



Deposit Protection Corporation

A subsidiary of State Bank of Pakistan

Safeguarding Depositors' Trust



ANNUAL REPORT 2024-25



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<https://dpc.org.pk>



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Vision

To be an effective provider of deposit protection in line with international standards



Mission

To protect depositors' funds in order to maintain public confidence in the banking system and support financial stability

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Chairman's Note



The Deposit Protection Corporation is an integral part of the overall financial safety-net architecture of Pakistan, which aims to protect depositors, boost consumer confidence and contribute to the overall stability of the financial sector. It is, therefore, an honor for me to have been entrusted with the strategic responsibility of steering the Corporation as Chairman, Board of Directors.


As I present DPC's Annual Report for the fiscal year 2024–25 (FY25), it is encouraging to note that FY25 remained another remarkable year for the economy, the banking sector and the Corporation. Amid a prudent monetary policy stance and continued fiscal consolidation in FY25, the financial system remained resilient, and the real sector posted moderate growth. The total domestic deposits in scheduled banks surpassed PKR 35 trillion as of June 30, 2025, reflecting a significant growth of 15 percent over the last year; comprising conventional deposits of PKR 26 trillion and Islamic deposits of PKR 9 trillion. The strong growth momentum in banking system deposits is reflective of public trust and confidence in the banking system.

To reinforce public trust amid expanding deposit volumes and further strengthen the safety nets, the DPC doubled the size of covered deposits from PKR 500,000 to PKR 1,000,000 per depositor per bank – a notable second upward revision in coverage within six years.

The financial position of the Corporation presents a solid progress. Continuing the momentum of preceding years, the Corporation has recorded a robust net profit of PKR 52.28 billion in FY25. This increased the Deposit Protection Fund (DPF) beyond PKR 200 billion and strengthened the Corporation's capacity to protect the depositors.

Besides protection of depositors, an orderly resolution of a failing bank is essential to prevent systemic disruptions, ensure continuity of critical functions and further strengthen the financial stability infrastructure. It is noteworthy that the Corporation achieved a major policy milestone during the year as its mandate was expanded to Pay box plus model through amendment in the DPC Act, 2016. This reform has elevated the Corporation's capacity to function as a more effective institution with powers to not only payoff to the covered depositors in the event of a bank failure but also to provide financial support for the resolution of problem banks with due safeguards. This enhanced mandate equips the SBP, as a Resolution Authority, with greater flexibility and critical tools needed for resolution of distressed banks proactively, protect depositors more effectively and preserve systemic stability.

Looking ahead, our vision is to make the Corporation a more agile, adaptive, and forward-looking entity that continues to serve as a trusted guardian of



depositors' interests and a pillar of stability in the financial system. I am hopeful that DPC will continue to strive for strengthening Pakistan's deposit protection framework.

I would like to extend my deep appreciation to my fellow Board members for their insights and suggestions and SBP for its continuous patronage and support. I would also like to express my gratitude to my predecessor, Dr. Inayat Hussain (former Chairman), whose leadership and vision played a pivotal role in strengthening the Corporation during his tenure. Final-

ly, my appreciation for the DPC team for their unwavering support and collaboration for achieving our shared objectives.

As we move forward, the Corporation remains steadfast in its mission to protect depositors and support financial stability in Pakistan.

Saleem Ullah

Chairman
Board of Directors

Message from the Managing Director



It is a privilege for me to present the fifth Annual Report of the DPC for the fiscal year 2024–25.

With the strategic guidance from our Board of Directors and the patronage of the State Bank of Pakistan (SBP), the Corporation has made significant progress in enhancing its core functions, improving operational readiness and contribution towards fortifying Pakistan's financial safety net.

The total domestic deposits reached at PKR 35.7 trillion as on June 2025, of which PKR 19.5 trillion, in terms of value, qualifies as eligible deposits.

As of June 30, 2025, there were 91.78 million depositors of member banks. These include 73.35 million depositors of conventional banking system and 18.43 million of Islamic banking system. Of these depositors, 90.83 million, equivalent to 99 percent, were eligible for deposit protection.


The Deposit Protection Fund (DPF) continued on a strong upward trajectory and surpassed PKR 200 billion within seven years since the Corporation commenced its operations. The DPF is primarily driven by continuously rising premium collections and returns accruing on investments over the years.

This year again, under the banner of "Safeguarding Depositors' Trust", our awareness and communication

initiatives continue to reach out to various regions of the country. The focused awareness sessions engaged hundreds of banks staff and contributed to strengthening public understanding of deposit protection, a critical pillar of boosting confidence in the banking system.

Throughout FY25, the Corporation held awareness sessions in multiple regions, including Lahore, Islamabad and Rawalpindi, deriving the momentum from previous sessions held in Peshawar and Muzaffarabad. The Corporation also participated in the inaugural 'Money Matters Expo' at Expo Centre, Karachi to enhance public awareness about the Corporation's mandate and responsibilities by providing information material, including brochures.

The Corporation's ongoing commitment to contribute to strengthening financial sector stability and enhancing crisis preparedness was further underscored by the DPC team's active engagement in the World Bank's Technical Assistance sessions. These sessions provided valuable insights across critical areas including operational payout frameworks, crisis simulations, and target fund size policies. In close collaboration with the World Bank team, we have developed several key policy documents that will play a pivotal role in bolstering the Corporation's readiness to manage future challenges with confidence and resilience.



The Corporation remains committed to enhancing its operational readiness, strengthening crisis-preparedness mechanisms, and expanding its outreach to ensure that depositors across the country feel confident that their savings are protected.

I extend my deepest gratitude to DPC's Board of Directors for their invaluable guidance, SBP and our member institutions for their ongoing collaboration, and to the dedicated DPC team for its commitment and

professionalism. I also acknowledge with appreciation the services of Mr. Muhammad Akmal, former Managing Director of the Corporation. Finally, I warmly welcome Mr. Saleem Ullah, our new Chairman, whose leadership and vision will be a source of guidance to us.

Syed Shahzad Safdar Zaidi
Managing Director

Board of Directors



Mr. Saleem Ullah

Chairman

Mr. Saleem Ullah is a career Central Banker and Regulator with over 29 years' experience at various important positions in State Bank of Pakistan (SBP) including Head Strategic Management, Director Agricultural Credit, Director Development Finance, Director Islamic Banking, Director Finance and Executive Director Financial Resource Management. With strong strategic orientation, and diversified experience in different central banking functions, he has deep insights of banks regulation, development finance, Islamic finance, financial management, enterprise risk management.

He is currently working as the Deputy Governor, State Bank of Pakistan and overseeing the financial inclusion, digital financial services, information technology, human resources and finance and risk management groups. Before his appointment as Deputy Governor, he worked as the MD and CEO of Pakistan Security Printing Corporation (PSPC) and took several initiatives to transform PSPC into a globally recognized and modern security printer. As a CFO from May 2018 to November 2022 reporting directly to the Governor, he headed the most diverse portfolio in the SBP and led the finance, the treasury operations, risk management and Information Security. Using his deep insights of Islamic finance, he developed the Islamic version of Naya Pakistan Certificates and led the whole process of its development, approval by Ministry of

Finance and SBP Shariah Committee, development of the requisite IT platform and launching in October 2020.

Mr. Saleem Ullah is a member of the Executive Committee of SBP, and Monetary Policy Committee and chairs SBP IT Steering Committee. He is the Vice Chairman of the Board of PSPC and a member of National Council of Institute of Cost and Management Accountants in Pakistan. He also represented SBP on the Board of Pakistan Institute of Corporate Governance (PICG) as the Board Member. His core competencies include strategic orientation, solution-oriented with focus on larger and strategic objectives, team building, conflict resolution, problem solving, empathy, trust and compassion for subordinates and fellow colleagues, hardworking and full of positive energy to achieve the professional and institutional objectives.

By qualification, he is fellow member of Institute of Cost and Management Accountants, Pakistan, an MBA from Bahauddin Zakariya University, Multan and an MPA from Kennedy School of Government, Harvard University.



Syed Shahzad Safdar Zaidi

Managing Director - DPC

Syed Shahzad Safdar Zaidi has been appointed as the Managing Director of the Deposit Protection Corporation (DPC) on February 18, 2026 by the State Bank of Pakistan (SBP), where he leads efforts to strengthen depositors' protection and enhance Pakistan's financial safety net.

Mr. Shahzad is a qualified Chartered Accountant, having earned his FCA from the Institute of Chartered Accountants of Pakistan in 1993, and completed his articles from M/s. A. F. Ferguson & Co., Chartered Accountants, being one of the top-tier audit and advisory firms in Pakistan.

Mr. Shahzad embarked on his professional journey at SBP back in July 1994. He has over 30 years of experience at the SBP and SBP-Banking Services Corporation (SBP-BSC). Mr. Shahzad brings profound expertise in banking inspection, development finance, FE operations & adjudication, and human resource management to his current leadership role at the DPC.

Over a distinguished tenure spanning more than three decades, he contributed significantly to regulatory oversight, policy implementation, and institutional development.

While serving at SBP-BSC in various domains, Mr. Shahzad demonstrated strong leadership by chairing several high-profile committees notably the Public Procurement Committee, Grievance Handling

Committee, and the Workplace Harassment Committee thereby contributed significantly towards transparency, accountability and employee welfare.

Mr. Shahzad's unwavering dedication to professional growth is evident through his active participation in numerous international trainings and active participation in global forums. He has completed the Banking Supervision Training Program with M/S Arthur Andersen, US. His professional development also includes a high-level training in financial stability in London, UK, a program on Anti-Money Laundering and Combating the Financing of Terrorism by the Asian Development Bank in Tokyo, Japan.

Additionally, he has been engaged in global supervisory practices through training in Madrid, Spain. He also participated in the Conference of Directors of Supervision of Asia-Pacific Economies in Kuala Lumpur, Malaysia. These experiences underscore his strong commitment to regulatory excellence, and global best practices in banking supervision.

With his extensive experience and leadership acumen, Mr. Shahzad continues to contribute towards strengthening the deposit protection framework for depositors' sustained trust in Pakistan's banking sector.



Mr. Imran Maqbool

Director- BoD

Mr. Imran Maqbool served as the President & Chief Executive Officer (CEO) of MCB Bank Limited (MCB) for nine years. Prior to his appointment as CEO, he spent a decade in senior leadership roles within MCB, overseeing Retail Banking, Islamic Banking, Corporate Banking, Special Assets Management, and the Bank's Sri Lanka Operations.

Before joining MCB in 2002, Mr. Maqbool built a strong foundation in banking through more than 17 years with Bank of America and Citibank, where he held key positions in their local operations. With over 36 years of comprehensive and diversified experience, he is widely regarded as a seasoned banking professional.

Mr. Maqbool has also served on the boards of various multinational and local institutions, notably held the position of Vice Chairman of the Pakistan Banks Association.

Mr. Maqbool is currently serving as a Director on the Boards of Adamjee Life Assurance Company Limited, EXIM Bank of Pakistan, Adamjee Insurance Company Limited and DPC.

He holds an MBA from the Institute of Business Administration (IBA), Karachi, and a Master of Science in Management from the MIT Sloan School of Management, Massachusetts, USA.



Ms. Amna Shabbir

Director- BoD

Ms. Amna Shabbir is a Civil Servant currently serving as Deputy Secretary (Banking) to the Government of Pakistan. She is an Alumna of Kinnaird College for Women, Ecole National De Administration (ENA) Paris, France and ITC, ILO Turin Italy. Before posting in Finance Division, some other portfolios that she held include Deputy Secretary, Ministry of Overseas Pakistanis & HRD, Director HQs BISP, Director NCHD, Cabinet Division and the National School of Public Policy. She has been awarded 'Employee of the Year' for her outstanding professional performance in 2022-23 in the Finance Division.



Mr. Mohammad Aftab Manzoor

Director- BoD

Mr. Mohammad Aftab Manzoor is a distinguished banking professional with over 36 years of experience, including 19 years in senior leadership roles and more than a decade as Chief Executive Officer of leading institutions among various big banks in Pakistan.

