,351
Other liabilities		**(46,072,406)**	(42,312,117)
		1,296,847,659	3,072,748,979
Net cash generated from operating activities		**1,754,879,777**	951,953,727
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**1,123,022**	605,000
Capital expenditure		**(2,975,730)**	(2,622,474)
Proceeds from sale of short term investments		**-**	747,966
Proceeds from disposal of property, plant and equipment		**112,036**	286,342
Net cash used in investing activities		**(1,740,672)**	(983,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		**(972,169,350)**	(371,186,191)
Net change in balances pertaining to IMF		**574,856,764**	95,175,793
Endowment fund		**(1,218)**	8,552
Net cash used in financing activities		**(397,313,804)**	(276,001,846)
Increase / (decrease) in cash and cash equivalents during the year		**1,355,825,301**	674,968,716
Cash and cash equivalents at the beginning of the year		**1,616,235,439**	2,056,304,890
Effect of exchange loss on cash and cash equivalents		**(23,341,613)**	(1,115,038,167)
Cash and cash equivalents at the end of the year	50	**2,948,719,127**	1,616,235,439

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

1 STATUS AND NATURE OF OPERATIONS

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

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

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

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

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

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

a) SBP Banking Services Corporation - wholly owned subsidiary:

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

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

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

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

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

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

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

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

d) 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.

A draft scheme of Amalgamation (SOA) was proposed in a board meeting held on February 14, 2024, determining that the National Institute of Banking and Finance (Guarantee) Limited (NIBAF) and the Institute of Banker's Pakistan (IBP) be amalgamated into an entity named 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 would stand transferred by operation of law to the Company. Subsequently, both NIBAF and IBP would stand dissolved without undergoing winding-up procedures.

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

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

f) Security Papers Limited (SPL) - associate:

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

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF MEASUREMENT

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

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

3.3 Standards, interpretations of and amendments to the IFRS accounting standards that are effective in the current year

3.3.1 There are certain new or amended standards and interpretations that became effective during the current year, but are considered not to be relevant or did not have any significant effect on the Group's operations and are, therefore, not detailed in these Consolidated financial statements except that during the year certain amendments to 'Presentation of Financial Statements' have become applicable to the Group which requires entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

3.4 Standards, interpretations of and amendments to the IFRS accounting standards that are not yet effective

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

Standards	Effective date (annual periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IFRS 16 - 'Leases' (amendments)	January 1, 2025
- IAS 7 - 'Statement of cash flows' (amendments)	January 1, 2024
- IFRS 7 - 'Financial Instruments: Disclosures' (amendments)	January 1, 2024 & January 1, 2026
- IAS 21 - Lack of exchangeability (amendments)	January 1, 2025
- IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
- IFRS 18 - Presentation and disclosure in financial statements	January 1, 2027
- IFRS 19 - Subsidiaries without public accountability: Disclosures	January 1, 2027

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

3.4.2 There are certain other new or amended standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or will not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Basis of consolidation

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

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

4.2 Banknotes in circulation and local currency coins

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

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

4.3 Financial assets and financial liabilities

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

4.3.1 Financial instruments – initial recognition

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

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

4.3.2 Classification and subsequent measurement of financial assets and liabilities

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

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

a) Business model assessment

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

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- the expected frequency, value and timing of sales are also important aspects of the Group’s assessment.

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

b) The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

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

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

4.3.3 Financial assets at amortised cost

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; and

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

4.3.4 Debt instruments at FVOCI

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

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in the consolidated profit and loss account in the same manner as for financial assets measured at amortised cost as explained in note 4.24.

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

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

4.3.5 Equity instruments at FVOCI

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

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

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

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

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- the liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

4.3.7 Financial liabilities at amortised cost

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

4.3.8 Derivative financial instruments

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

4.3.9 Reclassification of financial assets and liabilities

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

4.3.10 Derecognition of financial asset and financial liabilities

a) Financial assets

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

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

b) Financial liabilities

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

4.3.11 Impairment of financial assets

4.3.11.1 Overview of the expected credit losses (ECL) principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset, [the lifetime expected credit loss (LTECL)], unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) as outlined in note 4.3.11.2. The Group’s policies for determining if there has been a significant increase in credit risk are set out in note 52.1.7.

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

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

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

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

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

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

4.3.11.2 The calculation of ECL

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

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

- EAD The *Exposure at default (EAD)* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in note 52.1.5.

- PD The *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in note 52.1.4.

- LGD The *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in note 52.1.6.

When estimating the ECL, the Group considers three scenarios (a base case, a best case and a worst case). Each of these is associated with different PD. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received 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 52.1.3), the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

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

4.3.11.3 Forward looking information

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

4.3.11.4 Credit enhancements: collateral valuation and financial guarantees

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

4.3.11.5 Offsetting of financial assets and financial liabilities

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

4.4 Collateralised borrowings / lending

4.4.1 Repurchase and reverse repurchase agreements

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

4.4.2 Payable under bilateral currency swap agreement

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

4.4.3 Payable to Islamic banking institutions against Bai Muajjal transactions

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

4.5 Gold reserves held by the Bank

Gold is recorded at cost, which is the prevailing market rate, at initial recognition. Subsequent to initial measurement, it is revalued at the closing market rate 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.

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.

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

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

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

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

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

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

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

c) the following other staff retirement benefit schemes:

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

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

Annual provisions are made by the Corporation to cover the obligations arising under defined benefits schemes based on actuarial recommendations. The actuarial valuations are carried out under the "Projected unit credit method". The most recent valuation in this regard has been carried out as at June 30, 2024. The amount arising as a result of remeasurements are recognised in the consolidated balance sheet immediately, with a charge or credit to other comprehensive income in the period in which they occur.

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

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

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

4.18.5 Annual provisions are made by the Corporation to cover the obligations arising under defined benefit schemes based on actuarial recommendations. The actuarial valuations are carried out under the "Projected Unit Credit Method". The most recent valuation in this regard was carried out as at June 30, 2024. The amount arising as a result of remeasurements are recognised in the consolidated balance sheet immediately, with a charge or credit to the consolidated other comprehensive income in the periods in which they occur.

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

4.19 Compensated absences

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

4.20 Endowment Fund - deferred grant

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

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

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

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

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

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

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

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

4.21 Trade and other payables

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

4.22 Mark-up bearing borrowings and borrowing costs

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

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

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

4.23 Deferred income - Grant

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

4.24 Revenue recognition

- Discount, interest / mark-up and / or return on loans and advances and investments are recorded on time proportion basis that takes into account the effective yield on the asset. However, income on balances with Bangladesh (former East Pakistan), doubtful loans and advances and overdue return on investments are recognised as income on receipt basis.

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control (i.e. at the time of transfer of physical possession) of promised goods, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

- Commission income is recognised when related services are rendered.

- Dividend income is recognised when the Group’s right to receive dividend is established.

- Gains / losses on disposal of securities are recognised in the consolidated profit and loss account at trade date.

- Unrealised gains and losses arising on revaluation of securities designated at fair value through profit or loss are included in consolidated profit and loss account in the period in which they arise.

- Unrealised gains and losses arising on revaluation of securities classified as fair value through other comprehensive income are included in the consolidated statement of comprehensive income in the period in which they arise.

- Fee from training, education and hostel services are recognised on accrual basis.

- Rental income from property is accrued on time proportion basis at agreed rates.

- Return on Group's deposits are recognised on accrual basis taking into account the effective yield.

- Scrap sales and miscellaneous income are recognised on receipt basis.

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

4.25 Finances under profit and loss sharing arrangements

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

4.26 Foreign currency translation

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

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

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

4.27 Investment in associates

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

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

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

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

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

4.28 Taxation

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

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

4.28.1 Current

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

4.28.2 Deferred

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

5 USE OF ESTIMATES AND JUDGMENTS

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of IFRS and estimates that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

5.1 Fair value of financial instruments

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

5.2 Effective interest rate (EIR) method

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

5.3 Impairment losses on financial assets

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

5.4 Retirement benefits

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

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

Estimates of useful life and residual value of property and equipment are based on the management's best estimate as detailed in note 4.8 to these consolidated financial statements.

		Note	**2024**	2023
6	**CASH AND BANK BALANCES**		**---------(Rupees in '000)--------**	
	With banks in current and saving accounts	6.1	**215,901**	182,091
	Cash in hand		**19,678**	-
			235,579	**182,091**

6.1 This includes saving accounts carrying mark-up ranging from 11.01% to 20.93% (2023: 6.83% to 19.50%) per annum.

		Note	**2024**	2023	**2024**	2023
7	**GOLD RESERVES HELD BY THE BANK**		**(Net content in troy ounces)**		**--------------(Rupees in '000)--------------**	
	Opening balance		**2,078,998**	2,078,517	**1,136,973,623**	773,637,405
	Additions during the year		**963**	481	**591,434**	239,175
	Appreciation for the year due to revaluation	35	**-**	-	**211,883,560**	363,097,043
	Closing balance	24.1	**2,079,961**	**2,078,998**	**1,349,448,617**	**1,136,973,623**
	The gold reserves held by the bank are held as follows:					
	Issue department				**1,349,448,617**	**1,136,973,623**
	Banking department				**-**	**-**
					1,349,448,617	**1,136,973,623**

7.1 During the year, the Bank has recognised an appreciation of Rs 211,883.56 million (2023: Rs 363,097.04 million) based on the closing market rate of USD 2,330.90 (2023: USD 1,912.25) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

8	LOCAL CURRENCY - COINS	Note	2024	2023
			(Rupees in '000)	
	Banknotes held by the banking department		**189,695**	130,550
	Coins held as an asset of the issue department	8.1 & 24.1	**39,941**	350,957
			229,636	481,507
	Less: banknotes held by the banking department	24	**(189,695)**	(130,550)
			39,941	350,957

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	2024	2023
		(Rupees in '000)	
At fair value through profit and loss:			
- unrealised gain on derivative financial instruments		**14,236**	31,459
At fair value through other comprehensive income:			
- investments	9.4	**41,379,803**	41,009,072
At amortised cost:			
- deposit accounts	9.5	**1,554,574,934**	695,170,419
- current accounts		**1,949,597**	2,025,131
- securities purchased under agreement to resell	9.3	**1,124,893,677**	850,706,821
- money market placements	9.6	**-**	1,205,946
		2,681,418,208	1,549,108,317
Less: credit loss allowance	9.2	**(1,168)**	(1,461)
		2,722,811,079	1,590,147,387

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

	Note	2024	2023
Issue department	24.1	**-**	1,092,412
Banking department		**2,722,811,079**	1,589,054,975
		2,722,811,079	1,590,147,387

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 52.1.4.

Stage 1	Note	2024	2023
		(Rupees in '000)	
Investments			
High rating		**41,379,803**	41,009,072
Deposit accounts			
High rating	**9.5**	**1,554,574,934**	695,170,419
Current accounts			
High rating		**1,949,538**	2,025,070
Standard rating		**59**	61
		1,949,597	2,025,131
Securities purchased under agreement to resell			
High rating	9.3	**1,124,893,677**	850,706,821
Money market placements			
High rating		**-**	1,205,946
		2,722,798,011	1,590,117,389

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

	Nostro accounts	
	Stage 1	**2024**
	------------- (Rupees in '000) -------------	
Opening balance as of July 1, 2023	**1,461**	**1,461**
Reversal of credit loss allowance during the year	(293)	**(293)**
Closing balance as of June 30, 2024	**1,168**	**1,168**

	Nostro accounts	
	Stage 1	2023
	------------- (Rupees in '000) -------------	
Opening balance as of July 1, 2022	4,165	4,165
Reversal of credit loss allowance during the year	(2,704)	(2,704)
Closing balance as of June 30, 2023	1,461	1,461

9.3 During the year, an unrealised gain amounting to Rs. 7.37 million (2023: Rs.10.21 million) related to Treasury Bills [USD and CNY and Bonds [CNY] was recognised in other comprehensive income. The return on these balances ranges from 1.65% to 5.31% (2023: 1.88% to 4.27%) per annum. These investments have maturity ranging from July 8, 2024 to September 2, 2024).

9.4 These represent lending under repurchase agreements which carries mark-up in USD and Euro at 5.30% and 3.76%per annum respectively (2023: USD and Euro at 5.05% and 3.44% per annum respectively) and maturity of July 1, 2024 (2023: ranging from July 1, 2023 to July 3, 2023).

9.5 It represents the balances in the remunerative accounts maintained with the foreign financial institutions. The return on these balances ranges from 0.05% to 4.50% (2023: 0.01% to 4.25%) per annum. This includes a deposit account of USD 2.07 billion [equivalent to Rs. 576,724.04 million as at June 30, 2024], 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 counterpart rupee of the deposit to the GoP in its account maintained with SBP and GoP is liable to return the deposit on its maturity date in accordance with the terms and conditions agreed between the two governments.

9.6 These represents money market placements carrying interest rates at Nil (2023: GBP: 4.85% per annum) having maturity of Nil (2023: July 4, 2023).

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	2024	2023
SDRs are held as follows:		--------------(Rupees in '000)--------------	
- by the issue department		**-**	-
- by the banking department		**204,445,631**	5,380,665
		204,445,631	5,380,665

12 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS

	2024	2023
Quota allocated by the International Monetary Fund	**743,648,234**	776,557,225
Liability under quota arrangements	**(743,604,622)**	(776,511,683)
	43,612	45,542

		Note	2024	2023
13	**SECURITIES PURCHASED UNDER AGREEMENT TO RESELL**		--------------(Rupees in '000)--------------	
	Conventional	13.1	**11,620,496,921**	7,935,629,430
	Shariah compliant financing facility	13.2	**205,048,625**	451,992,049
			11,825,545,546	8,387,621,479

13.1 This represents collateralised lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 20.55% to 21.50% per annum (2023: 21.01% to 21.25% per annum).The resell arrangement to conventional financial institution have maturities ranging from July 2, 2024 to July 26, 2024 (2023: from July 7, 2023 to September 8, 2023). The face value of securities collateralised as on June 30, 2024 amounted to Rs. 11,945.75 million (2023: Rs. 7,996.35 million). The collaterals held by the Group consists of Pakistan Investment Bonds and Market Treasury Bills.

13.2 This represents collateralised lending made to various Islamic financial institutions under resell arrangement carrying mark-up ranging from 20.57% to 21.50% per annum (2023: 21.05% to 23.00% per annum). The resell arrangement to Islamic financial institution have maturities ranging from July 2, 2024 to July 12, 2024 (2023: from July 4, 2023 to September 8, 2023). The face value of securities collateralised as on June 30, 2024 amounted to Rs. 204.00 million (2023: Rs. 460.40 million). The collaterals held by the Group consists of GoP Ijarah sukuks.