He began his career with Citibank, where he held key positions including Regional Head – Corporate Banking and Business Head – Product Group.

He holds an MBA in Finance and has completed advanced executive programs at Harvard Business School, MIT, and the International Finance Corporation (IFC).

Mr. Manzoor's most recent executive role was as President & CEO of Soneri Bank Ltd., where he served for nine years. Prior to this, he held the positions of President & CEO of Allied Bank Ltd. for three years and President & CEO of MCB Bank Ltd. for seven years. During his tenure at MCB Bank, the bank received the prestigious Euro Money award as Best Domestic Bank of Pakistan for six consecutive years and achieved the highest Moody's rating in the country.

He currently serves as a Director on the Boards of National Investment Trust (NIT) Ltd., Security Papers Ltd., and the Deposit Protection Corporation.

Over the years, he has served on the Boards of several major financial institutions and public-sector organizations, such as MCB Bank Ltd., Allied Bank Ltd., Habib Allied Bank UK, Allied Asset Management Ltd., Soneri Bank Ltd., SME Bank Ltd., Khushhali Bank Ltd., First Women Bank Ltd., KASB Bank Ltd., Askari Bank Ltd., KICB Bank Ltd. (Kyrgyzstan), Trading Corporation of Pakistan (TCP), Pakistan Institute of Corporate Governance (PICG), Institute of Bankers Pakistan (IBP), Competitiveness Support Fund, and Lahore University of Management Sciences (LUMS), among others.

Mr. Manzoor has played an influential role in the banking industry, serving twice as Chairman of the Pakistan Banks Association (PBA) and working closely with the SBP on regulatory matters.

Our Team



Sitting from left to right:

Ms. Noreela Atta (Assistant Director), Mr. Farid Khan (Sr. Joint Director), Mr. Mansoor Zaidi, (Head, Policy & Regulations)
Syed Shahzad Safdar Zaidi (Managing Director),
Mr. Sohail Dilawar (Head, Operations) and Ms. Sheryl Dsouza (Joint Director)

Standing from left to right:

Mr. Zeeshan Suleman (Joint Director), Mr. Muhammad Khan Khoso (Joint Director), Mr. Shahbaz Minhas (Joint Director),
Mr Muhammad Ali (Deputy Director), Saeed Uzzaffar Niazi (Assistant Director), Syed Ali Muddasir (Assistant Director), and
Mutahir Hassaan (Assistant Director)

Member Banks

Membership of the Deposit Protection Corporation is compulsory for all banks scheduled under sub-section (2) of Section 37 of the State Bank of Pakistan Act, 1956.

Accordingly, in terms of Section 2(i) and Section 5A of Deposit Protection Corporation Act, 2016, 30 scheduled banks are member banks of the Corporation as on June 30, 2025.

Subsequent to de-scheduling of three banks viz. Industrial Development Bank Ltd (IDBL), Silk Bank Limited and SME Bank Limited by the State Bank of Pakistan (SBP) during the year 2024-25, the Corporation has updated the list of its member banks.

Consequent upon the declaration of Easypaisa Digital Bank, Mashreq Bank Pakistan Limited and Raqami Islamic Digital Bank Limited, as scheduled bank by State Bank of Pakistan, these banking institutions became member banks of DPC.

						
ZTBL	PPCBL	First Women Bank Limited	National Bank of Pakistan	Sindh Bank Limited	The Bank of Khyber	The Bank of Punjab
						
Allied Bank Limited	Askari Bank Limited	Bank Alfalah Limited	Bank AL Habib Limited	Faysal Bank Limited	Habib Bank Limited	Habib Metropolitan Bank Limited
						
JS Bank Limited	MCB Bank Limited	SAMBA Bank Limited	Soneri Bank Limited	Standard Chartered Bank (Pakistan) Limited	Bank Mukramah Limited	United Bank Limited
						
Albaraka Bank (Pakistan) Limited	BankIslami Pakistan Limited	Dubai Islamic Bank Pakistan Limited	Meezan Bank Limited	MCB Islamic Bank Limited	Citibank N.A.-Pakistan Operations	Deutsche Bank AG- Pakistan Operations
						
ICBC- Pakistan Branches	Bank of China Limited- Pakistan Operations	Mashreq Bank Pakistan Limited	Easypaisa Digital Bank	Raqami Islamic Digital Bank Limited,		

Strengthening Financial Stability

Key Amendments to the Deposit Protection Corporation Act, 2016



In October 2024, the Parliament enacted key amendments in the Deposit Protection Corporation Act, 2016 (the Act) and the Banking Companies Ordinance, 1962 which have further enhanced financial stability framework in the country. The key amendments to DPC Act, 2016 are highlighted below:

Amendments related to Problem Bank Resolution

The Deposit Protection Corporation commenced its operations in 2018 with the 'Pay-box only' mandate, which was to compensate the losses of eligible depositors to an explicit limit in case if a member bank is declared as 'failed' by State Bank of Pakistan (SBP). This mandate of the Corporation limits the options available to SBP to resolve a bank in case where bridging the gap between assets and liabilities of a problem bank needed to be part of the resolution scheme.

The amendments in the DPC Act, 2016 and Banking Companies Ordinance, 1962 have enhanced the framework for problem bank resolution in Pakistan by enhancing the mandate of the Corporation to 'Pay-box Plus' and strengthening the powers of SBP, as a 'Resolution Authority' (RA), providing it with clear trigger points and more tools to resolve the problem banks. Thus allowing SBP to make timely resolution decisions, providing it with much needed flexibility and options to prepare an effective resolution scheme, and galvanize the financial safety net to

respond in a systematic and timely manner across all resolution stages.

The amendments in the DPC Act are primarily related to resolution support functions of the Corporation, which provides for utilization of deposit protection fund to resolve a failing member institution as determined by SBP. Under the enhanced mandate, in addition to reimbursing the eligible depositors in case of a bank failure, the Corporation can also provide financial support in resolution (other than liquidation) by bridging the asset liability gap, issuing guarantees or providing indemnities, contribution in reconstruction scheme, or compensation to worse-off creditors under the resolution scheme.¹ However, among other stipulations, significantly, the availability of deposit protection funds is conditional upon bail-in or absorption of loss by the existing shareholders or subordinated debt holders. This ensures that the sponsors shall remain accountable and face consequence of poor management of the problem bank.

Other Significant Changes in the Act

In addition to the changes related to bank resolution, other important changes in the DPC Act pertain to:

- i. conservation of Corporation's paid-up capital,
- ii. the expansion of scope of membership to include Microfinance Banks,

¹ Section 22C, DPC Act, 2016 (amended version).

- i. back stop funding for the Corporation in case of shortfall in its own resources,
- ii. bringing clarity and practicality in process and criteria for declaration of bank failure by SBP, that will trigger the Corporation's reimbursement to depositors,
- iii. necessary operational provisions to enable the Corporation in smooth and swift payment to depositors
- iv. strengthening the priority of claims of the Corporation for the amounts reimbursed to the depositors,
- v. strengthening the protection of officials of Corporation for actions taken in good faith

Significance of Resolution Related Changes

The Deposit Insurance Authorities (DIAs) around the globe usually operate under one of four mandates;

- i. Pay-box,
- ii. Pay-box Plus
- iii. Loss Minimizer, and
- iv. Risk Minimizer

Each of the above mandates is accompanied with a varied nature of scope of responsibility. In jurisdictions, where Resolution Authority (RA) and DIA operate separately from each other, the first two mandates usually work well. Although these mandates are relatively simple to exercise, yet require substantial level of coordination among various authorities exercising their respective mandates, such as the RA, the Banking Supervisor and the DIA etc. The last two of the above mandates are more complex, with the functions of the DIA and the RA are typically consolidated within a single authority, which may also assume other roles such as liquidator and to some extent as a supervisor depending upon the nature of mandate and domestic legal and regulatory framework of a given jurisdiction.

The pay-box only mandate, though important from the financial stability perspective, is very limited in its

scope, as the Banking Supervisor or the RA has only one option to channel the funds available with DIA i.e., to declare a bank as failed and take it towards the liquidation route, while the payout to depositors is carried out by the DIA. However, not every bank can be liquidated easily, especially the systemic and complex entities are not only quite difficult to liquidate but also more costly to the system in terms of disruptions to the payment system, loss of credit commitments and guarantees and contagion risks in addition to loss of enterprise value. Further, the cumbersome reimbursement process and often prolonged recovery and distribution of liquidation proceeds may cause distraught and loss of trust in the financial system, among the creditors of the failed entity, deteriorating investors' confidence and affecting wider public sentiment.

For these reasons, the financial authorities around the globe make efforts to put in place a sound framework for resolution of systemically important financial institutions (SIFIs or SIBs) to plan their orderly resolution if their likelihood of failure reaches a certain threshold. This approach avoids any adverse shocks to the economy by keeping a business-as-usual status and may even result in enhanced confidence in the robustness of the financial system among depositors and other stakeholders.

However, it is important to mention that designing a resolution scheme is a complex exercise, and one size definitely does not fit all, meaning that each situation may demand different approach to be successful. In some scenarios, the resolution scheme requires funds in addition to bail-in to bridge the assets-liabilities gap. The best option to bridge this gap is to source funds from private sector to avoid using public money. For this purpose, globally jurisdictions are turning towards this approach and moving away from simple pay-box model to models that are more suited to their peculiar environment with credible and speedy access to private sector funding solution. The changes in the Act described above are steps in a similar direction and are meaningful addition towards the efforts to enhance financial stability and to bring more financial discipline in the banking sector.

Enhanced Coverage Sufficiency

DPC Doubles Coverage For Eligible Depositors

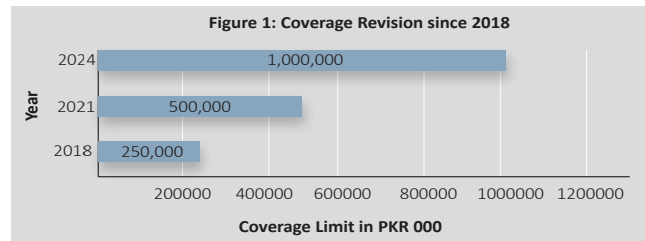


The core objective of the Deposit Protection Corporation (DPC) is to compensate the depositors up to the protected deposits (coverage level), in the event of a bank’s failure, to ensure trust in the financial system and its stability. The ‘Coverage Level’ can be explained as the maximum amount of money that can be paid to an eligible depositor against his/her aggregate deposits in a bank on ‘per depositor per bank basis’. Section 7(1) of DPC Act, 2016 authorizes the Corporation’s Board to prescribe the amount of protected deposit from time to time.

Deposit insurers may determine the coverage level in their jurisdictions based on one or more factors, such as average deposit size, time elapsed since last review and revision of coverage amount, macro-economic indicators such as inflation, GDP, and concerns related to financial stability.

At its inception, the Corporation determined a coverage limit of PKR 250,000 per depositor per bank. This limit was subsequently increased to PKR 500,000 in September 2021. In October 2024, the Corporation further enhanced the coverage to PKR 1,000,000, which is four times of the initial amount.

These coverage revisions not only highlight the commitment of the Corporation to provide the protection to depositors at a level sufficient enough to fully cover vast majority of depositors, but also its efforts towards building a credible fund that is readily available to meet any contingency.