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

	Note	Stage 1	2024	Stage 1	2023
		--------------- (Rupees in '000) ---------------			
High rating		**11,825,556,800**	**11,825,556,800**	8,387,678,054	8,387,678,054
Less: credit loss allowance	13.5	**(11,254)**	**(11,254)**	(56,575)	(56,575)
	13.4	**11,825,545,546**	**11,825,545,546**	8,387,621,479	8,387,621,479

13.4 Securities purchased under agreement to resell are held as follows:	Note	2024	2023
		--------------(Rupees in '000)--------------	
- by the issue department	24.1	**3,000,000,000**	3,000,000,000
- by the banking department		**8,825,545,546**	5,387,621,479
		11,825,545,546	8,387,621,479

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

	Stage 1	2024
	--------------(Rupees in '000)--------------	
Opening balance as of July 1, 2023	**56,575**	**56,575**
Reversal during the year	**(45,321)**	**(45,321)**
Closing balance as of June 30, 2024	**11,254**	**11,254**

	Stage 1	2023
	--------------(Rupees in '000)--------------	
Opening balance as of July 1, 2022	8,732	8,732
Charge during the year	47,843	47,843
Closing balance as of June 30, 2023	56,575	56,575

14 INVESTMENTS - LOCAL

	Note	2024	2023
		(Rupees in '000)	
At fair value through profit or loss:			
Unrealised gain on local currency derivatives		**18,121,048**	**5,359,508**
At amortised cost			
Federal Government securities			
Pakistan Investment Bonds (PIBs)	14.5	**5,553,295,248**	5,818,191,809
Federal government scrips		**2,740,000**	2,740,000
Market Treasury Bills		**15,106,887**	68,027,188
	14.2	**5,571,142,135**	5,888,958,997
Debt Securities			
Term Deposit Receipts	14.3	**2,400,000**	-
Zarai Taraqiati Bank Limited (ZTBL) preference shares - unlisted	14.4	**55,173,490**	54,984,152
Term finance certificates		**28,243**	28,243
Certificates of deposits		**11,235**	11,235
		39,478	39,478
Assets relating to endowment fund			
Pakistan investment bonds (PIBs)		**140,008**	135,541
Less: credit loss allowance	14.6	**(39,478)**	(39,478)
		57,713,498	55,119,693
		5,646,976,681	5,949,438,198
At fair value through other comprehensive income			
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		**59,434,269**	31,164,995
- Unlisted		**57,285,840**	58,111,372
	14.7	**116,720,109**	89,276,367
		5,763,696,790	6,038,714,565
The above investments are held as follows:			
Issue department	24.1	**5,324,039,225**	5,504,424,777
Banking department / subsidiaries		**439,657,565**	528,930,280
		5,763,696,790	6,038,714,565

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

	Note	2024			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		(Rupees in '000)			
High rating		**5,646,976,681**	**-**	**-**	**5,646,976,681**
Rating below standard		**-**	**-**	**39,478**	**39,478**
		5,646,976,681	**-**	**39,478**	**5,647,016,159**
Less: credit loss allowance	14.6	**-**	**-**	**(39,478)**	**(39,478)**
		5,646,976,681	**-**	**-**	**5,646,976,681**

	Note	2023			
		Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)			
High rating		5,949,438,198	-	-	5,949,438,198
Rating below standard		-	-	39,478	39,478
		5,949,438,198	-	39,478	5,949,477,676
Less: credit loss allowance	14.6	-	-	(39,478)	(39,478)
		5,949,438,198	-	-	5,949,438,198

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

	2024	2023
	% per annum	
Pakistan Investment Bonds (PIBs)	**7.00 to 20.68**	7.00 to 22.67
Federal government scrips	**3**	3
Market Treasury Bills	**18.49 to 21.43**	10.65 to 21.99

PIBs were created for one to 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 one year to ten years amounting to Rs. 7,187,000

million. PIBs having face value of Rs.2,068,000 million (2023: 1,758,000 million) have been matured till June 30, 2024.

Market Treasury Bills have maturities upto November 14, 2024 (2023: November 16, 2023).

14.3 These represent term deposit receipts bearing mark-up ranging 20.8% & 21% (2023: Nil) .

14.4 This represents 5,446.15 million preference shares of Rs. 10 each carrying mark-up at the rate of 7.50% per annum payable semi-annually, issued by Zarai Taraqiati Bank Limited. These preference shares are redeemable on March 7, 2027 and are secured against the guarantee of the Federal Government.

14.5 These include investment in PIBs amounting to Rs. 43,711.253 million (2023: Rs. 43,711.253 million) which has been created against 'receivable balance of Railway' in accordance with the requirement of section 9C(6) of the State Bank of Pakistan Act, 1956. This account was converted into "PIBs" with a duration of eight years at market interest rates.

14.5.1 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs. 5,413.19 billion (2023: Rs 4,917.39 billion).

14.6 Credit loss allowance

	2024	2023
	(Rupees in '000)	
Opening balance	**39,478**	39,478
Charge of credit loss allowance during the year	**-**	-
Closing balance	**39,478**	39,478

14.7 Investments in shares of banks and other financial institutions

		2024			
	Note	**Percentage holding**	**Cost**	**Unrealised appreciation / (diminution) (Note 14.8)**	**Total**
		%	**(Rupees in '000)**		
Listed					
- National Bank of Pakistan	14.9	**75.2**	**1,100,805**	**58,333,464**	**59,434,269**
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited	14.9	**76.23**	**10,199,621**	**4,803,224**	**15,002,845**
- House Building Finance Company Limited		**90.31**	**1,482,304**	**(583,021)**	**899,283**
- Deposit Protection Corporation of Pakistan	14.7.2	**100**	**500,000**	**(500,000)**	**-**
Less than or equal to 50% Shareholding					
Other investments			**4,637,706**	**36,746,006**	**41,383,712**
			16,819,631	**40,466,209**	**57,285,840**
			17,920,436	**98,799,673**	**116,720,109**

	Note	2023 Percentage holding	2023 Cost	2023 Unrealised appreciation / (diminution) (Note 14.8)	2023 Total
		%	(Rupees in '000)		
Listed					
- National Bank of Pakistan		75.20	1,100,805	30,064,190	31,164,995
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited		76.23	10,199,621	(4,697,757)	5,501,864
- House Building Finance Company Limited		90.31	1,482,304	1,355,019	2,837,323
- Deposit Protection Corporation of Pakistan	14.7.2	100	500,000	(500,000)	-
					-
Less than or equal to 50% Shareholding					-
Other investments			4,637,706	45,134,479	49,772,185
			16,819,631	41,291,741	58,111,372
			17,920,436	71,355,931	89,276,367

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

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

14.8 Unrealised appreciation / (diminution) on remeasurement of investments

	2024	2023
	(Rupees in '000)	
Opening balance	**71,355,931**	85,013,625
Appreciation / (diminution) during the year - net	**27,443,742**	(13,657,694)
Closing balance	**98,799,673**	71,355,931

14.9 During the current year, the management of the Group approached the Secretary Finance, Government of Pakistan, for disposal of ordinary shares of National Bank of Pakistan and ordinary and preference shares of Zarai Taraqiati Bank Limited (ZTBL) as required under clause 17G (3) of the SBP Act, 1956. The modalities of the disposal are being finalised and expected to be completed subsequent to the year end and are expected.

15 INVESTMENT IN ASSOCIATES

	Note	**2024** Percentage holding %	2023 Percentage holding %	**2024** (Rupees in '000)	2023 (Rupees in '000)
Investment in associates under equity method of accounting:					
Security Papers Limited (SPL)	15.1	**40.03**	40.03	**7,331,422**	6,972,979
SICPA Inks Pakistan (Private) Limited (SICPA)	15.2	**47**	47	**1,816,387**	902,573
				9,147,809	7,875,552

15.1 Security Papers Limited - (SPL)	Note	2024	2023
		----------- (Rupees in '000) ----------	
Cost		**1,613,357**	1,613,357
Share of post acquisition after tax profits	15.1.1	**3,163,849**	2,501,002
Effect of first time application of IFRS 9 on after tax profits		**(100,561)**	(100,561)
Share in other comprehensive loss	15.1.2	**(56,401)**	(72,240)
Effect of restatement due revaluation of land and Building of SPL		**4,170,324**	4,170,324
Effect of first time application of IFRS 9 on other comprehensive income		**100,561**	100,561
Dividend received		**(1,559,707)**	(1,239,464)
		7,331,422	6,972,979

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

	Note	2024	2023
Opening balance		**2,501,002**	2,084,498
Share of after tax profit from associate for the year ended June 30	15.1.2	**595,920**	387,242
Depreciation on revaluation of building		**(996)**	(996)
Unrealised loss on transactions	15.1.3	**67,923**	30,258
		662,847	416,504
Closing balance		**3,163,849**	2,501,002

15.1.2 These amounts are based on audited annual financial statements of SPL as at and for the year ended June 30, 2024.

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

15.2 SICPA Inks Pakistan (Private) Limited - (SICPA)	Note	2024	2023
		----------- (Rupees in '000) ----------	
Cost		**497,655**	497,655
Share of post acquisition after tax profits	15.2.1	**3,377,330**	2,324,634
Effect of first time application of IFRS 9 on after tax profits		**3,554**	3,554
Share in other comprehensive income	15.2.2	**2,133**	530
Effect of first time application of IFRS 9 on other comprehensive income		**(3,554)**	(3,554)
Dividend received		**(2,060,731)**	(1,920,246)
		1,816,387	902,573

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

	Note	2024	2023
Opening balance		**2,324,634**	2,015,183
Share of after tax profit from associate for the year ended June 30	15.2.2	**933,751**	383,991
Unrealised Loss / (gain) on transactions		**118,945**	(74,540)
		1,052,696	309,451
Closing balance		**3,377,330**	2,324,634

15.2.2 These amounts are based on annual audited financial statements of SICPA as at and for the year ended December 31, 2023 which have been adjusted using the unaudited interim financial statements for the half year ended June 30, 2023 and June 30, 2024.

15.3 The following is the summarised financial information of the associates as at June 30, 2024 and June 30, 2023 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, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
	---- (Rupees in '000) ----			
Assets	**10,541,580**	9,856,286	**8,405,061**	7,137,422
Liabilities	**2,321,282**	2,364,284	**4,020,559**	4,444,131

	Security Papers Limited		SICPA Inks Pakistan (Private) Limited	
	Year ended June 30, 2024	Year ended June 30, 2023	**Year ended June 30, 2024**	Year ended June 30 2023
	---------- (Rupees in '000) ----------			
Revenue	**7,311,732**	5,794,593	**13,394,045**	8,773,719
Profit after tax	**1,488,684**	967,380	**1,986,704**	817,002
Other comprehensive income / (loss)	**39,568**	(20,421)	**3,410**	(7,031)
Interest in net assets of investee at the end of the year	**3,290,585**	2,999,048	**2,060,716**	1,265,847
Other adjustments	**(124,291)**	(191,198)	**(244,328)**	(363,274)
Effect of difference in Corporation's accounting policy	**4,165,128**	4,165,129	**-**	-
	7,331,422	6,972,979	**1,816,388**	902,573

15.4 The market value of SPL as at June 30, 2024 is Rs. 134 per share (2023: Rs. 93 per share) i.e. an aggregate amount of Rs. 3,178.713 million (2023: Rs. 2,206.122 million) for Group's share in SPL. The breakup value based on net assets of SIPPL as per latest reviewed financial information as on June 30, 2024 is Rs. 769.21 per share (2023: Rs. 462.51 per share) i.e. an aggregate amount of Rs. 2,060.72 million (2023: Rs. 1,265.85 million) for Group's share in SIPPL.

16 LOANS, ADVANCES AND BILLS OF EXCHANGE

	Note	2024	2023
		----- (Rupees in '000) -----	
At amortised cost			
Government owned / controlled financial institutions	16.3	**150,092,925**	161,148,886
Private sector financial institutions	16.5	**1,160,303,342**	1,325,174,183
		1,310,396,267	1,486,323,069
SDRs on-lending to Government of Pakistan (GoP)	16.4	**717,630,687**	749,045,287
Loan to employees		**43,502,106**	32,977,493
		2,071,529,060	2,268,345,849
Less: credit loss allowance	16.8	**(2,201,687)**	(2,325,569)
		2,069,327,373	2,266,020,280

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:

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	---------- (Rupees in '000) ----------			
Government owned / controlled financial institutions				
High rating	148,970,279	-	-	148,970,279
Rating below standard	-	-	1,122,646	1,122,646
	148,970,279	**-**	**1,122,646**	**150,092,925**
Private sector financial institutions				
High rating	1,155,729,273	-	-	1,155,729,273
Standard rating	-	-	-	-
Rating below standard	3,510,439	-	1,063,630	4,574,069
	1,159,239,712	**-**	**1,063,630**	**1,160,303,342**
SDRs on-lending to Government of Pakistan (GoP)				
High rating	717,630,687	-	-	717,630,687
	717,630,687	**-**	**-**	**717,630,687**
Loan to employees				
Performing loans	43,502,106	-	-	43,502,106
	43,502,106	**-**	**-**	**43,502,106**
	2,069,342,784	**-**	**2,186,276**	**2,071,529,060**
Less: credit loss allowance	**(18,977)**	**-**	**(2,182,710)**	**(2,201,687)**
	2,069,323,807	**-**	**3,566**	**2,069,327,373**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Government owned / controlled financial institutions				
High rating	159,366,107	-	-	159,366,107
Rating below standard	-	-	1,782,779	1,782,779
	159,366,107	-	1,782,779	161,148,886
Private sector financial institutions				
High rating	1,318,171,430	-	-	1,318,171,430
Standard rating	-	-	-	-
Rating below standard	5,939,123	-	1,063,630	7,002,753
	1,324,110,553	-	1,063,630	1,325,174,183
SDRs on-lending to Government of Pakistan (GoP) High rating	749,045,287	-	-	749,045,287
	749,045,287	-	-	749,045,287
Employees				
Performing loans	32,977,493	-	-	32,977,493
	32,977,493	-	-	32,977,493
	2,265,499,440	-	2,846,409	2,268,345,849
Less: credit loss allowance	(9,532)	-	(2,316,037)	(2,325,569)
	2,265,489,908	-	530,372	2,266,020,280

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:

	2024			
	Government owned / controlled financial institutions	**Private sector financial institutions**	**Employees**	**Total**
	(Rupees in '000)			
Stage 1				
Opening balance as of July 01, 2023	**1,349**	**7,428**	**427**	**9,204**
(Reversal) / charge of allowance	**(1,007)**	**3,446**	**79**	**2,518**
Balance as of June 30, 2024	**342**	**10,874**	**506**	**11,722**
Stage 3				
Opening balance as of July 01, 2023	**1,117,613**	**1,191,690**	**-**	**2,309,303**
Reversal of credit loss allowance during the year	**(53,983)**	**(65,355)**	**-**	**(119,338)**
Balance as of June 30, 2024	**1,063,630**	**1,126,335**	**-**	**2,189,965**
	1,063,972	**1,137,209**	**506**	**2,201,687**

	2023			
	Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total
	(Rupees in '000)			
Stage 1				
Opening balance as of July 01, 2022	19,309	-	1,101	20,410
(Reversal) / charge of allowance	(17,960)	7,428	(346)	(10,878)
Balance as of June 30, 2023	1,349	7,428	755	9,532
Stage 3				
Opening balance as of July 01, 2022	1,066,606	1,063,631	6,733	2,136,970
Charge of allowance	51,007	128,060	-	179,067
Balance as of June 30, 2023	1,117,613	1,191,691	6,733	2,316,037
	1,118,962	1,199,119	7,488	2,325,569

16.3 Loans and advances to government owned / controlled financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2024	2023	**2024**	2023	**2024**	2023
		(Rupees in '000)					
Agricultural sector		**910,805**	1,026,153	**64,794**	-	**975,599**	1,026,153
Industrial sector	16.3.1	**67,721,951**	76,464,912	**1,142,745**	40,487	**68,864,696**	76,505,399
Export sector		**65,698,159**	76,358,077	**-**	3,567	**65,698,159**	76,361,644
Housing sector		**-**	-	**2,685**	3,549	**2,685**	3,549
Others	16.3.2	**14,196,146**	6,664,895	**355,640**	587,246	**14,551,786**	7,252,141
		148,527,061	160,514,037	**1,565,864**	634,849	**150,092,925**	161,148,886

16.3.1 This includes exposure of Industrial Development Bank Limited (IDBL) under locally manufactured machinery (LMM) credit line amounting to Rs. 1,054.28 million (2023: Rs. 1,054.28 million). Furthermore, repayment of loan amounting to Rs. 340.78 million has been received during the year 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 (2023: Rs. 327.96 million) which are recoverable from various financial institutions operating in Bangladesh (former East Pakistan). The realisability of these balances is subject to final settlement between the Governments of Pakistan and Bangladesh.