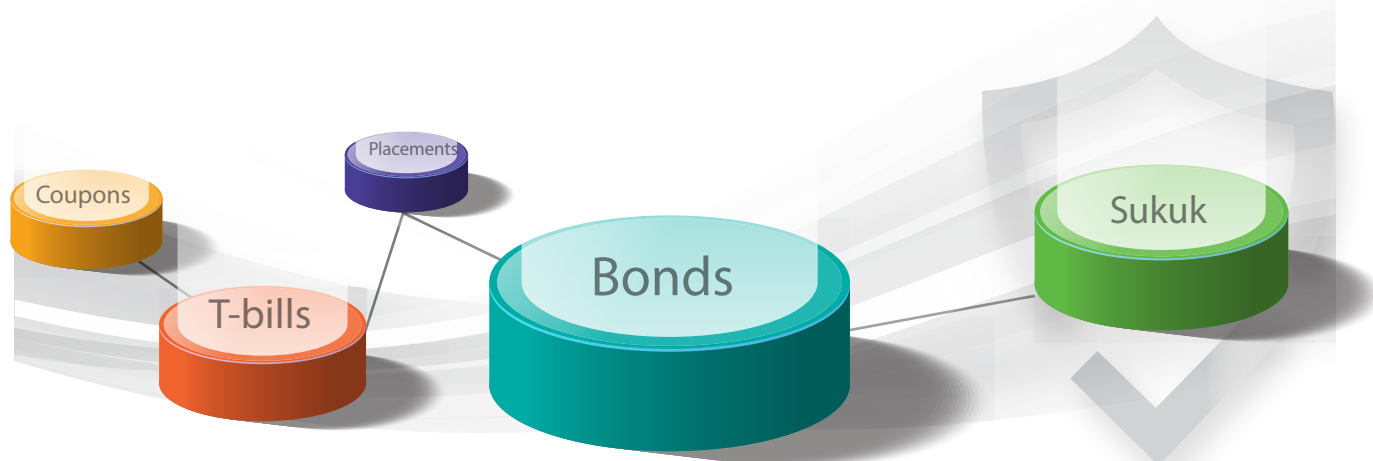


Chronicle of Revision in the Coverage				
Month of Revision	Coverage Limit (PKR)	GDP Per Capita	Times GDP per Capita	Fully Protected Depositors
June-2018	250,000	194,181	1.29	92%
Sep-2021	500,000	268,403	1.86	95%
Oct-2024	1,000,000	470,259	2.13	96%

With the latest increase in protected deposit amount, the coverage sufficiency level for the Corporation has improved substantially.

This revision extends full protection to around 96% of the eligible depositors, thereby reinforcing public confidence and contributing to financial stability.

Investments' Process and Governance



The Deposit Protection Corporation (DPC), a wholly owned subsidiary of the State Bank of Pakistan (SBP), plays a vital role in the stability of the country's financial system by providing deposit protection to its member banks' eligible depositors up to a prescribed limit. This responsibility demands a prudent, transparent, and structured investment philosophy that ensures the preservation of capital while generating sustainable returns and maintaining liquidity.

The Corporation's investment strategy has been articulated in clear objectives and a disciplined investment process. Capital preservation and liquidity management remain central to this strategy, shaped primarily by the Corporation's statutory mandate. In pursuit of these objectives, the Corporation follows a conservative yet growth-oriented framework that carefully balances risk and return. This approach emphasizes a flexible investment time horizon, achieved through an optimal mix of short- and medium-term placements, underpinned by a deliberate and measured risk appetite, all reflect the Corporation's core commitment to safeguarding depositors' funds while generating steady income and strengthening the long-term credibility of the deposit protection fund.

Process

The Corporation's investment process is a structured, multi-layered framework designed to translate its strategy into actionable and effective portfolio management.


Risk management is central to this process. The Corporation employs risk analysis tools to ensure that risk remains within the predefined limits. Detailed performance reports are produced quarterly for the Management Investment Committee and Board of Directors, providing comprehensive insights supported by key performance indicators and dashboards.

Governance

Strong governance forms the backbone of the Corporation's investment strategy, ensuring accountability, integrity, and alignment with its mission.

The Management Investment Committee (MIC) plays a pivotal role in overseeing all the investments. It is composed of experienced finance professionals and senior management. The MIC holds the mandate to make all the investment decisions, monitor performance, and review risk management frameworks. Oversight extends to the Board of Directors, which holds ultimate responsibility for approving the Investment Policy and delegating authority to the MIC. The Board ensures that investment activities are aligned with the Corporation's objectives and legal requirements.

The Corporation's internal investment team executes day-to-day portfolio management, analysis, and risk monitoring. Clear accountability and reporting structures link the investment team to the MIC, which in turn reports to the Board. This hierarchy ensures that performance, risk management, and policy compli-



ance are transparently monitored, defined and enforced.

Finally, the Corporation's investment strategy is shaped by a combination of prudent risk management and long-term orientation. It is designed to support the Corporation's statutory role while ensuring that depositors' protection remains credible, well-funded, and operationally resilient under all market conditions.



Deposits with DPC Member Banks

The fiscal year ended June 30, 2025, marked a significant milestone for Pakistan's banking sector, underscoring robust public confidence while accelerating financial inclusion. The Thirty member banks of the Corporation collectively held domestic deposits surpassing PKR 35 trillion (Fig-2). The Fig.3 represents category-wise total deposits.

Fig. 2: Category wise Member Banks

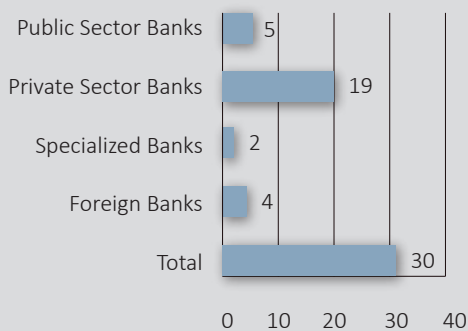
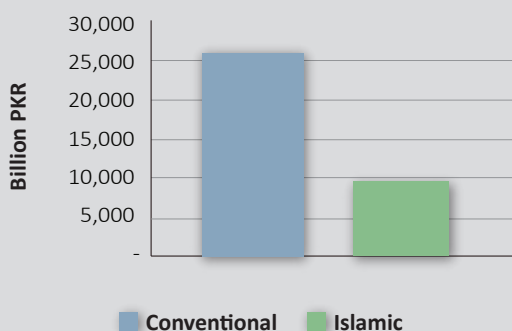
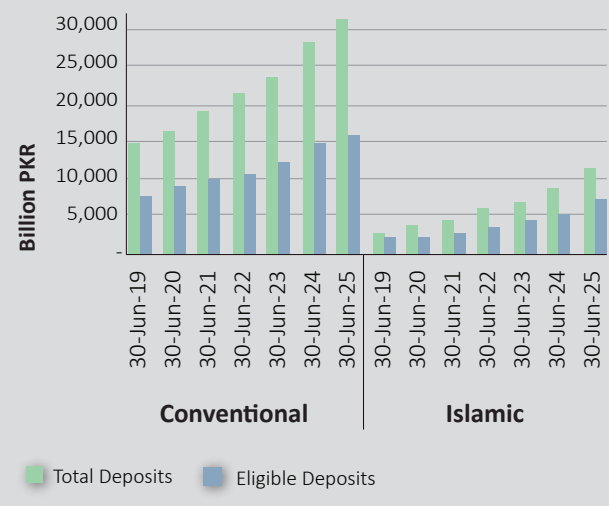


Fig. 3: Conventional & Islamic Banking Deposits



This increasing aggregate deposit reveals a dynamic structure particular to the evolving deposit share of Islamic banking. The breakdown shows that conventional banking deposits formed the core of the system at PKR 26 trillion demonstrating its sustained dominance. Meanwhile, in a clear indicator of shifting consumer preferences and successful market penetration, Islamic banking deposits surged beyond PKR 9.5 trillion. Fig-4 illustrates the position of total domestic deposits and the deposits eligible for the Corporation's protection.

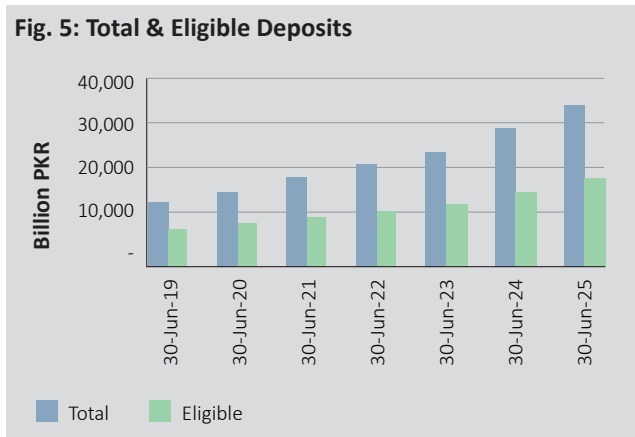
Fig. 4: Deposits with Member Banks



The total deposits recorded a 15 percent increase in year-on-year (YoY) basis for FY 2024–25, although this was lower than the 22 percent growth achieved in the preceding fiscal year. The banks' deposit mobilization has been dampened this year mainly due to banks' strategy to increase their Advances-to-Deposit Ratio

(ADR) by expanding advances and moderating deposits growth in view of the ADR-linked tax policy.

The surge in deposits during FY 2024-25 directly propelled the volume of eligible deposits, which climbed to PKR 19.5 trillion by the end of June 2025, up from PKR 16.9 trillion in June 2024, reflecting a 15 percent YoY rise. The breakup of eligible deposits shows that PKR 13.3 trillion is held in conventional banking, while PKR 6.2 trillion in Islamic accounts. **Fig-5** illustrates the position of total domestic deposits and the deposits eligible for the Corporation’s protection.



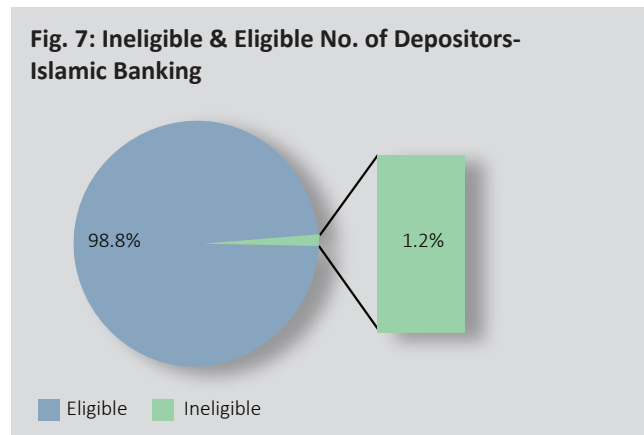
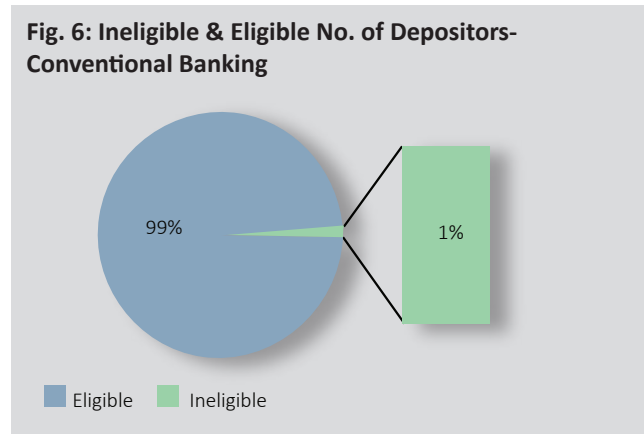
Despite, a significant reduction in the policy rate from 19.5% to 11.0% during FY 2024-25, several factors have contributed towards the growth in deposits during FY 2024-25. This growth in deposits was pushed mainly by efforts to enhance financial inclusion and initiatives targeting unbanked populations. Moreover, accelerated digitization and digital banking services including mobile apps, internet banking, and branchless banking platforms have brought banking services to previously unbanked and under-banked populations, converting physical cash into digital deposits and fueling growth.

In addition, the notable performance of the Islamic banking segment, crossing the PKR 9.5 trillion mark has also contributed towards overall growth in deposits. It reflects a deep-seated demand for Sharia-compliant financial products and strategic expansion of Islamic banking in the country.