16.4 During the FY 2021-22, the Bank received a general allocation from the IMF amounting to SDR 1,946.62 million as disclosed in note 29.2 to these consolidated financial statements as a fiscal agent of GoP which were on-lent to the GoP through a separate transaction. The GoP upon receipt of such SDR's has sold the same to the Bank and received amount equivalent to Rs 474,939 million, being the value prevalent on the date the SDRs were on-lent to GoP. This SDR - denominated loan carries an interest which is based on weekly interest rate applicable on daily product of SDR's payable in SDR's which will be settled in equivalent 'PKR'. The loan is perpetual in nature and shall only be payable in case IMF decides to reduce the SDR allocation or demands repayment of such SDR's from SBP.

16.5 Loans and advances to private sector financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2024	2023	**2024**	2023	**2024**	2023
		(Rupees in '000)					
Agricultural sector		**4,407,520**	4,934,416	**802,254**	411,552	**5,209,774**	5,345,968
Industrial sector		**516,228,879**	566,164,232	**28,512,140**	31,555,595	**544,741,019**	597,719,827
Export sector	16.5.1	**557,676,744**	688,554,130	**-**	-	**557,676,744**	688,554,130
Others	16.5.2 & 16.5.3	**32,980,248**	24,310,125	**19,695,557**	9,244,133	**52,675,805**	33,554,258
		1,111,293,391	1,283,962,903	**49,009,951**	41,211,280	**1,160,303,342**	1,325,174,183

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

16.5.2 During the FY 2014-15, the Bank in continuation of a scheme of amalgamation of two commercial banks duly sanctioned by the Federal Government under section 47 of the Banking Companies Ordinance, 1962 and under section 17 of the State Bank of Pakistan Act, 1956, extended a 10 year financing facility of Rs. 5,000 million with a bullet payment of mark-up and principal at maturity to an Islamic Commercial Bank (ICB) which is secured against Government of Pakistan Ijara Sukuk. The 10 year facility was provided on the basis of Modaraba to be remunerated at profit sharing ratio declared by the ICB on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum). In accordance with the requirements of accounting framework of the Bank, the 10 year financing facility had been recognised at fair value on initial recognition. The amortised cost as of June 30, 2024 is Rs. 4,608.35 million (2023: Rs. 4,214.86 million).

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

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

	2024	2023
	(% per annum)	
Government owned / controlled and private sector financial institutions	**0 to 22.10**	0 to 21.14
Employees loans (where applicable)	**0 to 10.00**	0 to 10.00
SDRs on-lending to Government of Pakistan (GoP)	**4.20**	3.98

16.7 Fair valuation adjustment on COVID-19 loans - net

	2024	2023
	(Rupees in '000)	
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	**26,496,336**	25,026,995
Fair valuation loss adjustment on COVID-19 loans on initial recognition	**(2,675,944)**	(24,796,101)
	23,820,392	230,894

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;
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. 6,467 million (2023: Rs. 57,328 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 2,675.94 million (2023: Rs.24,796.10 million). Further, during the year, an aggregate amount of Rs. 26,496.34 million (2023: Rs. 25,027.00 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

		Note	2024	2023
16.8	**Credit loss allowance**		**--------- (Rupees in '000)**	**-------**
	Opening balance		**2,318,507**	2,150,318
	(Reversal) / charge of credit loss allowance during the year		**(116,820)**	168,189
	Closing balance		**2,201,687**	2,318,507

17 ASSETS HELD WITH THE RESERVE BANK OF INDIA

	Note	2024	2023
Gold reserves			
- Opening balance		**18,366,839**	12,500,346
- Appreciation for the year due to revaluation	31.2.1.2	**3,422,261**	5,866,493
		21,789,100	18,366,839
Sterling securities		**1,162,991**	1,203,363
Government of India securities		**476,859**	498,575
Rupee coins		**9,582**	10,009
	17.1	**23,438,532**	20,078,786
Indian notes representing assets receivable from the Reserve Bank of India	17.2	**1,434,811**	1,500,153
	24.1	**24,873,343**	21,578,939

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

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

		Note	2024	2023
18	**BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH**		**--------- (Rupees in '000)**	**-------**
	India			
	Advance against printing of notes		**39,616**	39,616
	Receivable from the Reserve Bank of India		**837**	837
			40,453	40,453
	Bangladesh			
	Inter office balances		**819,924**	819,924
	Loans, advances and commercial papers	18.1	**16,530,335**	15,345,769
			17,350,259	16,165,693
		18.2	**17,390,712**	16,206,146

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	2024	2023
19	**PROPERTY, PLANT AND EQUIPMENT**		**--------- (Rupees in '000)**	**-------**
	Operating fixed assets	19.1	**160,537,475**	162,323,766
	Capital work-in-progress	19.4	**1,519,228**	1,544,164
			162,056,703	163,867,930

19.1 Operating fixed assets

	2024										
	Freehold land*	**Leasehold land***	**Buildings on freehold land***	**Buildings on leasehold land***	**Plant and Machinery**	**Furniture and fixtures**	**Office equipment**	**Electronic data processing equipment**	**Motor vehicles**	**Right-of-use assets**	**Total**
	(Rupees in '000)										
As at July 01, 2023											
Cost / revalued amount	75,408,562	66,499,782	5,027,606	6,242,830	14,915,518	438,245	6,570,535	3,720,631	1,482,757	55,234	180,361,700
Accumulated depreciation	-	1,206,237	311,123	418,167	8,619,144	229,718	3,182,760	3,188,621	826,930	55,234	18,037,934
Net book value	75,408,562	65,293,545	4,716,483	5,824,663	6,296,374	208,527	3,387,775	532,010	655,827	-	162,323,766
Year ended June 30, 2024											
Opening net book value	75,408,562	65,293,545	4,716,483	5,824,663	6,296,374	208,527	3,387,775	532,010	655,827	-	162,323,766
Additions	-	-	8,519	-	45,601	14,800	164,696	542,780	537,548	-	1,313,944
Transfers from capital work in progress	-	-	52,334	292,350	585,402	-	23,102	-	-	-	953,188
	-	-	60,853	292,350	631,003	14,800	187,798	542,780	537,548	-	2,267,132
Disposals											
Cost	(21,707)	-	-	-	(48,924)	(4,715)	(25,023)	(93,807)	(311,526)	-	(505,702)
Accumulated depreciation	-	-	-	-	48,797	4,467	24,963	85,990	233,356	-	397,573
	(21,707)	-	-	-	(127)	(248)	(60)	(7,817)	(78,170)	-	(108,129)
Adjustments	-	-	-	-	-	(152)	-	-	-	-	(152)
Depreciation charge	-	(1,206,237)	(334,296)	(468,428)	(669,662)	(24,391)	(581,866)	(394,998)	(265,265)	-	(3,945,142)
Net book value	75,386,855	64,087,308	4,443,040	5,648,585	6,257,588	198,536	2,993,647	671,975	849,939	-	160,537,475
As at June 30, 2024											
Cost / revalued amount	75,386,855	66,499,782	5,088,459	6,535,180	15,497,597	448,330	6,733,310	4,169,605	1,708,778	55,234	182,123,130
Accumulated depreciation	-	2,412,474	645,419	886,595	9,240,009	249,794	3,739,663	3,497,630	858,839	55,234	21,585,655
Net book value	**75,386,855**	**64,087,308**	**4,443,040**	**5,648,585**	**6,257,588**	**198,536**	**2,993,647**	**671,975**	**849,939**	**-**	**160,537,475**
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

	2023										
	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, 2022											
Cost / revalued amount	75,408,562	66,499,782	4,005,667	6,241,886	11,845,912	402,763	6,301,878	3,398,689	1,187,980	55,234	175,348,353
Accumulated depreciation	-	-	-	-	8,122,777	205,624	2,631,247	2,950,291	708,972	53,068	14,671,979
Net book value	75,408,562	66,499,782	4,005,667	6,241,886	3,723,135	197,139	3,670,631	448,398	479,008	2,166	160,676,374
Year ended June 30, 2023											
Opening net book value	75,408,562	66,499,782	4,005,667	6,241,886	3,723,135	197,139	3,670,631	448,398	479,008	2,166	160,676,374
Additions	-	-	54,599	944	552,838	28,037	240,895	399,885	434,561	-	1,711,759
Transfers from capital work in progress	-	-	967,340	-	2,746,156	7,544	61,019	-	-	-	3,782,059
	-	-	1,021,939	944	3,298,994	35,581	301,914	399,885	434,561	-	5,493,818
Disposals											
Cost	-	-	-	-	(229,388)	(99)	(33,257)	(77,943)	(139,784)		(480,471)
Accumulated depreciation	-	-	-	-	3,041	99	32,814	77,385	98,822		212,161
	-	-	-	-	(226,347)	-	(443)	(558)	(40,962)	-	(268,310)
Depreciation charge	-	1,206,237	311,123	418,167	499,408	24,193	584,327	315,715	216,780	2,166	3,578,116
Net book value	75,408,562	65,293,545	4,716,483	5,824,663	6,296,374	208,527	3,387,775	532,010	655,827	-	162,323,766
As at June 30, 2023											
Cost / revalued amount	75,408,562	66,499,782	5,027,606	6,242,830	14,915,518	438,245	6,570,535	3,720,631	1,482,757	55,234	180,361,700
Accumulated depreciation	-	1,206,237	311,123	418,167	8,619,144	229,718	3,182,760	3,188,621	826,930	55,234	18,037,934
Net book value	75,408,562	65,293,545	4,716,483	5,824,663	6,296,374	208,527	3,387,775	532,010	655,827	-	162,323,766
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

* These represents revalued assets

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	2024	2023
		(Rupees in '000)	
Freehold land		**988,802**	989,770
Leasehold land		**2,964,985**	3,024,063
Buildings on freehold land		**1,629,199**	1,707,429
Buildings on leasehold land		**1,804,295**	1,930,238
		7,387,281	7,651,500

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

	Note	2024	2023
General administrative and other expenses	46	**3,398,439**	3,138,602
Banknotes' and prize bonds printing charges	44	**520,247**	415,350
Charged to NSPC		**26,456**	24,164
		3,945,142	3,578,116

19.4 Capital work-in-progress

	2024	2023
Leasehold land	**449**	449
Buildings on freehold land	**264,103**	48,180
Buildings on leasehold land	**561,432**	786,888
Office equipment	**50,697**	1,160
Plant and machinery	**642,547**	698,924
	1,519,228	1,544,164

20 INVESTMENT PROPERTY

	2024	2023
Balance as at 1 July	**1,175,863**	1,068,967
Fair value gain recognised during the year	**58,793**	106,896
Balance as at 30 June	**1,234,656**	1,175,863
Forced sale value	**987,725**	855,174

20.1 The Group's investment properties were revalued at June 30, 2024, by an independent valuer M/s. RBS Associates (Private) Limited on the basis of assumptions 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. As a result of revaluation exercise by the valuer, the fair value of the investment property i.e. SIDCO Avenue is assessed and recorded at Rs. 53.911 million as at June 30, 2024. Furthermore, the rented out portion to SICPA Inks Pakistan (Private) Limited (SIPPL) of the Group's land is also revalued and recorded at Rs.1,180.745 million.

21 INTANGIBLE ASSETS

	Note	2024	2023
		(Rupees in '000)	
Software	21.1	**182,103**	155,820
Capital work-in-progress		**573,734**	-
		755,837	155,820

21.1 Intangible assets - software

		Cost at July 1	Additions during the year	Cost at June 30	Accumulated amortisation at July 1	Amortisation for the year	Accumulated amortisation at June 30	Net book value at June 30	Useful Life (in years)
		(Rupees in '000)							
Software	**2024**	**1,316,281**	**159,952**	**1,476,233**	**1,160,461**	**133,669**	**1,294,130**	**182,103**	**3 years**
Software	2023	1,192,528	123,753	1,316,281	1,059,606	100,855	1,160,461	155,820	3 years

21.2 Amortisation charge for the year has been allocated to:

	Note	2024	2023
		(Rupees in '000)	
General, administrative and other expenses	46	**133,669**	100,855

22 DEFERRED TAXATION

	Balance as at July 1, 2023	Recognised in P&L	Recognised in OCI	Balance as at June 30, 2024
	(Rupees in '000)			
Taxable temporary differences on				
- Stores and spares	(39,000)	(39,463)	-	**(78,463)**
- Stock-in-trade	(26,301)	(948)	-	**(27,249)**
- Loans and advances and bill of exchange	(2,167)	-	-	**(2,167)**
- Trade and other payable	-	(35,654)	-	**(35,654)**
- Other receivables	(1,154)	-	-	**(1,154)**
- Lease liabilities	-	-	-	**-**
- Deferred liabilities - pension payable	(177,625)	49,090	40,328	**(88,207)**
	(246,247)	(26,975)	40,328	**(232,894)**
Deductible temporary differences on				
- Property, plant and equipment	1,330,323	45,968	-	**1,376,291**
- Investment in associates	1,176,560	190,838	-	**1,367,398**
- Investments - local	138,001	(131,717)	-	**6,284**
- Intangible	27	11	-	**38**
- Accrued markup - liability	-	14,584	-	**14,584**
- Short term investments	-	280,327	-	**280,327**
	2,644,911	400,011	-	**3,044,922**
	2,398,664	373,036	40,328	**2,812,028**

	Balance as at July 1, 2022	Recognised in P&L	Recognised in OCI	Balance as at June 30, 2023
	(Rupees in '000)			
Taxable temporary differences on				
- Stores and spares	(22,621)	(16,379)	-	(39,000)
- Stock-in-trade	(20,064)	(6,237)	-	(26,301)
- Loans and advances and bill of exchange	(205)	(1,962)	-	(2,167)
- Trade and other payable	-	-	-	-
- Other receivables	(24,394)	23,240	-	(1,154)
- Lease liabilities	(1,427)	1,427	-	-
- Deferred liabilities - pension payable	(297,827)	83,489	36,712	(177,625)
	(366,538)	83,578	36,712	(246,247)
Deductible temporary differences on				
- Property, plant and equipment	713,327	616,996	-	1,330,323
- Investment in associates	1,154,026	22,534	-	1,176,560
- Investments - local	5,701	132,300	-	138,001
- Intangible	-	27	-	27
- Accrued markup - liability	-	-	-	-
- Short term investments	-	-	-	-
	1,873,054	771,857	-	2,644,911
	1,506,516	855,435	36,712	2,398,664