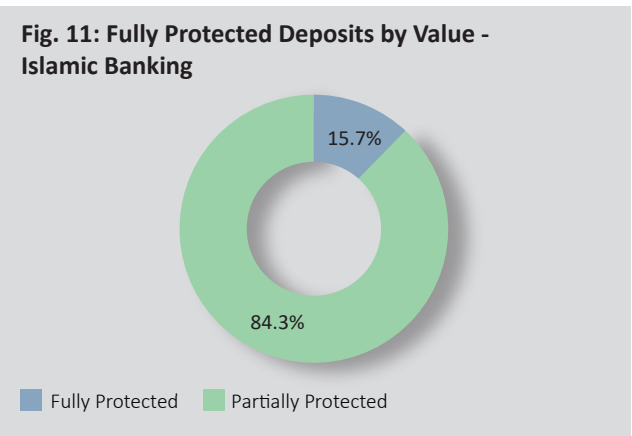
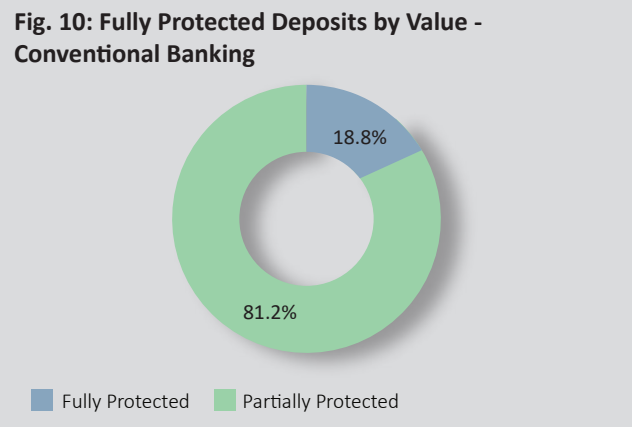
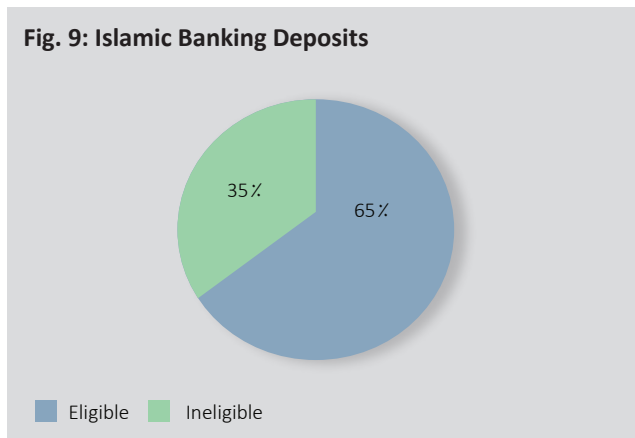
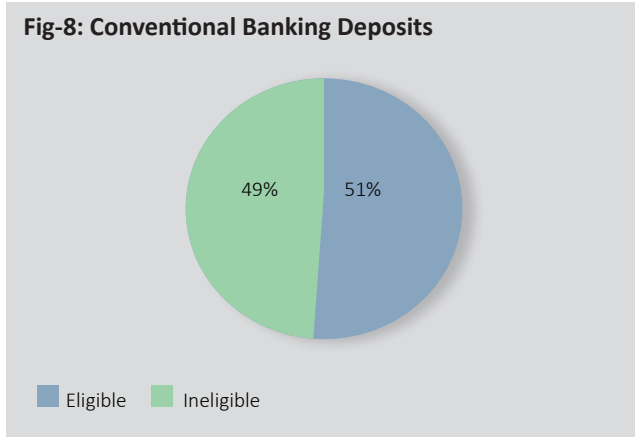
The Islamic banking industry in Pakistan sustained its strong growth trajectory as well consolidating its role in the financial system. By the end-June 2025, Islamic deposits recorded a growth of 29.5 percent as compared to nearly 10 percent growth in conventional banking deposits, taking its share to more than 1/4th of the banking industry.

Eligible and Protected Deposits

As of June 30, 2025, there were 91.78 million depositors of member banks. These include 73.35 million depositors of conventional banking system and 18.43 million of Islamic banking system. Of these depositors, 90.83 million, equivalent to 99 percent, were eligible for deposit protection. A segment-wise analysis reveals that 99 percent of conventional banking depositors and 98.8 percent of Islamic banking depositors were covered by the current deposit protection mechanism of the Corporation. **(Fig-6 and Fig-7)**



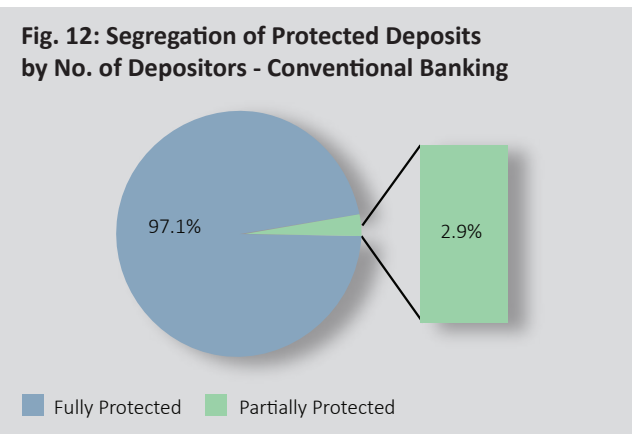
In terms of value, 51 percent of total conventional banking deposits and 65 percent of Islamic banking deposits are eligible for deposit protection. **(Fig- 8 & Fig-9).**



In terms of numbers, 97.1 percent of conventional banking eligible depositors are fully protected while 94.6 percent of Islamic banking eligible depositors are fully protected **(Fig-12 and Fig-13).**

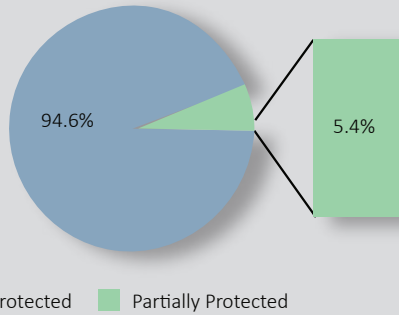
The proportion of eligible depositors in both conventional and Islamic banking institutions in Pakistan aligns with the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems. Most depositors are covered under the existing deposit protection framework, while a small segment with large deposit values remains subject to market discipline. This further reinforces the Corporation’s commitment to safeguarding small or financially unsophisticated depositors.

As of June 30, 2025, the segment wise analysis shows that 18.8 percent and 15.7 percent of conventional and Islamic banking deposits, respectively, are fully protected **(Fig-10 and Fig-11).**



Fully protected depositors are those with balances below or equal to the coverage limit of PKR 1,000,000 per depositor per bank, therefore the statistics implies

Fig. 13: Segregation of Protected Deposits by No. of Depositors - Islamic Banking



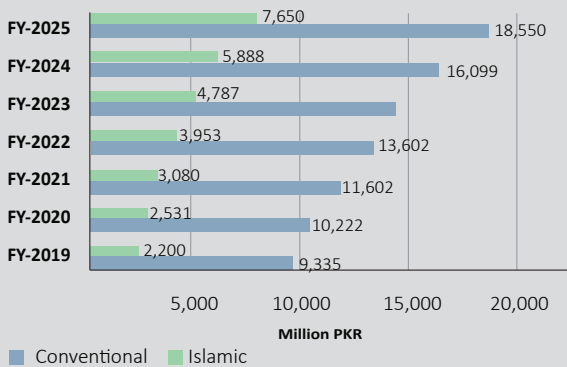
that in the event of a bank failure, fully protected depositors would be reimbursed in full. However, deposit amount in excess of coverage limit of PKR 1,000,000, shall be paid through the regulatory assisted process.

It is pertinent to highlight that the current deposit protection mechanism in Pakistan fully protects 95 percent of total domestic depositors of scheduled banks by the end June 2025.

Premium Collection from Member Banks

The primary source of income for the Corporation is the premium collected from member banks. These premiums are based on the eligible deposits disclosed in the annual audited financial statements and AGM-approved accounts of DPC’s member banks. Due to the higher proportion of eligible deposits in conventional banks compared to Islamic banks, the premium collection from conventional banks remained dominant. (Fig-14)

Fig. 14: Year-wise Premium Receipts



A segment-wise analysis reveals that premium collection from Islamic Banking Institutions has been on an upward trend, mainly due to sustained and sharp increase in the Islamic Banking deposits and eligible percentage of its deposits, which are far more than conventional banking deposits (Fig 15 & 16).

Fig. 15: % Share of Premium of Conventional & Islamic Banking

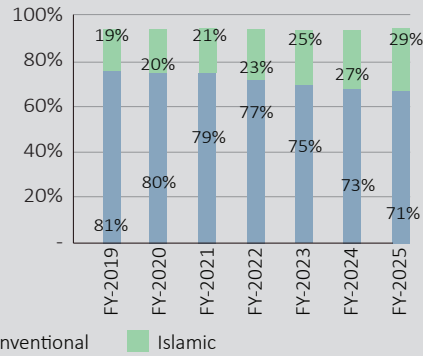
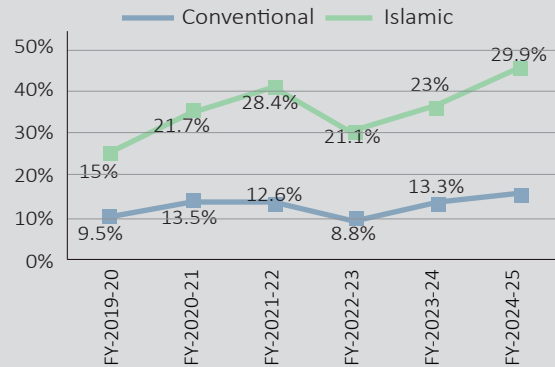
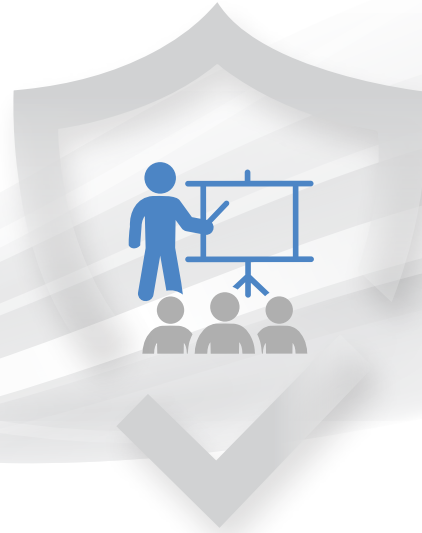


Fig. 16: Growth in Premium Receipts



In conclusion, the growth in deposits and premiums during FY 2024-25 reflects the increased confidence in both conventional and Islamic banking segments, underpinned by a strong deposit protection mechanism.

Public Awareness & Stakeholders' Engagement



As mandated by the Deposit Protection Act of 2016, the Deposit Protection Corporation (DPC) is committed to fostering widespread public understanding of the deposit protection framework. This core function is essential for maintaining financial system stability and bolstering depositor confidence. Informing all stakeholders including the public, depositors, member institutions, and financial safety net partners ensure a unified and resilient financial safety net.

The objective to enhance public awareness also emanates from the Corporation's Strategic Plan 2023-28, which emphasizes expanding the Corporation's outreach through all available channels to effectively educate the public and reinforce their trust that their deposits with all scheduled banks are safe and protected up to the prescribed limit, which is

reviewed and revised from time to time by the Corporation.

To achieve this strategic goal, the Corporation employs a multi-faceted approach centered on:

- **Direct Collaboration with Member Banks:** Recognizing banks as the primary public touchpoint, the Corporation engages directly with its member institutions to empower their staff as informed ambassadors of the deposit protection scheme.
- **Targeted Outreach and Education:** Conducting structured awareness sessions across the country to standardize knowledge and ensure consistent communication of the scheme's provisions.



- **Transparency and Accessibility:** Ensuring all communications are clear, accurate, and readily accessible to all stakeholders via website, FAQs, brochures.

Regional Awareness Sessions: A National Footprint

This year marked a period of broad engagement with the banking community. The Corporation conducted a series of awareness sessions across key regions, reinforcing the deposit protection framework's operational details and strategic importance.

Throughout FY2024-25, the Corporation held awareness sessions in multiple regions, including Lahore, Islamabad, and Rawalpindi, building upon the momentum from sessions held in Peshawar and Muzaffarabad.