23 OTHER ASSETS

	Note	2024	2023
		(Rupees in '000)	
Commission receivable and others	23.1	**13,569,127**	10,277,391
Stock-in-trade	23.2	**3,400,561**	4,708,425
Other advances, deposits and prepayments		**12,531,257**	12,793,546
Stores and spares		**1,725,095**	1,671,049
Medical, stationery consumables and stamps on hand		**86,485**	214,308
Assets relating to endowment fund		**-**	5,684
		31,312,525	29,670,403

23.1 This includes commission income receivable from Federal Government on the issuance of the Government securities amounting to Rs. 10,258 million. 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:

	2024	2023
	(Rupees in '000)	
Raw materials	**2,010,802**	2,913,005
Work-in-process	**1,459,627**	1,533,514
Finished goods	**-**	329,344
Less: Provision for slow moving and obsolete stock-in-trade	**(69,868)**	(67,438)
	3,400,561	4,708,425

24	BANKNOTES IN CIRCULATION	Note	2024	2023
			------------- (Rupees in '000) ------------	
	Total banknotes issued	24.1	**9,698,401,126**	9,664,420,708
	Banknotes held with the banking department	8	**(189,695)**	(130,550)
	Notes in circulation		**9,698,211,431**	9,664,290,158

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	2024	2023
		------------- (Rupees in '000) ------------	
Gold reserves held by the Bank	7	**1,349,448,617**	1,136,973,623
Local currency - coins	8	**39,941**	350,957
Foreign currency accounts and investments	9	**-**	1,092,412
Securities purchased under agreement to resell	13	**3,000,000,000**	3,000,000,000
Investments - local	14	**5,324,039,225**	5,504,424,777
Assets held with the Reserve Bank of India	17	**24,873,343**	21,578,939
		9,698,401,126	9,664,420,708

25 CURRENT ACCOUNTS OF GOVERNMENTS

25.1 Current accounts of governments - payable balances

	Note	2024	2023
Federal Government	25.2	**862,683,327**	681,346,323
Provincial governments			
- Punjab	25.3	**627,731,043**	466,447,417
- Sindh	25.4	**115,899,975**	103,869,839
- Khyber Pakhtunkhwa	25.5	**63,403,027**	61,523,451
- Balochistan	25.6	**44,631,129**	15,292,405
Government of Azad Jammu and Kashmir	25.7	**30,893,108**	14,358,196
Gilgit - Baltistan Administration Authority	25.8	**20,084,172**	20,791,769
		902,642,454	682,283,077
		1,765,325,781	1,363,629,400

25.2 Federal Government

	2024	2023
Non-food account	**846,356,764**	669,841,388
Zakat fund accounts	**12,214,987**	7,393,359
Other accounts	**4,111,576**	4,111,576
	862,683,327	681,346,323

25.3 Provincial Government - Punjab

	2024	2023
Non-food account	**624,774,025**	465,175,176
Zakat fund account	**177,158**	351,698
Other accounts	**2,779,860**	920,543
	627,731,043	466,447,417

25.4 Provincial Government - Sindh

	2024	2023
Non-food account	**108,735,069**	94,639,642
Zakat fund account	**4,613,472**	4,937,319
Other accounts	**2,551,434**	4,292,878
	115,899,975	103,869,839

25.5 Provincial Government - Khyber Pakhtunkhwa

	2024	2023
Non-food account	**58,344,759**	55,418,963
Zakat fund account	**1,322,498**	3,581,356
Other accounts	**3,735,770**	2,523,132
	63,403,027	61,523,451

		Note	2024	2023
25.6	**Provincial Government - Balochistan**		**------------- (Rupees in '000)**	**------------**
	Non-food account		**41,742,547**	13,075,558
	Zakat fund account		**2,643,886**	1,991,852
	Other accounts		**244,696**	224,995
			44,631,129	15,292,405
25.7	**Government of Azad Jammu and Kashmir**		**30,893,108**	14,358,196
25.8	**Gilgit - Baltistan Administration Authority**		**20,084,172**	20,791,769

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%. The renewal of this arrangement is in progress and expected to be completed subsequent to the year end.

		Note	2024	2023
27	**DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS**		**------------- (Rupees in '000)**	**------------**
	Foreign currency			
	Scheduled banks		**65,209,578**	67,228,059
	Held under cash reserve requirement	27.1	**300,404,706**	304,854,509
	Others		**22,360,498**	26,498,334
			387,974,782	398,580,902
	Local currency			
	Scheduled banks	27.1	**1,461,839,092**	1,241,323,247
	Financial institutions		**50,314,873**	36,644,866
	Others		**195,688**	181,856
			1,512,349,653	1,278,149,969
			1,900,324,435	1,676,730,871

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

		Note	2024	2023
28	**OTHER DEPOSITS AND ACCOUNTS**		**------------- (Rupees in '000)**	**------------**
	Foreign currency			
	Foreign central banks		**125,593,441**	128,994,228
	International organisations		**931,523,698**	653,157,077
	Others		**28,327,466**	27,499,868
		28.1 & 28.2	**1,085,444,605**	809,651,173
	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		**3**	930
	International organisations		**228,152**	318,213
	Others		**79,823,720**	102,740,191
			122,146,064	145,153,523
			1,207,590,669	954,804,696

28.1 This includes FCY deposits equivalent to Rs. 1,113,365.00 million (based on exchange rate as of June 30, 2024) [2023: 1,143,962.00 million (based on exchange rate as of June 30, 2023)], carrying interest at Secured Overnight Financing Rate (SOFR) 180 day Average + 1.72% (2023: twelve month LIBOR + 1.00%), payable semi-annually. These deposits have been set off against the Rupee counterpart receivable from the Federal Government and have been covered under Ministry of Finance (MoF) Guarantee whereby the MoF has agreed to assume all liabilities and risks arising from these deposits.

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

	2024	2023
	(% per annum)	
Foreign central banks	**5.68 to 5.88**	5.50 to 5.70
International organisations	**6.50 to 6.96**	3.00 to 6.89

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

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

29 PAYABLE TO THE INTERNATIONAL MONETARY FUND

	Note	**2024**	2023
		------------- (Rupees in '000) -----------	
Borrowings under:			
- fund facilities	29.1 & 29.3	**1,075,044,556**	502,619,466
- allocation of SDRs	29.2 & 29.3	**1,082,010,456**	1,129,442,113
		2,157,055,012	1,632,061,579
Current account for administrative charges		**85**	88
		2,157,055,097	1,632,061,667

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

Under GRA financing, the IMF granted Extended Fund Facility (EFF) amounting to SDR 4,393 million in FY 2013-14, having repayment period of 4½ – 10 years, with repayments in twelve equal semi-annual instalments. A total amount of SDR 4,393 million had been disbursed under twelve tranches of EFF. The repayment under this facility started from March 2018 and will continue till September 2026. Repayments made during the year amounted to SDR 642.17 million (2023: SDR 732.17 million) in 21 different tranches (2023: 24 tranches).

During the year ended June 30, 2024, under GRA financing, the IMF granted Stand by Arrangement (SBA) amounting to SDR 2,250.00 million, having repayment period of 3¼ – 5 years, with repayments in eight equal quarterly instalments. A total amount of SDR 2,250.00 million have been disbursed under three tranches of SBA. The repayment under this facility will start from October 2026 and will continue till April 2029.

29.2 During the 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 1,946.6 million from the Fund. A charge is levied by the IMF on SDR allocation of the Bank at weekly interest rate applicable on daily product of SDR. The SDRs received above have been on-lent to the GoP as disclosed in note 16.4 to these consolidated financial statements.

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

	Note	**2024**	2023
		(% per annum)	
Fund facilities	29.3.1	**5.20**	4.98
Allocation of SDR		**4.20**	3.98

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.

30 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up of 19.5% per annum (2023: 21.00% per annum) and is due to mature on July 2, 2024 (2023: July 4, 2023).

30.1 Pakistan Investment Bonds having maturity of 5 years are pledged as security under borrowing having fair value of Rs. 610,376.29 million (2023: Rs. 143,154.81 million).

		Note	2024	2023
31	**OTHER LIABILITIES**		------------- (Rupees in '000)	------------
	Local Currency			
	Provision against overdue mark-up	31.1	**16,136,242**	14,951,675
	Special reserve provision under FIIP		**24,017,148**	18,603,827
	Deferred Grant Income under FIIP		**573,734**	-
	Remittance clearance account		**97,325**	1,255,158
	Exchange loss payable under exchange risk coverage scheme		**801,877**	861,266
	Unrealised loss on derivative financial instruments - net		**595,805**	52,663,898
	Unrealized loss on foreign currency derivatives		**5,988,923**	15,243,800
	Other accruals and provisions	31.2	**58,177,956**	51,117,930
	Others		**20,953,299**	7,653,464
			127,342,309	162,351,018

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

		Note	2024	2023
			------------- (Rupees in '000)	------------
31.2	**Other accruals and provisions**			
	Agency commission		**11,681,126**	11,101,518
	Provision for employees' compensated absences	46.3.9	**11,388,830**	10,586,144
	Provision for other doubtful assets	31.2.1	**26,455,829**	23,161,396
	Trade and other payables		**2,216,397**	2,205,120
	Other provisions	31.2.2	**4,087,096**	2,862,037
	Others		**2,348,678**	1,201,715
			58,177,956	51,117,930

31.2.1 Provision for other doubtful assets

	Note	2024	2023
Provision against assets held with / receivable from the Government of India and the Reserve Bank of India			
- Issue department		**24,873,372**	21,578,939
- Banking department		**40,483**	40,483
		24,913,855	21,619,422
Provision against assets receivable from the Government of Bangladesh			
- Issue department		**-**	-
- Banking department	31.2.1.1	**1,541,974**	1,541,974
		1,541,974	1,541,974
	31.2.1.2	**26,455,829**	23,161,396

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

	2024	2023
Opening balance	**23,161,396**	16,398,780
Charge during the year	**(127,828)**	896,123
Appreciation relating to gold reserves held by the Reserve Bank of India	**3,422,261**	5,866,493
Closing balance	**26,455,829**	23,161,396

31.2.2 This represents provision against home remittance amounting to Rs. 260.36 million (2023: Rs. 260.36 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600.00 million (2023: Rs. 1,600.00 million) and other provision made in respect of litigations and claims against the Bank amounting to Rs. 2,226.74 million (2023: Rs. 1,001.68 million).

		Note	2024	2023
32	**DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS**		------------- (Rupees in '000) ------------	
	Unfunded staff retirement benefits			
	Pension		**76,474,711**	70,004,537
	Gratuity scheme		**258,607**	201,182
	Post retirement medical benefits		**57,751,575**	51,454,019
	Benevolent fund scheme		**954,029**	1,014,738
	Six months post retirement facility		**2,021,493**	1,456,490
	Income Continuation Plan		**2,700,847**	1,865,085
	Gratuity - Contractual employees		**30,583**	-
		46.3.3	**140,191,845**	125,996,051
	Provident fund scheme		**351,599**	583,062
			140,543,444	126,579,113
	Funded staff retirement benefits			
	Pension	46.4.3	**4,154,745**	4,469,007
			144,698,189	131,048,120

33 SHARE CAPITAL

2024	2023		2024	2023
--------- (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

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

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

34 RESERVES

34.1 General reserve

This includes appropriations made out of the annual profits of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956. During the year, the Board of Directors has approved appropriation of Rs. 603.245 billion (2023: Rs. 226.176 billion) to general reserve.

34.2 Reserve for acquisition of PSPC

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

35	UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK	Note	2024	2023
			(Rupees in '000)	
	Opening balance		**1,132,158,155**	769,061,112
	Appreciation for the year due to revaluation	7	**211,883,560**	363,097,043
	Closing balance		**1,344,041,715**	1,132,158,155

36 CONTINGENCIES AND COMMITMENTS

36.1 Contingencies

36.1.1 State Bank of Pakistan (the Bank)

	Note	2024	2023
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	36.1.1.1	**2,680,584**	6,426,792
Federal Government owned / controlled bodies and authorities		**3,526,240**	5,594,156
		6,206,824	12,020,948
b) Other claims against the Bank not acknowledged as debts	36.1.1.2	**1,687,123**	834,990

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.

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

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

36.1.2	SBP Banking Services Corporation (the Corporation)	Note	2024	2023
			(Rupees in '000)	
	Claims against the Corporation not acknowledged as debts	36.1.2.1	**3,972.00**	3,972.00

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

36.1.3 National Institute of Banking and Finance (Guarantee) Limited (NIBAF)

36.1.3.1 During the year 2016, the NIBAF received a notice from the tax department dated January 20, 2016 claiming that the services provided by NIBAF fall within the purview of serial numbers 13, 19 and 38 of schedule to the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (ICTO) and accordingly the NIBAF should get itself registered for sales tax, obtain Sales Tax Registration number (STRN), file returns for six months from July 2015 to December 2015 and settle the outstanding liability in respect of sales tax for those six months. The management believes that the training services did not fall under the purview of serial numbers 13, 19 and 38 of schedule to the ICTO mainly on the ground that the NIBAF is a training company and is not liable to be registered under sales tax on training services. A reply was sent from the NIBAF's management to the Assistant Commissioner Inland Revenue (ACIR) justifying the non-applicability of serial numbers 13, 19 and 38 of schedule to the ICTO to the NIBAF. However, the ACIR maintained the tax department's view and ordered the compulsory registration of the NIBAF with immediate effect through its order dated February 19, 2016.

Moreover, the NIBAF received a show cause notice on March 10, 2016 for filing the tax returns for the period from July 2015 to December 2015 and payment of the due amount of sales tax on services. Subsequently, the department passed the order on April 11, 2016, with following details:

a) Imposition of sales tax amounting to Rs.13,675,649; and

b) Imposition of a penalty under section 33(1) of the Sales Tax Act, 1990 for non-filing amounting to Rs. 35,000 along with default surcharge and penalty under section 33(5) of the Sales Tax Act, 1990.

During the year 2017, the NIBAF filed an appeal before the Commissioner Inland Revenue Appeals II (CIRA) challenging the compulsory registration of NIBAF done by the department vide its order dated February 19, 2016. This appeal was disposed of by the CIRA on February 9, 2017 because it was not maintainable under the law (as it was outside its jurisdiction) and the case could now be taken to the Honourable Islamabad High Court. Consequently, the NIBAF filed writ petition against the above orders before the Honourable Islamabad High Court (IHC).

IHC passed an order dated January 29, 2018 and directed CIRA to decide the representation of the NIBAF expeditiously (preferably within 7 days) after affording an opportunity of being heard. NIBAF filed applications to CIRA for compliance with IHC order. On March 12, 2018, representatives of NIBAF attended a hearing before the tax department and made oral and written submission. On April 02, 2018, Deputy commissioner Inland Revenue passed an order rejecting Company's application for de-registration and passed an order for compulsory registration of NIBAF.

During the year 2021, NIBAF received notice dated January 19, 2021 passed by ACIR for recovery of sales tax adjudged via Order-in-Original No 02/2016 dated April 11, 2016. A reply was sent from the NIBAF's management to the ACIR contesting the non-empowerment of ACIR to enforce, collect sales tax and recovery against NIBAF as Institute is of the view that it was outside lawful jurisdiction of ACIR. Further, NIBAF filed writ petition dated February 24, 2021 against the above orders before the Honourable Islamabad High Court (IHC) and matter is pending for adjudication before the Honourable Islamabad High Court.

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

36.1.4 Pakistan Security Printing Corporation (Private) Limited- (PSPC)

a) PSPC is defending certain cases filed by its ex-employees on account of their reinstatement in the PSPC and compensation for loss of their jobs. Management considers that the probability of any significant liability arising from such cases is remote.

b) In the previous years, certain income tax demands were raised for amount of Rs. 34.90 million. PSPC, having paid the aforesaid demand of Rs. 34.9 million, had filed appeals before the Commissioner of Inland Revenue (Appeals) [CIR(A)] which were decided against PSPC. PSPC further filed appeal before the Appellate Tribunal Inland Revenue [ATIR] which vide order dated June 29, 2015 partially upheld the action of the Additional Commissioner Inland Revenue [ACIR] for amending the aforesaid assessments. PSPC, being aggrieved of the matters decided in favour of the tax authorities, filed miscellaneous application before ATIR, which were dismissed by the ATIR. A reference before the High Court of Sindh has been filed by PSPC, the adjudication of which is pending to date.

   The management is continuing with its view that the demand will eventually be revoked and the amount paid will be refunded / adjusted in favour of PSPC. Therefore no provision has been made in these consolidated financial statements.

c) In the previous year, the tax demands aggregating Rs. 515.487 million relating to PSPC's tax years 2013 to 2018 were raised. In relation to the tax year 2017 a rectification application was filed as a result of which the aggregate tax demand was reduced to Rs. 343.240 million. Simultaneously, appeals before the CIR(A) were filed which were partially decided in favour of PSPC vide orders dated January 28, 2019 (for tax years 2013 to 2017) and August 6, 2019 (for tax year 2018) thus further reducing the tax demand to Rs. 206.772 million mainly on account of apportionment of expenses and disallowance of credit claimed on sales.

   Being aggrieved, PSPC has filed appeals before the ATIR for tax years 2013 to 2017 which are pending for adjudication, while appeal for tax year 2018 shall be filed in due course. PSPC has also filed application to the Deputy Commissioner Inland Revenue (DCIR) for giving appeal effect of the aforementioned CIR(A) order.

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

36.1.5 Contingencies of the associate - Security Papers Limited (SPL)

There are aggregate tax contingencies as at June 30, 2024 amounting to Rs. 421.693 million in respect of various matters of sales tax and income tax whereby SPL is contesting before various authorities and associated company, expects a favourable outcome of the matters and therefore no provision has been made in these consolidated financial statements.

36.1.6 **Contingencies of the associate - SICPA Inks Pakistan Private Limited**

The Deputy Commissioner Inland Revenue (DCIR) has passed an order dated June 28, 2024 on account for short-deduction of sales tax creating demand of Rs. 12.93 million for the period of January 1, 2016 to December 31, 2016. The Company has filed an appeal dated July 29, 2024 against the aforesaid order with Tribunal Inland Revenue-Appeals, the hearing of which is not yet fixed.

The DCIR issued the notice dated July 6, 2023, bearing barcode 100000154786047 under rule 44(4) read with section 176 of the Ordinance relating to monitoring of withholding taxes. The said notice has been partially complied and the extension has been filed till June 11, 2024 for providing the remaining information.

		Note	2024	2023
36.2	**Commitments**		------------- (Rupees in '000) -----------	
36.2.1	Foreign currency forward and swap contracts - sale		**1,808,999,457**	1,874,895,937
36.2.2	Foreign currency forward and swap contracts - purchase		**842,051,338**	558,559,284
36.2.3	Capital commitments	36.2.3.1	**1,400,945**	878,826

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

			2024	2023
36.2.4	Letter of guarantee / credit		**4,219,440**	958,962

36.2.5 As at June 30, 2024, PSPC has letter of guarantee facility from Bank Al Habib Limited against hypothecation charge over SBP receivables.

36.2.6 The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 1,149,156 million) (2023: equivalent PKR of CNY 30,000 million (Rs.1,190,091 million)) to People's Bank of China under bilateral currency swap agreement as disclosed in note 26 to these consolidated financial statements.

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

Running finance facility from National Bank of Pakistan is available to be used for import letters of credit (sight / usance) amounting to Rs. 200 million (2023: Rs. 100 million). The arrangement from National Bank of Pakistan is secured by lien on documents of title of goods drawn under letter of credit. The Company has utilised Rs. 30.067 million as at 30 June 2024.

SPL has facilities from the Bank Al Habib Limited (BAHL) relating to import letters of credit (sight / usance) amounting to Rs. 200 million (2023: Rs. 200 million). Besides, Rs Nil (2023: Rs. 100 million) may also be used for import letter of credit as sub limit of running finance facility. The arrangement from BAHL is secured by lien documents consigned in favour of BAHL and counter guarantees. The Company has utilised Rs. 112.5 million as at 30 June 2024.

The Musharka facility from Meezan Bank Limited is also available to be used for import letter of credit (sight / usance) amounting to Rs. 200 million. This arrangement is secured by lien over import documents.

37	**DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS**	Note	2024	2023
			------------- (Rupees in '000) -----------	
	At amortised cost			
	Discount, interest / mark-up on government transactions:			
	- Government securities	37.1	**1,235,486,966**	967,230,861
	- Federal Government scrips		**82,200**	82,200
	- SDRs on-lending to Government of Pakistan (GoP)	37.2	**30,059,294**	18,344,342
	Securities purchased under agreement to resell		**2,091,935,736**	1,095,943,099
	Interest income on preference shares		**4,273,953**	4,254,561
	Return on loans and advances to financial institutions		**112,932,775**	73,611,195
	Foreign currency deposits		**93,066,534**	29,591,884
	Others		**314,679**	171,257
			3,568,152,137	2,189,229,399
	Fair value through other comprehensive income			
	Foreign currency securities		**1,946,615**	3,298,807

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

		Note	2024	2023
			------------- (Rupees in '000) ------------	
38	**INTEREST / MARK-UP EXPENSE**			
	Deposits		**64,336,554**	26,598,038
	Interest on bilateral currency swap		**47,482,355**	42,090,742
	Interest on special drawing rights		**47,470,015**	22,882,818
	Securities sold under agreement to repurchase		**77,661,258**	26,542,504
	Charges on allocation of special drawing rights of the IMF		**44,874,973**	29,551,102
	Others		**222**	3,276
			281,825,377	147,668,480
39	**COMMISSION INCOME**			
	Market Treasury Bills	39.1	**4,044,270**	4,063,159
	Management of public debts	39.1	**6,249,532**	4,563,466
	Prize bonds and national saving certificates	39.1	**566,139**	566,099
	Draft / payment orders		**2,145**	1,518
	Others		**70**	66
			10,862,156	9,194,308

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

		2024	2023
		------------- (Rupees in '000) ------------	
40	**EXCHANGE GAIN / (LOSS) - NET**		
	Gain / (loss) on:		
	- foreign currency placements, deposits, securities and other accounts - net	**136,166,534**	(589,674,943)
	- IMF fund facilities	**33,979,963**	(185,627,066)
	- Special drawing rights of the IMF	**15,930,039**	(99,367,785)
	Others	**16,065**	(355,057)
		186,092,601	(875,024,851)
41	**SHARE OF PROFIT FROM ASSOCIATES**		
	Security Papers Limited	**662,847**	416,504
	SICPA Inks Pakistan (Private) Limited	**1,052,696**	309,451
		1,715,543	725,955
42	**OTHER OPERATING INCOME / (LOSS) - NET**		
	Penalties levied on banks and financial institutions	**3,098,249**	1,929,026
	License / credit Information Bureau fee recovered	**1,115,328**	1,161,374
	Gain / (loss) on disposal of investments - net:		
	- local - at fair value through profit or loss	**251,521**	117,699
	- foreign - at fair value through profit or loss	**-**	(17,902,144)
		251,521	(17,784,445)
	Gain on remeasurement of securities at fair value through profit or loss	**-**	12,804,237
	Gain on sale of Prize Bonds to Government of Pakistan	**-**	528,564
	Others	**1,287,498**	833,769
		5,752,596	(527,475)

	Note	2024	2023
		------------ (Rupees in '000) ------------	

43 OTHER INCOME - NET

	Note	2024	2023
Gain on disposal of property, plant and equipment		**3,907**	18,032
Liabilities and provisions written back - net	43.1	**-**	36,723,685
Grant income under foreign assistance program		**100,491**	314,416
Reversal of Provision of stamp duty		**-**	26,529
Fair value gain on investment property	20	**58,793**	106,896
Others		**279,773**	284,920
		442,964	37,474,478

43.1 The Bank had introduced a new series of banknotes between 2005 and 2008, gradually phasing out the old design banknotes from circulation. In accordance with the decision of the Federal Government, the old design banknotes of denominations Rs. 10, 50, 100, and 1,000, were demonetized and ceased to be legal tender as of December 1, 2016 and were exchangeable at the offices of the SBP Banking Services Corporation until December 31, 2022. During the year ended June 30, 2023, the Bank has derecognised liability for banknotes which remained unexchanged as at December 31, 2022 including the liability for unexchanged old design banknotes of Rs. 500 denomination which were exchangeable until October 1, 2012.

44 BANKNOTES' AND PRIZE BOND PRINTING CHARGES

	Note	2024	2023
Raw material			
Opening stock		**2,913,005**	2,303,281
Purchases including in transit		**21,763,935**	14,952,984
Closing stock		**(2,010,802)**	(2,913,005)
		22,666,138	14,343,260
Salaries, wages and other benefits		**824,479**	799,727
Pension		**438,343**	368,932
Outsourced services		**285,700**	239,678
Training		**20,010**	106
Stores and spares		**789,198**	857,634
Fuel and power		**345,169**	213,617
Insurance		**41,518**	34,306
Depreciation	19.3	**520,247**	415,350
Provision for obsolete stores and spares - net		**101,185**	21,999
Provision for slow moving and obsolete stock-in-trade - net		**2,430**	-
Amortisation of packing boxes		**84,552**	83,799
Amortisation of intangibles		**168**	-
Repairs and maintenance		**105,675**	77,417
Others		**9,490**	7,750
		3,568,164	3,120,315
Manufacturing cost		**26,234,302**	17,463,575
Opening work-in-process		**1,533,514**	1,347,528
Closing work-in-process		**(1,459,627)**	(1,533,514)
		73,887	(185,986)
Cost of goods manufactured		**26,308,189**	17,277,589
Opening stock of finished goods		**329,344**	826,801
Closing stock of finished goods		**-**	(329,344)
		329,344	497,457
		26,637,533	17,775,046

45 AGENCY COMMISSION

Agency commission is mainly payable to National Bank of Pakistan (NBP) under an agreement for providing banking services to Federal and Provincial Governments as an agent of the Bank. Furthermore, certain portion of the agency commission also pertains to the Bank of Punjab (BoP), the Sindh Bank Limited and the Bank of Khyber (BoK), which were appointed as agents of the Bank in March 2016 and October 2022 respectively to collect Government of Punjab's taxes and receipts. During the year, the Bank of Khyber (BoK) was also appointed as an agent on December 27, 2023.

		Note	2024	2023
46	**GENERAL ADMINISTRATIVE AND OTHER EXPENSES**		------------- (Rupees in '000) ------------	
	Salaries and other benefits		**17,957,200**	14,691,822
	Retirement benefits and employees' compensated absences	46.1	**26,299,045**	18,388,322
	Contribution to Employee Staff Welfare Fund		**187,081**	145,114
	Rent and taxes		**107,094**	123,901
	Insurance		**194,155**	145,138
	Electricity, gas and water		**1,155,836**	858,076
	Depreciation	19.3	**3,398,439**	3,138,602
	Amortisation	21.2	**133,669**	100,855
	Repairs and maintenance		**1,770,282**	1,453,757
	Directors' fee		**5,907**	3,695
	Auditors' remuneration	46.2	**36,479**	30,521
	Legal and professional		**176,231**	286,864
	Fund managers / custodian expenses		**-**	448,795
	Travelling expenses		**185,227**	151,427
	Daily expenses		**112,115**	89,337
	Fuel		**80,612**	59,515
	Conveyance		**44,762**	31,481
	Postages, telegram / telex and telephone		**372,733**	328,878
	Training		**180,058**	119,475
	Stationery		**47,192**	29,427
	Remittance of treasure		**544,303**	472,617
	Books and newspapers		**24,354**	36,507
	Advertisement		**182,039**	345,809
	Uniforms		**28,395**	27,732
	Board / Board committee expenses		**20,906**	19,660
	Recruitment charges		**20,751**	10,223
	Others		**2,791,370**	1,203,949
			56,056,235	42,741,499

46.1 This includes an amount relating to defined contribution plan aggregating to Rs. 1,001.892 million (2023: Rs. 821.866 million) and Rs. 1,786.458 million (2023: reversal of Rs. 35.698 million) in respect of employees compensated absences.