The primary objectives of these sessions were to:

- Enhance the understanding of the deposit protection scheme among regional and branch-level bank staff.
- Increase awareness about deposit protection mechanism and its benefits for onward awareness of banks' depositors.
- Standardize the communication regarding deposit protection nationwide.

Sessions Highlights and Focus Areas

The sessions were highly interactive and tailored to address both foundational and advanced topics. The key areas of focus included:

Operational Mechanics: In Lahore, the session provided detailed guidance on the Single Deposit View Database and the claims administration process, emphasizing the importance of accurate and

up-to-date depositor records.

Legal Framework and Crisis Communication: The Rawalpindi session featured robust discussions on the legal foundations of deposit protection and the critical role of bank staff in providing clear, reassuring communication to depositors during periods of any financial uncertainty.

Core Objective & Principles: Sessions in Islamabad and Peshawar offered comprehensive overviews of the deposit protection scheme's objective, coverage limit, and the compensation process reinforced by active Q&A segments.

Accessibility of accurate Information: In Muzaffarabad, the DPC staff emphasized the accuracy of information about the concept of deposit protection by using illustrative examples to help participants better understand the practical implications of the deposit protection mechanism for their customers.

These sessions were well-attended and generated significant engagement and demonstrated banking sector's strong commitment to this collaborative initiative.

The awareness sessions conducted in FY2024-25 represent a significant stride in the Corporation's goal to cultivate a well-informed banking community. By equipping bank staff with the requisite knowledge and tools, the Corporation directly contributes to a more stable financial system and ensures that depositors across Pakistan are confident in the protection of their funds.

Looking ahead, the Corporation remains committed to conduct more sessions across all regions. It will continue to expand its outreach to other regions, develop enhanced awareness resources, and innovate in its communication strategy to further strengthen public awareness and confidence in the nation's financial safety net.

DPC's Participation in Money Matters Expo 2025

The Corporation participated in the inaugural 'Money Matters Expo' at Expo Centre, Karachi to aware public about the Corporation's mandate and responsibility by presenting information material and brochures.

As the institution is responsible for strengthening public confidence in the financial system through an effective deposit protection framework, the Corporation's presence in the Expo was highly recognized.



Capacity Building



DPC and International Association of Deposit Insurers (IADI)

The International Association of Deposit Insurers (IADI) is a global organization that brings together deposit insurers and other financial safety-net participants to promote effective deposit insurance systems. It supports member jurisdictions in building expertise through research, guidance and training based on international best practices.

The Managing Director of DPC represented Pakistan at IADI's Asia-Pacific Regional Committee (APRC) and other related Committees. He also participated in the IADI's 23rd Annual General Meeting (AGM) and Annual Conference held in Tokyo, Japan.

Additionally, a team member of DPC participated at the conference on "Emerging Challenges for Deposit Insurance Systems and Policy Implications," jointly organized by IADI and the South East Asian Central Banks (SEACEN) Research and Training Centre, which focused on the evolving challenges faced by the deposit insurance systems in maintaining depositor confidence and financial stability. The key topics/issues covered in the conference included:

- Key Challenges and Emerging Issues for Deposit Insurers
- Funding Arrangements for Deposit Insurers

- Use of risk-based or differential premium systems to curb excessive risk-taking.

Korea Deposit Insurance Corporation (KDIC) Global Training Program

DPC also participated in the KDIC Global Training Program. KDIC conducted this training program to support capacity building among deposit insurance officials globally. The program focused on sharing knowledge and encouraging collaboration among deposit insurers.

The contents and activities of the training were:

- Recent Trends in the Asia-Pacific Financial Markets & Role of KDIC
- Introduction to Blanket Guarantee
- A history of Korea's Financial System and its Development
- Joint examination and risk monitoring of financial institutions
- Risk-based premium system
- Macroeconomic stability
- Case studies, Lectures etc.



Bank Resolution Online Course

DPC team members participated in the Bank Resolution Online Course (BROC) to understand the role and responsibilities of the deposit insurers under the “pay-box plus” mandate. The course was jointly organized by the Monetary and Capital Markets Department of the International Monetary Fund (IMF), the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) and the International Association of Deposit Insurers (IADI). The program included a combination of webinars, self-study, and web-based learning materials.

The course offered comprehensive understanding regarding the global best practices on bank resolution frameworks and the role of DIS in supporting the effective resolution schemes.

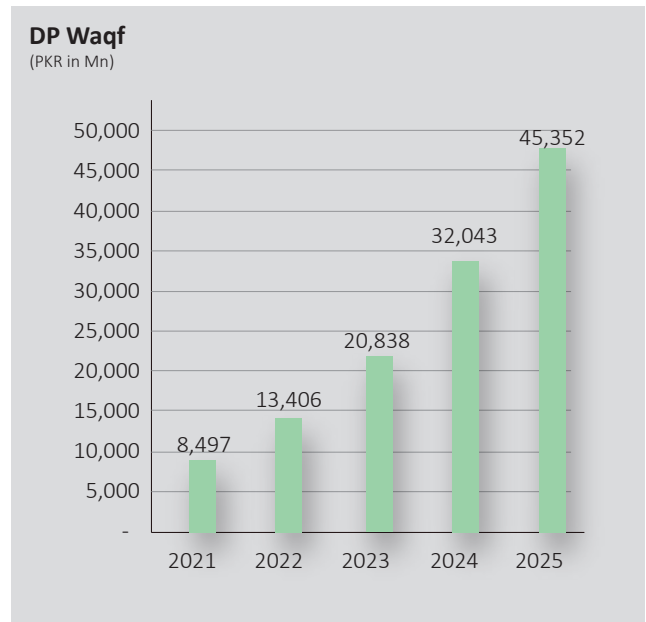
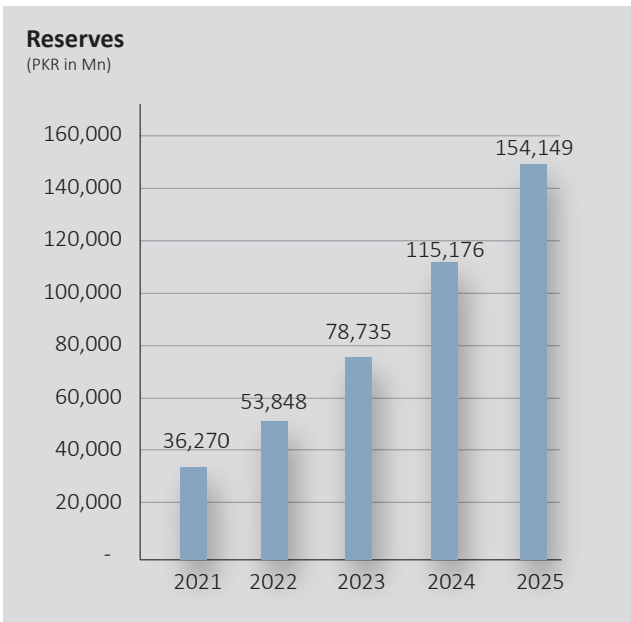
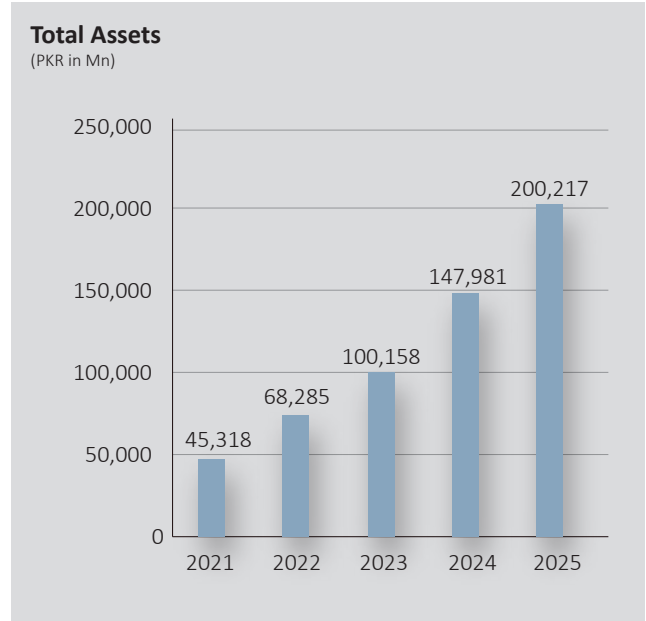
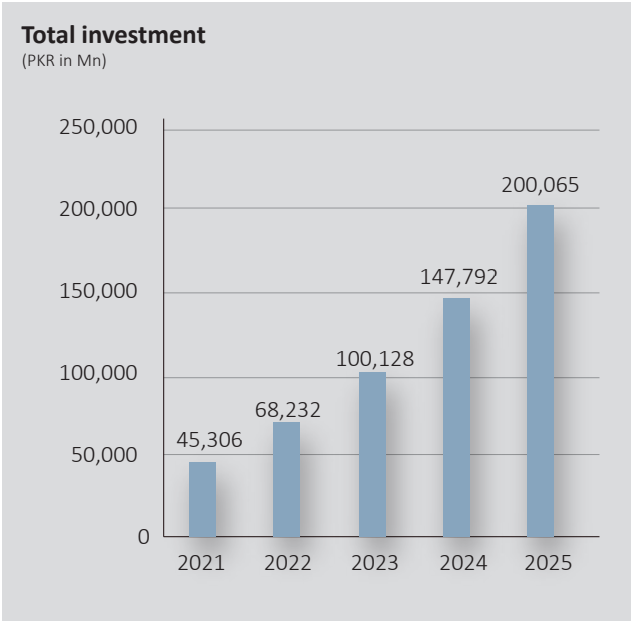


World Bank Technical Assistance for Strengthening Financial Sector Stability

To support financial sector stability and improve crisis preparedness in Pakistan, DPC and SBP requested Technical Assistance (TA) from the World Bank. This assistance aimed to provide expert guidance on various subjects related to deposit protection, banking supervision, development of resolution regime and crisis management. It also supported the development of frameworks and procedures needed for effective coordination between DPC and SBP. The TA has gone through several phases and continues as part of the ongoing policy development process in close collaboration with both the World Bank and SBP teams. DPC and SBP have remained actively involved in this engagement since June 2023 and working together to improve mechanisms and support financial stability.