46.2 Auditors' remuneration

	2024				2023			
	BDO Ebrahim & Co.	KPMG Taseer Hadi & Co.	A. F. Ferguson & Co.	Total	BDO Ebrahim & Co.	KPMG Taseer Hadi & Co.	A. F. Ferguson & Co.	Total
	------------------------------- (Rupees in '000)							
State Bank of Pakistan								
Audit fee (including out of pocket expenses)	7,206	-	8,381	15,587	6,005	-	6,984	12,989
Sindh sales tax on services	576	-	670	1,246	480	-	559	1,039
	7,782	-	9,051	16,833	6,485	-	7,543	14,028
SBP Banking Services Corporation								
Audit fee (including out of pocket expenses)	7,206	-	8,381	15,587	6,005	-	6,984	12,989
Sindh sales tax on services	576	-	670	1,246	480	-	559	1,039
	7,782	-	9,051	16,833	6,485	-	7,543	14,028
National Institute of Banking and Finance								
Audit fee (including out of pocket expenses)	-	-	931	931	-	-	580	580
ICT sales tax on services	-	-	75	75	-	-	46	46
	-	-	1,006	1,006	-	-	626	626
National Institute of Banking and Finance, Pakistan								
Audit fee (including out of pocket expenses)	83	-	-	83	-	-	-	-
Sindh sales tax on services	7	-	-	7	-	-	-	-
	90	-	-	90	-	-	-	-
Pakistan Security Printing Corporation								
Audit fee (including out of pocket expenses)	1,590	-	-	1,590	-	1,703	-	1,703
Sindh sales tax on services	127	-	-	127	-	136	-	136
	1,717	-	-	1,717	-	1,839	-	1,839
	17,371	-	19,108	36,479	12,970	1,839	15,712	30,521

46.3 Staff retirement benefits - unfunded (Bank and BSC)

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

	2024	2023
- discount rate for year end obligation	**14.75% p.a**	16.25% p.a
- salary increase rate (where applicable)	**24.75% p.a**	20.25% p.a
- pension indexation rate (where applicable)	**13.50% p.a**	14.25% p.a
- medical cost increase rate	**14.75% p.a**	16.25% p.a
- petrol price increase rate (where applicable)	**24.75% p.a**	26.25% p.a
- personnel turnover (SBP)	**4.84% p.a**	6.20% p.a
- normal retirement age	**60 Years**	60 Years

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

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

Discount rate risk

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

Salary increase / inflation risk

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

Pension Increase

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

Mortality risk

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

Withdrawal risk

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

46.3.3 Change in present value of defined benefit obligation

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

	2023						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Present value of defined benefit obligation July 01, 2022	61,093,434	168,245	42,190,670	966,939	1,129,370	2,121,784	107,670,442
Current service cost	2,764,608	18,105	839,418	7,747	70,691	-	3,700,569
Interest cost on defined benefit obligation	7,712,149	20,589	5,491,484	119,505	146,028	274,824	13,764,579
Past service cost	-	-	-	-	-	-	-
	10,476,757	38,694	6,330,902	127,252	216,719	274,824	17,465,148
Benefits paid	(5,777,074)	(596)	(1,491,027)	(126,381)	(54,540)	(95,278)	(7,544,896)
Remeasurements:							
actuarial losses / (gains) from changes in financial assumptions	4,202,494	(6,324)	4,107,295	(26,544)	164,941	(436,245)	8,005,617
experience adjustments	8,926	1,163	316,179	73,472	-	-	399,740
	4,211,420	(5,161)	4,423,474	46,928	164,941	(436,245)	8,405,357
Present value of defined benefit obligation as on June 30, 2023	70,004,537	201,182	51,454,019	1,014,738	1,456,490	1,865,085	125,996,051

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

Remeasurements recognised in the other comprehensive income

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

	2023						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement benefits	Income Continuation Plan	Total
	(Rupees in '000)						
- Actuarial loss / (gain) from changes in financial assumptions	4,202,494	(6,324)	4,107,295	(26,544)	164,941	**(436,245)**	8,005,617
- Experience adjustments	8,926	1,163	316,179	73,472	-	**-**	399,740
	4,211,420	(5,161)	4,423,474	46,928	164,941	**(436,245)**	8,405,357

46.3.4 Amount recognised in the consolidated profit and loss account

	2024							
	Pension	**Gratuity scheme**	**Post retirement medical benefits**	**Benevolent fund scheme**	**Six months post retirement facility**	**Income Continuation Plan**	**Gratuity-Contractual Employees**	**Total**
	(Rupees in '000)							
Current service cost	**1,323,496**	**23,380**	**1,664,696**	**5,379**	**94,582**	**-**	**32,801**	**3,144,334**
Past service cost (credit)	**11,017,409**	**29,441**	**8,180,941**	**151,146**	**226,040**	**289,308**	**-**	**19,894,285**
Interest cost on defined benefit obligation	**-**	**-**	**-**	**-**	**336,233**	**-**	**-**	**336,233**
	12,340,905	**52,821**	**9,845,637**	**156,525**	**656,855**	**289,308**	**32,801**	**23,374,852**

	2023						
	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	2,764,608	18,105	839,418	7,747	70,691	-	3,700,569
Past service cost (credit)	-	-	-	-	-	-	-
Interest cost on defined benefit obligation	7,712,149	20,589	5,491,484	119,505	146,028	274,824	13,764,579
	10,476,757	38,694	6,330,902	127,252	216,719	274,824	17,465,148

46.3.5 Movement of present value of defined benefit obligation

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

	2023						
	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, 2022	61,093,434	168,245	42,190,670	966,939	1,129,370	2,121,784	107,670,442
Amount recognised in the consolidated profit and loss account	10,476,757	38,694	6,330,902	127,252	216,719	274,824	17,465,148
Remeasurements	4,211,420	(5,161)	4,423,474	46,928	164,941	(436,245)	8,405,357
Benefits paid during the year	(5,777,074)	(596)	(1,491,027)	(126,381)	(54,540)	(95,278)	(7,544,896)
Net recognised liabilities at June 30, 2023	70,004,537	201,182	51,454,019	1,014,738	1,456,490	1,865,085	125,996,051

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

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Pension			
Discount rate	1%	(5,004,958)	5,785,419
Future salary increase	1%	(3,784,416)	(5,574,496)
Future pension increase	1%	51,522	(9,071,405)
Expected mortality rates	1 Year	1,701,848	(1,568,421)
Gratuity Scheme			
Discount rate	1%	(14,350)	9,514
Future salary increase	1%	10,031	(15,034)
Post retirement medical benefit scheme			
Discount rate	1%	(6,832,073)	8,594,708
Future post-retirement medical cost increase	1%	8,618,688	(6,921,572)
Expected mortality rates	1 Year	709,369	(634,971)
Benevolent fund scheme			
Discount rate	1%	(32,726)	35,602
Six months post retirement facility			
Discount rate	1%	(115,045)	128,372
Future salary increase	1%	132,238	(120,771)
Income Continuation Plan			
Discount Rate	1%	(1,753,293)	177,758
Future Salary Increase	1%	139,018	(125,446)
Expected mortality rates	1 Year	(140,050)	139,043

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

46.3.7 Duration of defined benefit obligation

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

46.3.8 Estimated expenses to be charged to the consolidated profit and loss account for the year ending June 30, 2025

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2025 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Gratuity- Contractual Employees	Total
	(Rupees in '000)							
Current service cost	1,273,906	12,666	1,368,461	5,272	144,632	-	21,743	2,826,680
Interest cost on defined benefit obligation	10,914,121	32,451	8,291,471	127,589	275,121	340,475	3,914	19,985,142
Amount chargeable to the consolidated profit and loss account	12,188,027	45,117	9,659,932	132,861	419,753	340,475	25,657	22,811,822

46.3.9 Employees' compensated absences

The Group's liability for employees' compensated absences determined through an actuarial valuation carried out under the Projected unit credit method amounted to Rs. 11,297.41 million (2023: Rs. 10,503.167 million). An amount of Rs. 1786.48 million (2023: Rs. 35.698 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, 2025 would be Rs 1,995.18 million. The benefits paid during the year amounted to Rs. 992.22 million (2023: Rs. 512.388 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 498.61 million and Rs. 551.01 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. 822.55 million and Rs. 605.30 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 3.81 - 6 years.

46.4 Staff retirement benefits-funded (PSPC)

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

	2024	2023
- Discount rate	**14.75% p.a**	16.25% p.a
- Salary increase rate	**13.00% p.a**	14.50% p.a
- Pension increase rate	**6.75% p.a**	8.25% p.a

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

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

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The fund believes that due to long-term nature of the plan liabilities and the strength of the PSPC's support, the current investment strategy manages this risk adequately.

Inflation risk
The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. However, the fund manages plan assets to off set inflationary impacts.

Life expectancy / withdrawal rate
The majority of the plan's obligations are to provide benefits on severance with the PSPC or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

46.4.3 Amounts recognised in the consolidated balance sheet are determined as follows:

	2024	2023
	(Rupees in '000)	
Present value of defined benefit obligation	**6,084,338**	5,565,589
Fair value of plan assets	**(1,929,593)**	(1,096,582)
	4,154,745	4,469,007

46.4.4 Movement of present value of defined benefit obligation and fair value of plan assets

	2024	2023
	(Rupees in '000)	
Movement in defined benefit obligation		
Present value at reporting date	**5,565,589**	5,283,310
Current service cost	**63,260**	54,001
Interest cost of defined benefit obligation	**865,113**	694,875
Benefits paid during the year	**(697,071)**	(572,267)
Actuarial remeasurement gain	**287,447**	105,670
Present value as at June 30	**6,084,338**	5,565,589
Movement in fair value of plan assets		
Fair value as reporting date	**1,096,582**	842,337
Expected return on plan assets	**139,645**	111,610
Contribution made by employer	**1,206,395**	515,098
Benefits paid during the year	**(697,071)**	(572,266)
Actuarial remeasurement loss	**184,042**	199,803
Fair value as reporting date at June 30	**1,929,593**	1,096,582

46.4.5 Plan assets consist of the following:

	2024 (Rupees in '000)	%	2023 (Rupees in '000)	%
Equity instruments	**91,721**	4.75	52,849	4.82
Debt instruments	**1,774,453**	91.96	639,282	58.30
Cash and cash equivalent	**63,418**	3.29	404,451	36.88
	1,929,592	**100.00**	1,096,582	100.00
Less: Pertaining to NSPC (being the multi employer fund)	**(280,150)**		(280,150)	
	1,649,442		816,432	

46.4.6 Amount recognised in the consolidated profit and loss account

	2024	2023
	(Rupees in '000)	
Current service cost	**63,260**	54,001
Net interest cost on defined benefit obligation	**725,468**	583,265
	788,728	637,266

46.4.7 Amount recognised in "other comprehensive income"

	2024	2023
Remeasurement gain on obligation		
Actuarial gains from changes in financial assumptions	**287,447**	105,670
Remeasurement (gain) on plan assets		
Actual net (gain) on plan assets	**(184,042)**	(199,803)
	103,405	(94,133)
Share of other comprehensive income / (loss) of associate	**17,442**	(11,480)

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

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Pension			
Discount rate	1%	(447,231)	518,101
Salary growth rate	1%	130,628	(121,950)
Pension indexation rate	1%	436,780	(384,166)

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

46.4.9 Duration of defined benefit obligation **Pension**

Weighted average duration of defined benefit obligation **7.89 years**

46.4.10 Estimated expenses to be charged to consolidated profit and loss account for the year ending June 30, 2025

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2025 would be Rs. 682.769 million.

47 (REVERSAL) / CHARGE OF CREDIT LOSS ALLOWANCE ON FINANCIAL INSTRUMENTS - NET

The following table reconciles the expected credit losses allowance for the year ended June 30, 2024 by classes of financial instruments:

	2024					
	Foreign currency accounts and investments (note 9.2)	Investments - local (note 14.6)	Loans, advances and bills of exchange (note 16.8)	Current accounts of governments	Securities purchased under agreement to resell (note 13.5)	Total
	(Rupees in '000)					
As at June 30, 2023	1,461	39,478	2,325,656	-	56,575	**2,423,170**
Reversal during the year	(293)	-	(124,075)	-	(45,321)	**(169,689)**
As at June 30, 2024	**1,168**	**39,478**	**2,201,581**	**-**	**11,254**	**2,253,481**

	2023					
	Foreign currency accounts and investments (note 9.2)	Investments - local (note 14.6)	Loans, advances and bills of exchange (note 16.8)	Current accounts of governments	Securities purchased under agreement to resell (note 13.5)	Total
	(Rupees in '000)					
As at June 30, 2022	4,165	39,478	2,157,467	-	8,732	2,209,842
(Reversal) / charge during the year	(2,704)	-	168,189	-	47,843	213,328
As at June 30, 2023	1,461	39,478	2,325,656	-	56,575	2,423,170

48 TAXATION

	Note	2024	2023
		(Rupees in '000)	
Current - for the year		**2,288,456**	1,525,656
Current - prior year		**(181,773)**	(502,941)
Deferred		**453,692**	855,435
		2,560,375	1,878,150

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

	Note	2024	2023
Profit before taxation		**3,422,847,423**	1,144,823,533
Adjustments for:			
Depreciation	19.3	**3,945,142**	3,578,116
Amortisation	21.2	**133,669**	100,855
(Reversal) / charge of credit loss on financial instruments		**(169,689)**	213,328
Provision / (reversal) for / write-off:			
- retirement benefits and employees' compensated absences		**26,299,045**	18,388,322
- other doubtful debt		**-**	896,123
Gain on disposal of property, plant and equipment	43	**(3,907)**	(18,032)
(Gain) / loss on disposal of financial assets	42	**(251,521)**	17,784,445
Gain on remeasurement of securities		**-**	(12,804,237)
Dividend income		**(665,500)**	(605,000)
Effect of exchange (gain) / loss on assets and liabilities	40	**(125,435,150)**	875,024,851
Fair valuation adjustment on COVID loans - net	16.7	**(23,820,392)**	(230,894)
Fair value gain on investment property	20	**(58,793)**	(106,896)
Reversal of Provision of stamp duty		**-**	(26,529)
Liabilities and provisions written back - net	43	**-**	(36,723,685)
Profit from associate and other non-cash adjustments		**(1,715,543)**	(725,955)
		3,301,104,784	2,009,568,345

	Note	2024	2023
50 CASH AND CASH EQUIVALENTS		------------- (Rupees in '000) ------------	
Cash and bank balances	6	**235,579**	182,091
Local currency - coins	8	**39,941**	350,957
Foreign currency accounts and investments having maturity of less than 3 months	9 & 14.3 & 50.1	**2,723,490,843**	1,590,115,928
Earmarked foreign currency balances	10	**20,507,133**	20,205,798
Special Drawing Rights of the International Monetary Fund	11	**204,445,631**	5,380,665
		2,948,719,127	1,616,235,439

50.1 Foreign currency accounts and investments excludes unrealised gain on foreign currency derivatives amounting to Rs.14.24 million (2023: Rs. 31.46 million) and deposits held with IMF amounting to Rs. 1,706.00 million (2023: Rs. 1,781.50 million).

51 RELATED PARTY TRANSACTIONS

The Group enters into transactions with related parties in its normal course of business. Related parties include the Federal Government as major shareholder of the Group, Provincial Governments, Government of Azad Jammu and Kashmir, Gilgit-Baltistan Administration Authority, government controlled enterprises / entities, other related entities, retirement benefit plans, Directors, Governor, Deputy Governors, Non-executive Directors, External members of Monetary Policy Committee (MPC) and key management personnel of the Group.

51.1 Governments and related entities

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

	2024	2023
Transactions during the year	------------- Rupees in '000 -------------	
- Retirement of PIBs	**310,000,000**	**310,000,000**

- Commission income from sale of Market Treasury Bills, issuance of prize bonds, National Saving Certificates and management of public debt (refer note 39.1)

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:

	2024	2023
	------------- (Rupees in '000) ------------	
Salaries and other benefits of Governor and Deputy Governors	**203,599**	**124,284**
Fee of non-executive Directors	**18,315**	**15,212**
Fee of external members of MPC	**7,141**	**4,585**
	229,055	**144,081**

51.2 Remuneration to key management personnel

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

	2024	2023
	------------ (Rupees in '000) -----------	
Short-term employee benefit	**1,872,470**	1,218,921
Post-employment benefit	**619,178**	172,596
Loans disbursed during the year	**316,213**	220,340
Loans repaid during the year	**187,277**	183,395
Disposal of vehicle during the year	**6,552**	9,403
Directors' fees	**30,585**	23,359
Number of key management personnel *	**130**	147

* This includes 100 (2023: 116) key management personnel pertaining to subsidiaries of the Group.

Short-term benefits include salary and benefits, medical benefits and free use of the Group maintained cars in accordance with their entitlements. Post employment benefits include gratuity, pension, benevolent fund, post retirement medical benefits, six months post retirement facility and contributory provident funds.

51.3 Associated undertakings of the Group

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

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

51.3.2 Security Papers Limited (SPL) - associated undertaking

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

52 RISK MANAGEMENT POLICIES

The Group is primarily subject to interest / mark-up rate, credit, currency and liquidity risks. The policies and procedures for managing these risks are outlined in notes 52.1 to 52.8 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.

52.1 Credit risk management

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

52.1.1 Derivative financial instruments

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

52.1.2 Impairment assessment

The references below show where the Group’s impairment assessment and measurement approach is set out in these consolidated financial statements. It should be read in conjunction with the summary of material accounting policies.

52.1.3 Definition of default

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

Quantitative criteria

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

Qualitative criteria

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

52.1.4 Credit rating and PD estimation process

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

Internal rating	2024	2023	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	**9.6562%-100%**	9.6562%-100%	CC
Non performing			
Individually impaired	100%	100%	

52.1.5 Exposure at default

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

52.1.6 Loss given default

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

52.1.7 Significant increase in credit risk

The Group considers a financial asset to have experienced a significant increase in credit risk when:
- credit rating falls below investment grade in case of investments made in financial assets, or
- the contractual payments are 30 days past due.

52.1.8 Collateral and other credit enhancements

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

52.2 Concentrations of 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:

52.2.1 Geographical analysis

	2024						
	Pakistan	**Asia (other than Pakistan)**	**America**	**Europe**	**Australia**	**Others**	**Grand total**
	(Rupees in '000)						
Financial assets							
Cash and bank balances	235,579	-	-	-	-	-	**235,579**
Local currency - coins	39,941	-	-	-	-	-	**39,941**
Foreign currency accounts and investments	2,973,861	1,476,485,753	1,129,472,485	71,681,738	18,617	42,178,625	**2,722,811,079**
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	**20,507,133**
Special drawing rights of International Monetary Fund	-	-	204,445,631	-	-	-	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	43,612	-	-	-	**43,612**
Securities purchased under agreement to resell	11,825,545,546	-	-	-	-	-	**11,825,545,546**
Investments - local	5,763,696,790	-	-	-	-	-	**5,763,696,790**
Loans, advances and bills of exchange	2,068,800,082	527,291	-	-	-	-	**2,069,327,373**
Assets held with the Reserve Bank of India	-	3,084,243	-	-	-	-	**3,084,243**
Balances due from the Governments of India and Bangladesh	-	17,390,712	-	-	-	-	**17,390,712**
Other assets	12,486,312	10,622,290	1,777,528	-	-	-	**24,886,130**
Total financial assets	**19,694,285,244**	**1,508,110,289**	**1,335,739,256**	**71,681,738**	**18,617**	**42,178,625**	**22,652,013,768**

	2023						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	(Rupees in '000)						
Financial assets							
Cash and bank balances held by subsidiaries	182,091	-	-	-	-	-	182,091
Local currency - coins	350,957	-	-	-	-	-	350,957
Foreign currency accounts and investments	124,177	652,957,721	822,962,504	110,535,177	2,868	3,564,940	1,590,147,387
Earmarked foreign currency balance	20,205,798	-	-	-	-	-	20,205,798
Special drawing rights of International Monetary Fund	-	-	5,380,665	-	-	-	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements		-	45,542	-	-	-	45,542
Securities purchased under agreement to resell	8,387,621,479	-	-	-	-	-	8,387,621,479
Current accounts of governments	-	-	-	-	-	-	-
Investments - local	6,033,355,057	-	-	-	-	-	6,033,355,057
Loans, advances and bills of exchange	2,265,692,331	327,949	-	-	-	-	2,266,020,280
Assets held with the Reserve Bank of India	-	3,212,100	-	-	-	-	3,212,100
Balances due from the Governments of India and Bangladesh	-	16,206,146	-	-	-	-	- 16,206,146
Other assets	15,491,600	6,125,169	43,104	3,625	-	-	21,663,498
Total financial assets	16,723,023,490	678,829,085	828,431,815	110,538,802	2,868	3,564,940	18,344,391,000

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

52.2.2 Industrial analysis

	2024						
	Sovereign	**Supra-national**	**Public sector entities**	**Corporate**	**Banks & financial institutions**	**Others**	**Grand total**
	(Rupees in '000)						
Financial assets							
Cash and bank balances held by subsidiaries	19,678	-	-	-	215,901	-	**235,579**
Local currency - coins	39,941	-	-	-	-	-	**39,941**
Foreign currency accounts and investments	2,087,566,925	47,439,168	-	-	587,804,986	-	**2,722,811,079**
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	**20,507,133**
Special drawing rights of International				-			
Monetary Fund	-	204,445,631	-	-	-	-	**204,445,631**
Reserve tranche with the International Monetary				-			
Fund under quota arrangements	-	43,612	-	-	-	-	**43,612**
Securities purchased under agreement to resell	-	-	-	-	11,825,545,546	-	**11,825,545,546**
Current accounts of governments	-	-	-	-	-	-	**-**
Investments - local	5,661,488,997	-	52,435,610	-	49,772,184	-	**5,763,696,791**
Loans, advances and bills of exchange	717,630,687	-	4,850,211	-	1,317,804,159	29,042,316	**2,069,327,373**
Assets held with the Reserve Bank of India	3,084,243	-	-	-	-	-	**3,084,243**
Balances due from the Governments of India and							
Bangladesh	17,390,712	-	-	-	-	-	**17,390,712**
Other assets	14,466,835	1,777,528	255,996	-	1,529,377	6,856,394	**24,886,130**
Total financial assets	**8,522,195,151**	**253,705,939**	**57,541,817**	**-**	**13,782,672,153**	**35,898,710**	**22,652,013,771**

	2023						
	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	-	-	-	-	182,091	-	182,091
Local currency - coins	350,957	-	-	-	-	-	350,957
Foreign currency accounts and investments	943,530,921	32,799,260	-	-	613,817,206	-	1,590,147,387
Earmarked foreign currency balance	20,205,798	-	-	-	-	-	20,205,798
Special drawing rights of International				-			
Monetary Fund	-	5,380,665	-	-	-	-	5,380,665
Reserve tranche with the International Monetary				-			
Fund under quota arrangements	-	45,542	-	-	-	-	45,542
Securities purchased under agreement to resell	-	-	-	-	8,387,621,479	-	8,387,621,479
Current accounts of governments	-	-	-	-	-	-	-
Investments - local	5,889,094,538	-	94,488,335	-	49,772,184	-	6,033,355,057
Loans, advances and bills of exchange	749,045,287	-	159,701,974	-	1,324,302,588	32,970,431	2,266,020,280
Assets held with the Reserve Bank of India	3,212,100	-	-	-	-	-	3,212,100
Balances due from the Governments of India and							
Bangladesh	16,206,146	-	-	-	-	-	16,206,146
Other assets	8,873,299	43,104	5,671,555	-	5,416,315	1,659,225	21,663,498
Total financial assets	7,630,519,046	38,268,571	259,861,864	-	10,381,111,863	34,629,656	18,344,391,000

52.3 CREDIT EXPOSURE BY CREDIT RATING

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

	2024							
	Sovereign (52.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	---------------------------------	------------	(Rupees in 000')	------------	---------------------------------			
Financial assets								
Cash and bank balances	-	-	-	-	-	-	235,579	**235,579**
Foreign currency accounts and investments	1,510,760,346	48,731,148	423,390	1,160,893,559	-	-	2,002,636	**2,722,811,079**
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	-	**20,507,133**
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	204,445,631	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	43,612	**43,612**
Securities purchased under agreement to resell	-	9,202,618,096	2,302,404,140	212,306,891	-	-	108,216,419	**11,825,545,546**
Current accounts of governments	-	-	-	-	-	-	-	**-**
Investments - local	5,589,819,953	156,710,097	3,309,250	13,856,189	-	-	1,301	**5,763,696,790**
Loans, advances and bills of exchange	717,630,687	878,116,972	402,426,673	37,260,513	3,928,031	922,180	29,042,316	**2,069,327,373**
Assets held with the Reserve Bank of India	-	-	-	-	3,084,243	-	-	**3,084,243**
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	17,350,259	-	**17,390,712**
Other assets	14,466,835	3,262	716	-	-	-	10,415,318	**24,886,130**
Total financial assets	**7,853,224,895**	**10,286,179,575**	**2,708,564,169**	**1,424,317,153**	**7,052,727**	**18,272,439**	**354,402,812**	**22,651,973,828**

	2023							
	Sovereign (53.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	---------------------------------	------------	(Rupees in 000')	------------	---------------------------------			
Financial assets								
Cash and bank balances held by subsidiaries	-	-	-	-	-	-	182,091	182,091
Foreign currency accounts and investments	943,530,921	3,577,473	208,699	610,165,251	-	-	32,665,043	1,590,147,387
Earmarked foreign currency balance	20,205,798	-	-	-	-	-	-	20,205,798
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	5,380,665	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	45,542	45,542
Securities purchased under agreement to resell	-	5,913,262,782	2,070,079,050	312,393,463	-	-	91,886,184	8,387,621,479
Current accounts of governments	-	-	-	-	-	-	-	-
Investments - local	5,889,094,538	137,717,482	6,543,037	-	-	-	-	6,033,355,057
Loans, advances and bills of exchange	749,045,287	701,619,427	473,465,262	302,439,701	-	-	39,450,603	2,266,020,280
Assets held with the Reserve Bank of India	-	-	-	-	3,212,100	-	-	3,212,100
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	16,165,693	-	16,206,146
Other assets	8,873,299	6,861,649	1,160,517	2,552,056	-	-	2,215,977	21,663,498
Total financial assets	7,611,100,800	6,763,038,813	2,551,456,565	1,227,550,471	3,252,553	16,165,693	171,826,105	18,344,040,043

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

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

52.4 Liquidity analysis with interest / mark-up rate risk

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

	2024						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Grand total
	---------- (Rupees in '000) ----------						
Financial assets							
Non-derivative assets:							
Cash and bank balances	-	-	-	235,579	-	235,579	**235,579**
Local currency - coins	-	-	-	39,941	-	39,941	**39,941**
Foreign currency accounts and investments	2,720,861,482	-	2,720,861,482	229,361	1,706,000	1,935,361	**2,722,796,843**
Earmarked foreign currency balance	-	-	-	20,507,133	-	20,507,133	**20,507,133**
Special drawing rights of International Monetary Fund	204,445,631	-	204,445,631	-	-	-	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	43,612	-	43,612	**43,612**
Securities purchased under agreement to resell	11,825,545,546	-	11,825,545,546	-	-	-	**11,825,545,546**
Investments - local	85,041,053	5,561,935,629	5,646,976,682	-	116,720,109	116,720,109	**5,763,696,791**
Loans, advances and bills of exchange	738,201,425	1,280,186,261	2,018,387,686	30,323,615	20,616,072	50,939,687	**2,069,327,373**
Assets held with the Reserve Bank of India	-	-	-	3,084,243	-	3,084,243	**3,084,243**
Balances due from the Governments of India and Bangladesh	16,451,835	-	16,451,835	938,877	-	938,877	**17,390,712**
Other assets	16,577,636	-	16,577,636	8,308,494	-	8,308,494	**24,886,130**
	15,607,124,608	6,842,121,890	22,449,246,498	63,710,856	139,042,180	202,753,036	**22,651,999,534**
Derivative assets							
Foreign currency accounts and investments	-	-	-	14,236	-	14,236	**14,236**
Investments - local	-	-	-	18,121,048	-	18,121,048	**18,121,048**
	-	-	-	18,135,284	-	18,135,284	**18,135,284**
Grand total	**15,607,124,608**	**6,842,121,890**	**22,449,246,498**	**81,846,140**	**139,042,180**	**220,888,320**	**22,670,134,818**
Financial liabilities							
Banknotes in circulation	-	-	-	9,698,211,431	-	9,698,211,431	**9,698,211,431**
Bills payable	-	-	-	1,526,035	-	1,526,035	**1,526,035**
Current accounts of the governments*	-	-	-	1,765,325,781		1,765,325,781	**1,765,325,781**
Payable under bilateral currency swaps agreements	1,149,156,000	-	1,149,156,000	11,509,580	-	11,509,580	**1,160,665,580**
Deposits of banks and financial institutions	1,717,463,743	-	1,717,463,743	182,860,692	-	182,860,692	**1,900,324,435**
Other deposits and accounts	1,029,659,324	-	1,029,659,324	177,931,345	-	177,931,345	**1,207,590,669**
Payable to the International Monetary Fund	169,221,775	1,971,138,833	2,140,360,608	16,694,489	-	16,694,489	**2,157,055,097**
Securities sold under agreement to repurchase	609,731,594	-	609,731,594	-	-	-	**609,731,594**
Other liabilities	-	24,017,148	24,017,148	96,740,433	-	96,740,433	**120,757,581**
Endowment Fund	-	-	-	-	140,009	140,009	**140,009**
	4,675,232,437	1,995,155,981	6,670,388,418	11,950,799,786	140,009	11,950,939,795	**18,621,328,213**
Derivative liabilities							
Other liabilities	-	-	-	6,584,728	-	6,584,728	**6,584,728**
	4,675,232,437	1,995,155,981	6,670,388,418	11,957,384,514	140,009	11,957,524,523	**18,627,912,941**
On balance sheet gap (a)	**10,931,892,171**	**4,846,965,909**	**15,778,858,081**	**(11,875,538,374)**	**138,902,171**	**(11,736,636,203)**	**4,042,221,877**
Foreign currency forward and swap contracts - sale	-	-	-	1,808,999,457	-	1,808,999,457	**1,808,999,457**
Foreign currency forward and swap contracts - purchase	-	-	-	842,051,338	-	842,051,338	**842,051,338**
Capital commitments	-	-	-	1,400,945	-	1,400,945	**1,400,945**
Contingent liabilities in respect of guarantees given	-	-	-	-	10,426,264	10,426,264	**10,426,264**
Other claims against the Bank not acknowledged as debts	-	-	-	-	1,687,123	1,687,123	**1,687,123**
Commitment under bilateral currency swap agreement	-	-	-	1,149,156,000	-	1,149,156,000	**1,149,156,000**
Off balance sheet gap (b)	-	-	-	3,801,607,740	12,113,387	3,813,721,127	3,813,721,127
Total yield / interest risk sensitivity gap (a+b)	**10,931,892,171**	**4,846,965,909**	**15,778,858,081**	**(15,677,146,114)**	**126,788,784**	**(15,550,357,330)**	**228,500,750**
Cumulative yield / interest risk sensitivity gap	**10,931,892,171**	**15,778,858,081**					

(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.