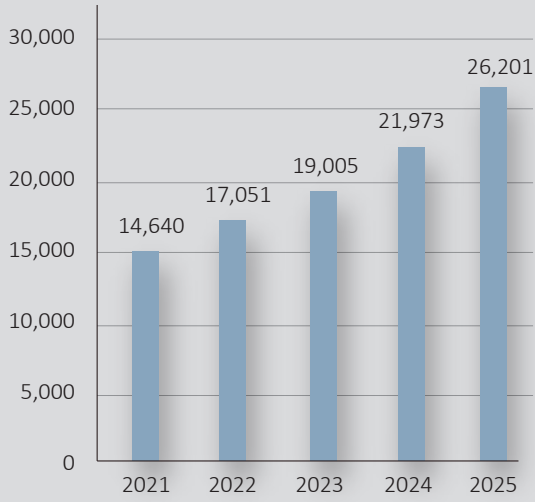


Graphical Presentation of Financials



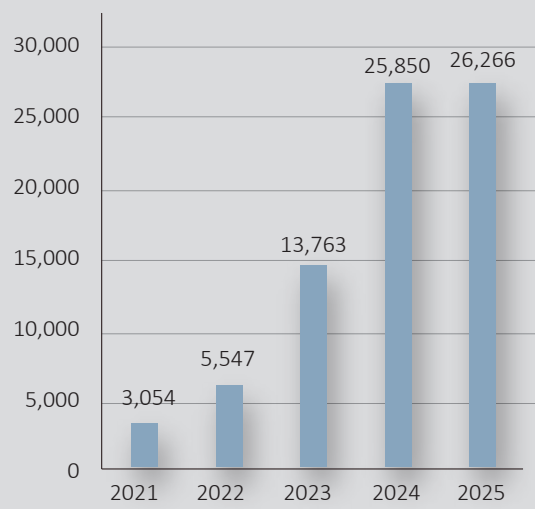
Premium Income

(PKR in Mn)



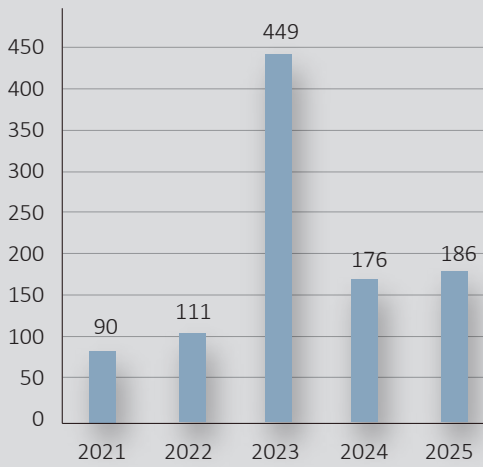
Investment Income

(PKR in Mn)



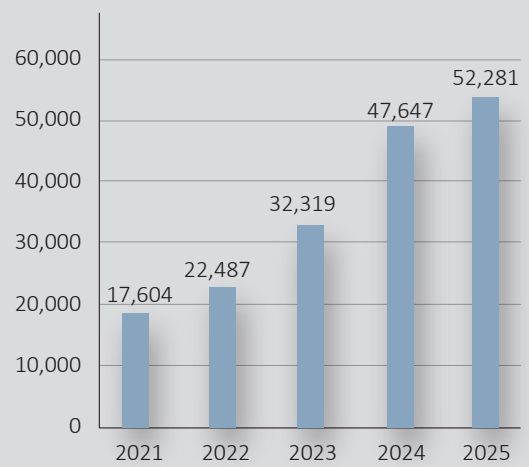
Total Expenses

(PKR in Mn)



Net Profit

(PKR in Mn)



Five Years' Vertical Analysis

Statement of Financial Position

	PKR in million									
	2025		2024		2023		2022		2021	
	PKR	Percent	PKR	Percent	PKR	Percent	PKR	Percent	PKR	Percent
Assets										
Cash and cash equivalents	141	0.07	181	0.13	6	0.01	3	0.00	3	0.01
Investment securities	200,065	99.92	147,792	99.87	100,128	99.97	68,232	99.92	45,306	99.97
Fixed assets	7	0.00	4	0.00	6	0.01	7	0.01	5	0.01
Prepayments and other receivables	4	0.00	4	0.00	18	0.02	44	0.06	4	0.01
Total Assets	200,217	100.00	147,981	100.00	100,158	100.00	68,286	100.00	45,318	100.00
Liabilities										
Payable to State Bank of Pakistan	56	0.03	59	0.04	40	0.04	45	0.07	26	0.06
Payable to Protected Depositors	20	-	23	0.02	41	0.04	-	-	-	-
Other liabilities	140	0.07	180	0.12	4	0.00	487	0.71	25	0.06
Total Liabilities	216	0.11	262	0.18	85	0.08	532	0.78	51	0.11
Net Assets	200,001	99.89	147,719	99.82	100,073	99.92	67,754	99.22	45,267	99.89
Equity and Fund										
Share capital	500	0.25	500	0.34	500	0.50	500	0.73	500	1.10
Reserves	154,149	76.99	115,176	77.83	78,735	78.61	53,848	78.86	36,270	80.03
DP Waqf	45,352	22.65	32,043	21.65	20,838	20.81	13,406	19.63	8,497	18.75
Total Equity	200,001	99.89	147,719	99.82	100,073	99.92	67,754	99.22	45,267	99.89

Profit or Loss Account

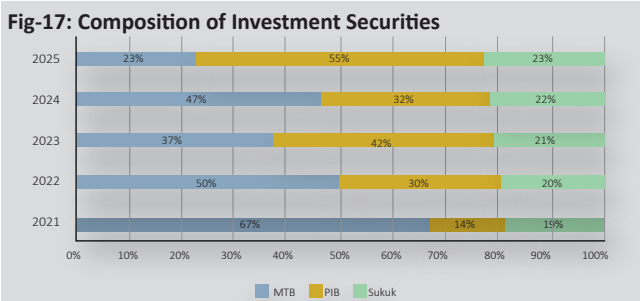
	PKR in million									
	2025		2024		2023		2022		2021	
	PKR	Percent	PKR	Percent	PKR	Percent	PKR	Percent	PKR	Percent
Income from premium contribution	26,201	49.94	21,973	45.95	19,005	58.00	17,051	75.45	14,640	82.74
Investment income and profit on deposits	26,266	50.06	25,850	54.05	13,763	42.00	5,547	24.55	3,054	17.26
Total income	52,467	100	47,823	100	32,768	100	22,598	100	17,694	100
General and administrative expenses	(186)	-0.35	(176)	-0.37	(139)	-0.42	(111)	-0.49	(90)	-0.51
Provision against reimbursement claims	-	-	-	-	(310)	-0.95	-	-	-	-
Total Expenses	(186)	-0.35	(176)	-0.37	(449)	-1.37	(111)	-0.49	(90)	-0.51
Net surplus	52,281	99.65	47,647	99.63	32,319	98.63	22,487	99.51	17,604	99.49

Note:

For Vertical Analysis of Financial Position, the percentages have been calculated based on total assets. Similarly, for vertical analysis of Statement of profit or loss, these are calculated based on total income which is the sum of income from premium contribution and investment income.

Statement of Financial Position

The Corporation's total assets have experienced a significant growth over past five years, reaching PKR 200,217 million as of June 30, 2025. The primary contributor to this growth remained the Corporation's investment portfolio, which surged from PKR 45,306 million in FY 2020-21 to PKR 200,065 million in FY 2024-25 that is more than a four-fold increase. This remarkable rise is largely attributed to a steady rise in premium income, driven by consistent growth in banking deposits. Over the past five years, the investment composition has been diversified across Market Treasury Bills (MTBs), Pakistan Investment Bonds (PIBs), and Sukuks, with asset allocation strategically managed to maximize returns while adhering to the Corporation's investment guidelines and risk management framework. The investment portfolio of PKR 200,065 million comprises of PKR 45,610 million in MTBs, PKR 109,090 million in PIBs, and PKR 45,365 million in Sukuks, including accrued returns. The composition of the investment portfolio over the past five years is as given in the **Fig-17**.

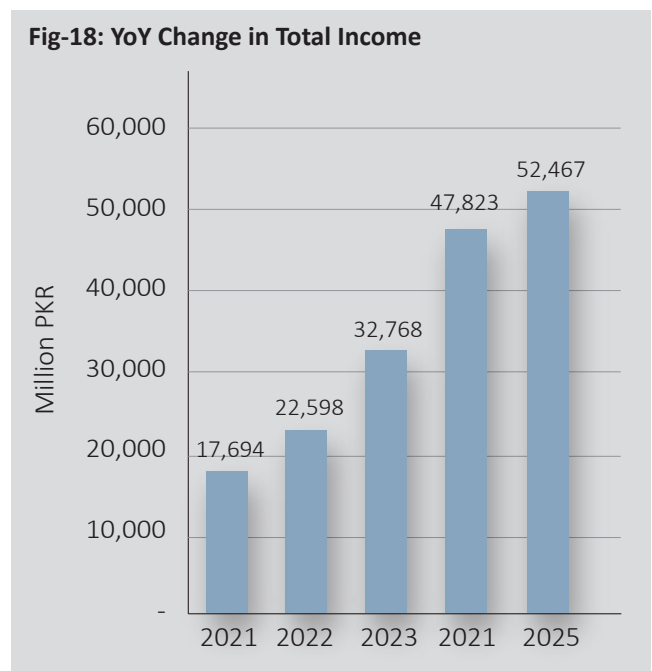


At the end of the FY 2024-25, the Corporation's net assets reached PKR 200,001 million, a substantial rise from PKR 45,267 million in FY 2020-21. This growth was primarily driven by a consistent increase in premium collections and a significant boost from investment income.

As of June 30, 2025, the total equity stands PKR 200,001 million comprised of PKR 500 million of paid-up capital from the State Bank of Pakistan (SBP), PKR 154,149 million accumulated profits from conventional banking operations, and PKR 45,352 million accumulate funds under Islamic operations i.e. DP Waqf.

Profit and Loss Account

Over past five years, the total income has steadily increased, rising from PKR 17,694 million in FY 2020-21 to PKR 52,467 million in FY 2024-25. The total income is comprised of income from premium contribution and income from investment and profits on deposits. Taking the FY 2020-21 as the base year, the year on year percentage change in total income is as below in the **Fig-18**:



Similarly, the net profit has also increased consistently: from PKR 17,604 million in FY 2020-21 to PKR 52,281 million in FY 2024-25.

This growth reflects the Corporation's active management of its investments in government securities in line with the approved investment policy and the minimal general and administrative expenses.



**DEPOSIT PROTECTION CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR
ENDED JUNE 30, 2025**

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF DEPOSIT PROTECTION CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of DEPOSIT PROTECTION CORPORATION (the Corporation), which comprise the statement of financial position as at June 30, 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements gives a true and fair view of the financial position of the Corporation as at June 30, 2025 and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements section of our report. We are independent of the Corporation 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report that fact. And we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan 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 financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

BDO Ebrahim & Co. Chartered Accountants

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Other Matters

The financial statements of the Corporation for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion thereon vide their report dated December 09, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 25 MAR 2026

UDIN: AR202510067aXNieGbpP

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

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**DEPOSIT PROTECTION CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025**

		2025	2024
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and cash equivalents	6	141,081	181,444
Investments	7	200,065,065	147,792,408
Property and equipment	8	6,775	3,952
Other receivables	9	3,787	3,787
Total Assets		<u>200,216,708</u>	<u>147,981,591</u>
LIABILITIES			
Payable to State Bank of Pakistan	10	55,979	58,517
Payable to Protected Depositors	11	20,066	23,368
Other liabilities	12	140,037	180,295
Total Liabilities		<u>216,082</u>	<u>262,180</u>
NET ASSETS		<u>200,000,626</u>	<u>147,719,411</u>
REPRESENTED BY			
Share capital	13	500,000	500,000
Reserves	14	<u>154,149,085</u>	<u>115,176,169</u>
		154,649,085	115,676,169
DP Waqf	15	<u>45,351,541</u>	<u>32,043,242</u>
TOTAL EQUITY		<u>200,000,626</u>	<u>147,719,411</u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes from 1 to 28 form an integral part of these financial statements.

Board Chairman

Managing Director

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025**

		2025	2024
	Note	----- (Rupees in '000) -----	
Income from premium contribution	17	26,200,549	21,973,201
Investment income and profit on deposits	18	<u>26,266,425</u>	<u>25,849,918</u>
Total income		52,466,974	47,823,119
General and administrative expenses	19	<u>(185,759)</u>	<u>(176,294)</u>
Profit for the year		<u>52,281,215</u>	<u>47,646,825</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Board Chairman

Managing Director

**DEPOSIT PROTECTION CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024
	----- (Rupees in '000) -----	
Profit for the year	52,281,215	47,646,825
Other comprehensive income	-	-
Total comprehensive income for the year	<u>52,281,215</u>	<u>47,646,825</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Board Chairman

Managing Director

**DEPOSIT PROTECTION CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	52,281,215	47,646,825
Adjustments for non-cash items:		
Depreciation	4,709	2,027
Loss on disposal of property and equipment	266	-
Profit before working capital changes	52,286,190	47,648,852
(Increase) / decrease in assets:		
Other receivables	-	13,912
Increase / (decrease) in liabilities:		
Payable to State Bank of Pakistan	(2,538)	18,892
Payable to Protected Depositors	(3,302)	(17,952)
Other liabilities	(40,258)	176,161
	(46,098)	177,101
Net cash flows from operating activities	52,240,092	47,839,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments made during the year	(52,272,657)	(47,664,397)
Additions to property and equipment	(7,798)	(73)
Net cash used in investing activities	(52,280,455)	(47,664,470)
Net cash flow from financing activities	-	-
(Decrease)/ increase in cash and cash equivalents during the year	(40,363)	175,395
Cash and cash equivalents at beginning of the year	181,444	6,049
Cash and cash equivalents at end of the year	141,081	181,444

The annexed notes from 1 to 28 form an integral part of these financial statements.