	2023						
	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	-	-	-	182,091	-	182,091	**182,091**
Local currency - coins	-	-	-	350,957	-	350,957	**350,957**
Foreign currency accounts and investments	1,588,090,797	-	1,588,090,797	243,574	1,781,557	2,025,131	**1,590,115,928**
Earmarked foreign currency balance	-	-	-	20,205,798	-	20,205,798	**20,205,798**
Special drawing rights of International Monetary Fund	5,380,665	-	5,380,665	-	-	-	**5,380,665**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	45,542	-	45,542	**45,542**
Securities purchased under agreement to resell	8,387,621,479	-	8,387,621,479	-	-	-	**8,387,621,479**
Investments - local	378,907,274	5,565,064,416	5,943,971,690	-	89,383,367	89,383,367	**6,033,355,057**
Loans, advances and bills of exchange	114,151,619	2,051,270,587	2,165,422,206	9,731,542	90,866,532	100,598,074	**2,266,020,280**
Assets held with the Reserve Bank of India	-	-	-	3,212,100	-	3,212,100	**3,212,100**
Balances due from the Governments of India and Bangladesh	-	-	-	16,206,146	-	16,206,146	**16,206,146**
Other assets	6,046,235	-	6,046,235	10,257,755	-	10,257,755	**16,303,990**
	10,480,198,069	**7,616,335,003**	**18,096,533,072**	**60,435,505**	**182,031,456**	**242,466,961**	**18,339,000,033**
Derivatives assets							
Foreign currency accounts and investments	-	-	-	31,459	-	31,459	**31,459**
Investments - local	-	-	-	5,359,508	-	5,359,508	**5,359,508**
	-	**-**	**-**	**5,390,967**	**-**	**5,390,967**	**5,390,967**
Grand total	**10,480,198,069**	**7,616,335,003**	**18,096,533,072**	**65,826,472**	**182,031,456**	**247,857,928**	**18,344,391,000**
Financial liabilities							
Banknotes in circulation	-	-	-	9,664,290,158	-	9,664,290,158	**9,664,290,158**
Bills payable	-	-	-	2,148,912	-	2,148,912	**2,148,912**
Current accounts of the governments*	-	-	-	1,363,629,400		1,363,629,400	**1,363,629,400**
Payable under bilateral currency swaps agreements	1,190,091,000	-	1,190,091,000	19,893,315	-	19,893,315	**1,209,984,315**
Deposits of banks and financial institutions	1,490,691,638	-	1,490,691,638	186,039,233	-	186,039,233	**1,676,730,871**
Other deposits and accounts	772,174,350	-	772,174,350	182,630,346	-	182,630,346	**954,804,696**
Payable to the International Monetary Fund	245,533,808	1,374,786,613	1,620,320,421	11,741,246	-	11,741,246	**1,632,061,667**
Securities sold under agreement to repurchase	142,882,146	-	142,882,146	-	-	-	**142,882,146**
Other liabilities	-	18,603,827	18,603,827	68,514,089	-	68,514,089	**87,117,916**
Endowment Fund	-	-	-	-	141,226	141,226	**141,226**
	3,841,372,942	1,393,390,440	5,234,763,382	11,498,886,699	141,226	11,499,027,925	**16,733,791,307**
Derivative liabilities							
Other liabilities	-	-	-	67,907,698	-	67,907,698	**67,907,698**
	3,841,372,942	1,393,390,440	5,234,763,382	11,566,794,397	141,226	11,566,935,623	**16,801,699,005**
On balance sheet gap (a)	**6,638,825,127**	**6,222,944,563**	**12,861,769,690**	**(11,500,967,925)**	**181,890,230**	**(11,319,077,695)**	**1,542,691,995**
Foreign currency forward and swap contracts - sale	-	-	-	1,874,895,937	-	1,874,895,937	**1,874,895,937**
Foreign currency forward and swap contracts - purchase	-	-	-	558,559,284	-	558,559,284	**558,559,284**
Futures - sale	-	-	-	-	-	-	**-**
Futures - purchase	-	-	-	-	-	-	**-**
Capital commitments	-	-	-	878,826	-	878,826	**878,826**
Contingent liabilities in respect of guarantees given	-	-	-	-	12,979,910	12,979,910	**12,979,910**
Other claims against the Bank not acknowledged as debts	-	-	-	-	834,990	834,990	**834,990**
Commitment under bilateral currency swap agreement	-	-	-	1,190,091,000	-	1,190,091,000	**1,190,091,000**
Off balance sheet gap (b)	-	-	-	3,624,425,047	13,814,900	3,638,239,947	**3,638,239,947**
Total yield / interest risk sensitivity gap (a+b)	**6,638,825,127**	**6,222,944,563**	**12,861,769,690**	**(15,125,392,972)**	**168,075,330**	**(14,957,317,642)**	**(2,095,547,952)**
Cumulative yield / interest risk sensitivity gap	**6,638,825,127**	**12,861,769,690**					

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

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

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

52.5 Interest rate risk

52.5.1 Cash flow interest rate risk

Cash flow interest rate risk is the risk of loss arising from changes in variable interest rates. The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate assets and liabilities. The analysis is prepared assuming the amount of average assets and liabilities outstanding at the 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, 2024 would increase / decrease by Rs. 15,649.98 million (2023: Rs. 12,861 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate instruments.

52.5.2 Fair value interest rate risk

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

The Group is exposed to fair value interest rate risk on its debt securities, classified as financial assets at fair value through other comprehensive income. To manage its fair value interest rate risk arising from investments in these securities, the management has formulated risk management policies.

As at June 30, 2024, a 10 basis points shift in market value, mainly as a result of change in interest rates with all other variables held constant, would result in total comprehensive income for the year to increase by Rs. 41,379.80 million (2023: Rs. 41,009.07 million) or decrease by Rs. 41,379.80 million (2023: Rs. 41,009.07 million) mainly as a result of a increase or decrease in the fair value of financial assets classified as financial assets at fair value.

52.6 Currency risk management

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

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

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

The sensitivity analysis calculates the effect of reasonably possible movement of the currency rate against Pak Rupee, with all other variables held constant, on the consolidated profit and loss account and equity. If the Rupee had weakened / strengthened 1 percent against the principal currencies to which the Group had significant exposure as at June 30, 2024 with all other variables constant profit for the year would have been Rs. 24,311.64 million higher / lower (2023: Rs. 24,970.74 million). Net foreign currency exposure of the Group is as follows:

	2024	2023
	------------ **(Rupees in '000)** -----------	
US Dollar	**(1,162,199,174)**	(1,121,620,433)
Pound Sterling	**(113,852,481)**	(94,246,079)
Chinese Yuan	**(459,072,232)**	(722,522,953)
Euro	**(555,367,833)**	(460,519,487)
Japanese Yen	**(143,862,638)**	(102,725,552)
United Arab Emirates Dirham	**159,400**	176,240
Australian Dollar	**27,743**	-
Canadian Dollar	**10,495**	5,372
Others	**2,993,038**	4,379,354
	(2,431,163,682)	(2,497,073,538)

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.

52.7 Price Risk

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

The Group is exposed to equity securities price risk because of investment in listed equity securities 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, 2024, other comprehensive income would increase or decrease by Rs. 2,971.71 million (2023: Rs. 1,558.25 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, 2024 is not necessarily indicative of the effect on the Group's equity instruments of future movements in the level of KSE 100 index.

The composition of the Bank's financial instruments and the correlation thereof to different variables is expected to change over time. Accordingly, the sensitivity analysis is discussed in notes 52.5, 52.6 and 52.7 prepared as of the reporting date are not necessarily indicative of the effects on the Bank's unconsolidated profit and loss account of future movements in different variables.

52.8 Liquidity risk management

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

The risk arising out of the Group's obligations for foreign currency balances or deposits is managed through available reserves generated mainly from borrowings and open market operations. The maturity profile of Group's financial assets and financial liabilities is given in note 52.4.1 to these consolidated financial statements.

53 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	
	2024	2023	**2024**	2023
	(Rupees in '000)			
Financial assets				
Cash and bank balances held by subsidiaries	**235,579**	182,091	**235,579**	182,091
Local currency - coins	**39,941**	350,957	**39,941**	350,957
Foreign currency accounts and investments	**2,722,811,079**	1,590,147,387	**2,722,811,079**	1,590,147,387
Earmarked foreign currency balances	**20,507,133**	20,205,798	**20,507,133**	20,205,798
Special drawing rights of the International Monetary Fund	**204,445,631**	5,380,665	**204,445,631**	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	**43,612**	45,542	**43,612**	45,542
Securities purchased under agreement to resell	**11,825,545,546**	8,387,621,479	**11,825,545,546**	8,387,621,479
Current accounts of governments	**-**	-	**-**	-
Investments - local	**5,763,696,790**	6,033,355,057	**6,032,598,883**	6,033,355,057
Loans, advances and bills of exchange	**2,069,327,373**	2,266,020,280	**2,069,327,373**	2,266,020,280
Assets held with the Reserve Bank of India	**3,084,243**	3,212,100	**3,084,243**	3,212,100
Balances due from the Governments of India and Bangladesh	**17,390,712**	16,206,146	**17,390,712**	16,206,146
Other assets	**24,886,130**	21,663,498	**24,886,130**	21,663,498
Financial liabilities				
Banknotes in circulation	**9,698,211,431**	9,664,290,158	**9,698,211,431**	9,664,290,158
Bills payable	**1,526,035**	2,148,912	**1,526,035**	2,148,912
Current accounts of Governments	**1,765,325,781**	1,363,629,400	**1,765,325,781**	1,363,629,400
Payable under bilateral currency swap agreement	**1,160,665,580**	1,209,984,315	**1,160,665,580**	1,209,984,315
Deposits of banks and financial institutions	**1,900,324,435**	1,676,730,871	**1,900,324,435**	1,676,730,871
Other deposits and accounts	**1,207,590,669**	954,804,696	**1,207,590,669**	954,804,696
Payable to the International Monetary Fund	**2,157,055,097**	1,632,061,667	**2,157,055,097**	1,632,061,667
Securities sold under agreement to repurchase	**609,731,594**	142,882,146	**609,731,594**	142,882,146
Other liabilities	**127,342,309**	155,025,614	**127,342,309**	155,025,614
Endowment Fund	**140,009**	141,226	**140,009**	141,226

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

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

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

	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	(Rupees in '000)			
On balance sheet financial assets				
Foreign currency accounts and investments	-	41,394,039	-	**41,394,039**
Investments - local	59,434,269	-	57,285,840	**116,720,109**
Unrealised gain on local currency derivatives	-	18,121,048	-	**18,121,048**
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	149,565,788	**149,565,788**
Investment property	-	-	1,234,656	**1,234,656**
Gold reserves held by the Bank	1,349,448,617	-	-	**1,349,448,617**
Assets held with the Reserve Bank of India	21,789,100	-	-	**21,789,100**
	1,430,671,986	**59,515,087**	**208,086,284**	**1,698,273,357**
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	**-**	**1,808,999,457**	**-**	**1,808,999,457**
Foreign currency forward and swap contracts - purchase	**-**	**842,051,338**	**-**	**842,051,338**

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	(Rupees in '000)			
On balance sheet financial assets				
Foreign currency accounts and investments -	-	41,040,531	-	41,040,531
Investments - local	31,164,995	-	58,111,372	89,276,367
Unrealised gain on local currency derivatives	-	5,359,508	-	5,359,508
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	151,243,253	151,243,253
Investment property	-	-	1,175,863	1,175,863
Gold reserves held by the Bank	1,136,973,623	-	-	1,136,973,623
	1,168,138,618	46,400,039	210,530,488	1,425,069,145
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	-	1,874,895,937	-	1,874,895,937
Foreign currency forward and swap contracts - purchase	-	558,559,284	-	558,559,284

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

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

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

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

Item	Valuation approach and input used
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.

53.2.1 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, 2024	Fair value at June 30, 2023	Unobservable inputs *	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
	Rupees in '000					
Unlisted equity securities	55,346,793	58,111,372	Discount rate	11-15%	11%-15%	Increase/ (decrease) discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 2,123.249 million.
			Terminal growth rate	5-8%	9%-11%	Increase/ (decrease) terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 1,285.146 million.

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

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

54 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2024			
	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	-	235,579	-	**235,579**
Local currency - coins	-	39,941	-	**39,941**
Foreign currency accounts and investments	-	2,681,417,040	41,379,803	**2,722,796,843**
Earmarked foreign currency balances	-	20,507,133	-	**20,507,133**
Special drawing rights of the International Monetary Fund	-	204,445,631	-	**204,445,631**
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-	**43,612**
Securities purchased under agreement to resell	-	11,825,545,546	-	**11,825,545,546**
Current accounts of governments	-	-	-	**-**
Investments - local	-	5,646,976,681	116,720,109	**5,763,696,790**
Loans, advances and bills of exchange	-	2,069,327,373	-	**2,069,327,373**
Assets held with the Reserve Bank of India	-	3,084,243	-	**3,084,243**
Balances due from the Governments of India and Bangladesh	-	17,390,712	-	**17,390,712**
Other assets	18,121,048	6,765,082	-	**24,886,130**

	2023			
	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	-	182,091	-	182,091
Local currency - coins	-	350,957	-	350,957
Foreign currency accounts and investments	31,459	1,549,106,856	41,009,072	1,590,147,387
Earmarked foreign currency balances	-	20,205,798	-	20,205,798
Special drawing rights of the International Monetary Fund	-	5,380,665	-	5,380,665
Reserve tranche with the International Monetary Fund under quota arrangements	-	45,542	-	45,542
Securities purchased under agreement to resell	-	8,387,621,479	-	8,387,621,479
Current accounts of governments	-	-	-	-
Investments - local	-	5,949,438,198	89,276,367	6,038,714,565
Loans, advances and bills of exchange	-	2,266,020,280	-	2,266,020,280
Assets held with the Reserve Bank of India	-	3,212,100	-	3,212,100
Balances due from the Governments of India and Bangladesh	-	16,206,146	-	16,206,146
Other assets	5,359,508	16,303,990	-	21,663,498

Financial liabilities	2024 Amortised cost	2024 At fair value through profit or loss	2024 Total
	---------------------------	(Rupees in '000)	---------------------------
Banknotes in circulation	9,698,211,431	-	**9,698,211,431**
Bills payable	1,526,035	-	**1,526,035**
Current accounts of governments	1,765,325,781	-	**1,765,325,781**
Payable under bilateral currency swap agreement	1,160,665,580	-	**1,160,665,580**
Deposits of banks and financial institutions	1,900,324,435	-	**1,900,324,435**
Other deposits and accounts	1,207,590,669	-	**1,207,590,669**
Payable to the International Monetary Fund	2,157,055,097	-	**2,157,055,097**
Securities sold under agreement to repurchase	609,731,594	-	**609,731,594**
Other liabilities	120,757,581	595,805	**121,353,386**
Endowment Fund	140,009	-	**140,009**

Financial liabilities	2023 Amortised cost	2023 At fair value through profit or loss	2023 Total
	---------------------------	(Rupees in '000)	---------------------------
Banknotes in circulation	9,664,290,158	-	9,664,290,158
Bills payable	2,148,912	-	2,148,912
Current accounts of Governments	1,363,629,400	-	1,363,629,400
Payable under bilateral currency swap agreement	1,209,984,315	-	1,209,984,315
Deposits of banks and financial institutions	1,676,730,871	-	1,676,730,871
Other deposits and accounts	954,804,696	-	954,804,696
Payable to the International Monetary Fund	1,632,061,667	-	1,632,061,667
Securities sold under agreement to repurchase	142,882,146	-	142,882,146
Other liabilities	87,117,916	52,663,898	139,781,814
Endowment Fund	141,226	-	141,226

55 NON-ADJUSTING EVENT

The Board of Directors of the Group in their meeting held on **September 11, 2024** have appropriated an amount of Rs. 125,437.08 million to "Unrealised Exchange Gain". 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, 2024 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, 2025.

56 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on **September 11, 2024** by the Board of Directors of the Group.

57 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

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

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