Board Chairman

Managing Director

**DEPOSIT PROTECTION CORPORATION
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2025**

	Note	Share Capital	Reserves	Sub-Total	DP Waqf	Total
----- (Rupees in '000) -----						
Balance as at July 1, 2023	13	500,000	78,735,116	79,235,116	20,837,470	100,072,586
Net profit for the year	13 & 14	-	36,441,053	36,441,053	11,205,772	47,646,825
Other comprehensive income		-	-	-	-	-
		-	36,441,053	36,441,053	11,205,772	47,646,825
Balance as at June 30, 2024		500,000	115,176,169	115,676,169	32,043,242	147,719,411
Net profit for the year	13 & 14	-	38,972,916	38,972,916	13,308,299	52,281,215
Other comprehensive income		-	-	-	-	-
		-	38,972,916	38,972,916	13,308,299	52,281,215
Balance as at June 30, 2025		500,000	154,149,085	154,649,085	45,351,541	200,000,626

The annexed notes from 1 to 28 form an integral part of these financial statements.

Board Chairman

Managing Director

**DEPOSIT PROTECTION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

1 STATUS AND NATURE OF OPERATIONS

- 1.1** Deposit Protection Corporation (the Corporation) was established in 2016, through an Act of Parliament named Deposit Protection Corporation Act, 2016 (the Act), for the protection of depositors of its member institutions in order to contribute towards the stability of, and to maintain public trust in, the financial system of Pakistan.
The objectives of the Corporation under the Act are to protect the eligible depositors for the losses to the extent of protected deposits by reimbursing such deposits, and to provide financial support for the resolution of a member institution. The Corporation was established as a subsidiary of SBP and, pursuant to section 9 of the Act, the initial capital contribution of Rs. 500 million was made by SBP upon which no dividend is payable.
- 1.2** The Corporation is incorporated and domiciled in Pakistan and commenced its business with effect from June 01, 2018 having perpetual succession. The head office of the Corporation is located at State Bank of Pakistan Building, Bolton Market, M.A. Jinnah Road, Karachi, in the province of Sindh, Pakistan.
- 1.3** The Corporation provides separate Deposit Protection Mechanism (DPM) for Conventional and Islamic Banking Institutions (IBIs). Shariah compliant DPM for IBIs is approved by SBP's Shariah Advisory Committee and Corporation's Board. The statement of financial position, statement of profit or loss and statement of cash flows of Islamic operations of the Corporation are separately presented in Note 20.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as disclosed otherwise.

2.3 Functional and presentation currency

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

3 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Corporation's accounting policies, the management has made following accounting estimates, judgements and assumptions that are significant to these financial statements:

i)	Fair value of financial instruments	21.2
ii)	Expected credit loss allowance on financial asset	5.3
iii)	Determination of useful lives, method of depreciation / amortization and residual value of operating fixed assets	8
iv)	Provision against protected deposits	5.7

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

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

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

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

4.2 New accounting standards, amendments and interpretations that are not yet effective

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 1, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 1, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 1, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 1, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 1, 2026
IFRS 17 Insurance contracts	January 1, 2027

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Corporation and therefore, have not been presented here.

5 MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with subsidiary of SBP which is SBP Banking Services Corporation i.e. (SBP-BSC) and Islamic Banking Institutions (IBIs). Cash equivalents are carried at amortized cost in the statement of financial position, which approximates fair value due to their short term nature.

5.2 IFRS 9 - Financial Instruments

5.2.1 Financial assets

5.2.1.1 Classification

The Corporation classifies its financial assets in the following categories: financial assets at amortized cost, financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the business model in which the financial asset is managed and its contractual cash flows. The management determines the appropriate classification of its financial assets at initial recognition and it evaluates this classification on a regular basis.

The assessment by the management is based on the facts and circumstances that existed at the date of initial application about the determination of business model within which a financial asset is held and the designation and revocation of previous designation of certain financial assets as measured at FVTPL.

The financial assets are categorized as follows:

Financial asset at amortized cost

Financial asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest (SPPI) are classified as financial asset at amortized cost.

Financial asset at fair value through other comprehensive income

Debt investment

Debt investment where the contractual cash flows are SPPI and the objective of the business model includes both by collecting contractual cash flows and selling financial assets are classified as financial asset at fair value through other comprehensive income.

Financial asset at fair value through profit or loss

Debt investment

Debt investments that do not qualify for measurement at either amortized cost or FVOCI are classified as financial asset at fair value through profit or loss.

5.2.1.2 Trade date accounting

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Corporation commits to purchase or sell the

5.2.1.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value while the related transaction costs are expensed out in profit or loss.

5.2.1.4 Subsequent measurement

Financial asset at amortized cost

Subsequent to initial recognition, financial assets classified as amortized cost are carried at amortized cost using the effective interest rate / profit method.

Gains or losses are also recognized in the statement of profit or loss when financial assets carried at amortized cost are derecognized or impaired.

Financial asset at fair value through other comprehensive income

Subsequent to initial recognition, financial assets classified as fair value through other comprehensive income are carried at fair value.

Net gains and losses arising from changes in the fair value and on sale of financial assets at fair value through other comprehensive income are taken to the statement of other comprehensive income.

Financial asset at fair value through profit or loss

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are carried at fair value.

Net gains and losses arising from changes in the fair value and on sale of financial assets at fair value through profit or loss are taken to the statement of profit or loss.

5.2.1.5 Derecognition

Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Any gain or loss on derecognition of the financial assets is taken to statement of profit or loss

5.2.2 Financial Liability

5.2.2.1 Classification

Financial liability at amortized cost

Financial liabilities, other than fair value through profit or loss are measured at amortized cost using the effective interest rate/ profit method.

Financial liability at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in statement of profit or loss.

5.2.2.2 Initial recognition and measurement

Financial liabilities are initially recognized at fair value less transaction cost except for financial liabilities carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value while the related transaction cost are expensed out in statement of profit or loss. Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative product.

5.2.2.3 Subsequent measurement

Financial liability at amortized cost

All financial liabilities are subsequently measured at amortized cost, except for those measured at fair value through profit or loss.

Gains or losses are also recognized in the statement of profit or loss when financial liabilities carried at amortized cost are derecognized.

Financial liability at fair value through profit or loss

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are carried at fair value using market rate of interest.

Net gains and losses arising from changes in the fair value due to change in credit risk are taken to other comprehensive income and other change in fair value and on sale of financial liabilities at fair value through profit or loss are taken to the statement of profit or loss.

5.2.2.4 Derecognition

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial liabilities is taken to statement of profit or loss currently.

5.3 Impairment of financial assets

The Corporation assesses its financial assets measured at amortized cost for 'Expected Credit Loss' (ECL). The Corporation recognizes the 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial assets for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3). The Corporation has adopted following policy for migration of financial assets from stage 1 to stage 2 and stage 3.

Stage 1: Includes financial instruments that do not have a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (i.e. without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Thus, the Corporation considers financial assets at Stage 1 and do not conduct assessments for significant increase in credit risk as long as the minimum credit rating of such assets remains investment grade.

The Corporation classifies financial assets held under Market Treasury Bills, Pakistan Investment Bonds and GoP Ijara Sukuk as Stage 1 assets since the assets held under these portfolios deemed to have low credit risk.

Stage 2: includes financial instruments that have a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

The Corporation will classify financial assets as Stage 2 assets if the minimum credit rating of financial assets fall below investment grade credit rating i.e. BBB-.

Exposures move back to stage 1 once they no longer meet the criteria for a significant increase in credit risk as specified above.

Stage 3: includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (i.e. net of credit allowance).

5.4 Premium receivable

This represents premium due but not received from respective member institution(s). Premium receivable is carried at amortized cost in the statement of financial position.

5.5 Impairment of non-financial assets

The carrying amounts of the Corporation's assets are reviewed at each balance sheet 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 recognized in the profit or 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

5.6 Property and equipment

5.6.1 Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the property and equipment. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or

5.6.2 Subsequent costs

A subsequent expenditure is capitalized only when it is probable that the future economic benefits from the expenditure will flow to the Corporation. Ongoing repairs and maintenance are expensed as incurred.

5.6.3 Depreciation

Depreciation is calculated to write off the cost of items of fixed assets less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognized in profit or loss.

The estimated useful lives for the current and comparative periods of significant items of fixed assets are as follows:

- Furniture and Fixtures - 10 Years
- Office Equipment - 5 Years
- Motor Vehicles - 5 Years
- Electronic data processing (EDP) equipment - 3 Years

5.7 Provision against protected deposits

Provisions are recognized when the Corporation 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 adjustable to reflect the current best

In line with SBP's directive, the Corporation shall start accruing its provision against protected deposits and related liabilities only on and from the date on which SBP issues a notification under section 21(1) of the Act declaring a member as a failed institution on the occurrence of specified statutory events.

5.8 Revenue recognition

5.8.1 Premium contribution

Premium revenue is recognized at the fair value of the consideration received against deposit protection services and reported as income proportionately over the fiscal year. Premiums are legislated by the DPC Act and are determined annually based on the amount of eligible deposits held by member institutions as at December 31st of the preceding calendar year, and they are payable quarterly in four equal installments.

5.8.2 Interest income / profit earned

Interest income / profit earned is recognized in the statement of profit or loss using the effective interest rate / profit method. The effective interest / profit rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest / profit rate, the Corporation estimates future cash flows considering all contractual terms of the financial instrument.

The calculation of the effective interest / profit rate includes all transaction costs and fees paid or received that are an integral part of the transaction. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

5.9 Expenses

Expenses are recognized on accrual basis.

5.10 Share capital

Share capital comprise the contribution paid by the State Bank of Pakistan in accordance with Section 9 of the Act.

5.11 Reserves

Reserves reflects the accumulated surplus from conventional operations of the Corporation.

5.12 DP Waqf

DP Waqf has been presented separately to disclose the results of Islamic operations under Shariah Compliant Deposit Protection Mechanism for Islamic Banking Institutions (IBIs) as stated under Section 7(3) of the Act.

Each member IBI contributes premium contribution into a separately maintained Islamic bank account of the Corporation. The Corporation opens and maintains separate Shariah Compliant accounts for managing resources of the Corporation related to Islamic operations with prior approval of its Board.

The DP Waqf of Corporation consist of the following:

- Periodic premium contribution received from member IBIs net of expenses allocated to Islamic operations.
- Return on Shariah compliant investments.

5.13 Taxation

The income of the Corporation is exempt from tax under section 31 of the Act, and clause 66 (xxviii) of Part I of the second schedule to the Income Tax Ordinance 2001.

6 CASH AND CASH EQUIVALENTS

	2025		
	Conventional	Islamic	Total
	----- (Rupees in '000) -----		
Current accounts with SBP - BSC	114,439	26,317	140,756
Cash in hand	127	-	127
Balance with Islamic Banking Institutions (IBIs)	-	198	198
	114,566	26,515	141,081
	2024		
	Conventional	Islamic	Total
	----- (Rupees in '000) -----		
Current accounts with SBP - BSC	156,012	25,196	181,208
Cash in hand	50	-	50
Balance with Islamic Banking Institutions (IBIs)	-	186	186
	156,062	25,382	181,444
	2025		2024
	-----% per annum-----		
Profit on balance with IBIs (%)	4.70-8.40		7.50-14.10

7 INVESTMENTS

	Note	2025		
		Conventional	Islamic	Total
		----- (Rupees in '000) -----		
Financial asset at amortized cost				
Market Treasury Bills - MTBs	7.1	45,609,621	-	45,609,621
Pakistan Investment Bonds-PIBs	7.2	109,090,380	-	109,090,380
Government of Pakistan (GoP) Ijara Sukuk	7.3	-	45,365,064	45,365,064
		<u>154,700,001</u>	<u>45,365,064</u>	<u>200,065,065</u>
		2024		
		Conventional	Islamic	Total
		----- (Rupees in '000) -----		
Financial asset at amortized cost				
Market Treasury Bills - MTBs		69,014,296	-	69,014,296
Pakistan Investment Bonds-PIBs		46,723,037	-	46,723,037
Government of Pakistan (GoP) Ijara Sukuk		-	32,055,075	32,055,075
		<u>115,737,333</u>	<u>32,055,075</u>	<u>147,792,408</u>

- 7.1 It represents investments in Market Treasury Bills (MTBs), as issued by GOP with original maturities of twelve months or less.
- 7.2 It represents investments in Pakistan Investment Bonds issued by GOP having stated maturity of 5 years or less.
- 7.3 It represents investments in GOP Ijara Sukuk having stated maturity of 5 years or less.

7.4 The following table sets out information about the credit quality of local investments of the Corporation measured at amortized cost.

	2025			Total
	Stage 1	Stage 2	Stage 3	
	(Rupees in '000)			
High rating	200,065,065	-	-	200,065,065
Rating below standard	-	-	-	-
	200,065,065	-	-	200,065,065
Less: expected credit loss allowance	-	-	-	-
	200,065,065	-	-	200,065,065

	2024			Total
	Stage 1	Stage 2	Stage 3	
	(Rupees in '000)			
High rating	147,792,408	-	-	147,792,408
Rating below standard	-	-	-	-
	147,792,408	-	-	147,792,408
Less: expected credit loss allowance	-	-	-	-
	147,792,408	-	-	147,792,408

7.5 The profile of return on these securities are as follows:

	2025	2024
	-----% per annum-----	
Mark-up on MTBs	10.88-17.15%	18.49-22.71%
Mark-up on PIBs	10.50-14.00%	12.00-21.35%
Government of Pakistan (GoP) Ijara Sukuk	11.01-18.99%	11.40-22.49%

8 PROPERTY AND EQUIPMENT

2025					
Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total	
----- Rupees in '000 -----					
As at July 1, 2024					
Cost	1,589	1,382	3,057	6,772	12,800
Accumulated depreciation	(1,027)	(1,299)	(2,399)	(4,123)	(8,848)
Net book value	562	83	658	2,649	3,952
Year ended June 30, 2025					
Opening net book value	562	83	658	2,649	3,952
Additions during the period	-	-	7,798	-	7,798
Less: Disposals					
Cost	-	-	309	-	309
Accumulated depreciation	-	-	(43)	-	(43)
Depreciation charge	(159)	(54)	(3,142)	(1,354)	(4,709)
Net book value	403	29	5,048	1,295	6,775
As at June 30, 2025					
Cost	1,589	1,382	10,546	6,772	20,289
Accumulated depreciation	(1,186)	(1,353)	(5,498)	(5,477)	(13,514)
Net book value	403	29	5,048	1,295	6,775
Rate of depreciation	10%	20%	33%	20%	

2024					
Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total	
----- Rupees in '000 -----					
As at July 1, 2023					
Cost	1,589	1,309	3,057	6,772	12,727
Accumulated depreciation	(868)	(1,159)	(2,025)	(2,769)	(6,821)
Net book value	721	150	1,032	4,003	5,906
Year ended June 30, 2024					
Opening net book value	721	150	1,032	4,003	5,906
Additions during the year	-	73	-	-	73
Depreciation charge during the year	(159)	(140)	(374)	(1,354)	(2,027)
Net book value	562	83	658	2,649	3,952
As at June 30, 2024					
Cost	1,589	1,382	3,057	6,772	12,800
Accumulated depreciation	(1,027)	(1,299)	(2,399)	(4,123)	(8,848)
As at June 30, 2024	562	83	658	2,649	3,952
Rate of depreciation	10%	20%	33%	20%	

	Note	2025 ------(Rupees in '000)-----	2024
9 OTHER RECEIVABLES			
Withholding tax receivable		3,787	3,787
Claims against reimbursement to Protected Depositors	9.1	-	-
		<u>3,787</u>	<u>3,787</u>
9.1 Claims against Reimbursement to Protected Depositors	9.3	310,562	310,562
Less: Provision against payments of reimbursement claims	9.4	(310,562)	(310,562)
		<u>-</u>	<u>-</u>
9.2 On May 10, 2023, SME Bank Limited was notified as a failed institution by State Bank of Pakistan in terms of section 21(1)(a) of the DPC Act, 2016 effective from March 27, 2023. Consequently, a liability of Rs. 310.6 million was recorded representing the balances payable to eligible depositors of SME Bank Limited up to their protected deposits on the effective date in accordance with Single Depositor View database as submitted by SME Bank Limited. As directed by SBP, DPC initiated the process of reimbursement against payments made by SME Bank Limited to the eligible depositors and a sum of Rs. 290.496 million was paid till March 31, 2025.			
9.3 As per section 22 of the Act 'the claim of DPC against the failed institution to the extent of protected deposits paid or to be paid and any arrears of outstanding premium shall have priority over all other claims'. In this context, the claim of DPC against the reimbursement to SME Bank Limited has been treated as a receivable amount.			
9.4 The amount has been fully provided as recovery of the same cannot be ascertained as of reporting date.			
10 PAYABLE TO STATE BANK OF PAKISTAN			
Payable to State Bank of Pakistan	10.1	<u>55,979</u>	<u>58,517</u>
10.1 This represents the amount payable to State Bank of Pakistan (SBP) in respect of financial arrangement made to facilitate the operations of the Corporation. As per the understanding with SBP, This financial arrangement is interest free.			
11 PAYABLE TO PROTECTED DEPOSITORS			
Total balance payable to protected depositors		310,562	310,562
Less: Payment made to protected depositors		(290,496)	(287,194)
Net payable to protected depositors		<u>20,066</u>	<u>23,368</u>

			2025	2024
	Note		------(Rupees in '000)-----	
12 OTHER LIABILITIES				
Payable to auditors and others			1,548	1,770
Advance premiums - Conventional Institution(s)			112,372	154,088
Advance premiums - Islamic Institution(s)			26,117	24,437
			<u>140,037</u>	<u>180,295</u>
13 SHARE CAPITAL				
		2025	2024	
		------(Number of shares)-----		
			2025	2024
			------(Rupees in '000)-----	
Authorized Share Capital				
		1,000	1,000	Ordinary shares of Rs.
				1,000,000 each
		<u>1,000</u>	<u>1,000</u>	<u>1,000,000</u>
				<u>1,000,000</u>
Issued, subscribed and paid-up capital				
		500	500	shares of Rs.
				1,000,000 each
		<u>500</u>	<u>500</u>	<u>500,000</u>
				<u>500,000</u>
13.1	Initial contribution of Rs. 500 million was paid by the State Bank of Pakistan on July 03, 2018. The Corporation has allocated Rs. 1 million from paid up capital as seed money for Shariah compliant deposit protection mechanism of Islamic Banking Institutions.			
14 RESERVES			2025	2024
			------(Rupees in '000)-----	
Opening Balance			115,176,169	78,735,116
Profit for the year			38,972,916	36,441,053
Closing Balance			<u>154,149,085</u>	<u>115,176,169</u>
15 DP Waqf			2025	2024
			------(Rupees in '000)-----	
Opening Balance			32,043,242	20,837,470
Profit for the year			13,308,299	11,205,772
Closing Balance			<u>45,351,541</u>	<u>32,043,242</u>

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on June 30, 2025 (2024: Nil).

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

17 INCOME FROM PREMIUM CONTRIBUTION

17.1 Premium contribution income for the current year consists of the following:

Premium contribution income on eligible deposits from Member Institutions

- Conventional	18,550,438	16,085,158
- Islamic	7,650,111	5,888,043
	<u>26,200,549</u>	<u>21,973,201</u>

17.2 For the year ended June 30, 2025, the Corporation recorded income of annual premium contribution from 32 member institutions, starting from July 2024. The amount of annual premium payable to the Corporation by the member banks under Section 5(2) of the Act has been calculated by multiplying 0.16% (sixteen hundredths of one percent) with their respective eligible deposits, as appearing in the last audited accounts of respective member institutions.

18 INVESTMENT INCOME AND PROFIT ON DEPOSITS

Interest income - Conventional securities	18.1	20,556,872	20,486,883
Profit earned - Islamic securities	18.2	5,709,539	5,363,019
Profit earned - Balances with IBIs	18.3	14	16
		<u>26,266,425</u>	<u>25,849,918</u>

18.1 Interest income represents income on Market Treasury Bills (MTBs) and Pakistan Investment Bonds (PIBs) carried at amortized cost.

18.2 Profit earned represents income on Government of Pakistan (GoP) Ijara Sukuk carried at amortized cost.

18.3 Profit earned consist of the amount held as deposit with various Islamic Banking Institutions (IBIs)

		2025			
		Conventional	Islamic	Total	
Note		----- (Rupees in '000) -----			
19	GENERAL AND ADMINISTRATIVE EXPENSES				
	Salaries and other benefits	19.1	109,948	42,016	151,964
	Travelling expenses		171	65	236
	Electricity, gas and water		411	157	568
	Depreciation	8	3,407	1,302	4,709
	Rent		5,524	2,111	7,635
	Repairs & maintenance		1,172	448	1,620
	Training		2,654	1,014	3,668
	Books and newspapers		62	24	86
	Postages, telegram / telex and telephone		71	27	98
	Legal and professional		414	158	572
	Auditors' remuneration	19.2	820	314	1,134
	Annual membership fee		5,411	2,068	7,479
	Stationery & Publication		36	14	50
	Loss on disposal of fixed assets		266	-	266
	Others		4,027	1,647	5,674
			134,394	51,365	185,759

		2024			
		Conventional	Islamic	Total	
Note		----- (Rupees in '000) -----			
	GENERAL AND ADMINISTRATIVE EXPENSES				
	Salaries and other benefits	19.1	112,421	38,883	151,304
	Travelling expenses		114	39	153
	Electricity, gas and water		4	2	6
	Depreciation	8	1,506	521	2,027
	Rent		5,672	1,962	7,634
	Repairs & maintenance		1,562	540	2,102
	Training		886	307	1,193
	Books and newspapers		38	13	51
	Postages, telegram / telex and telephone		68	23	91
	Legal and professional		361	125	486
	Auditors' remuneration	19.2	600	208	808
	Annual membership fee		4,082	1,412	5,494
	Stationery & Publication		133	46	179
	Others		3,541	1,225	4,766
			130,988	45,306	176,294

19.1 Salaries and other benefits to the Corporation's employees are paid through SBP. The retirement benefits of the corporation's employees are accounted for in the books of SBP.

	2025	2024
Note	(Rupees in '000)	
19.2 Auditor's Remuneration		
Audit fee	1,050	773
Out of pocket expenses	-	35
Sales tax	84	-
	1,134	808

19.3 In accordance with a mechanism as approved by SBP's Shariah Advisory Committee and DPC's Board, general and administrative expenses have been allocated between conventional and Islamic operations on the basis of eligible deposits of conventional and Islamic member institutions.

20 ISLAMIC OPERATIONS

The statement of financial position and statement of profit or loss of Islamic operations of the Corporation as at June 30, 2025 and for the year ended 30 June 2025 are as follows:

20.1 Statement of financial position as at June 30, 2025

Assets

Cash and cash equivalents		26,516	25,382
Investments	7.3	45,365,064	32,055,075
Other receivables		3,787	3,787
Total assets		45,395,367	32,084,244

Liabilities

Other liabilities	20.1.1	42,826	40,002
Total liabilities		42,826	40,002

Net assets

	45,352,541	32,044,242
--	------------	------------

DP Waqf

Seed Money (allocated from paid up capital)		1,000	1,000
Accumulated surplus		45,351,541	32,043,242
Total		45,352,541	32,044,242

20.1.1 This includes balance amounting to Rs. 14 million payable by DP Waqf with respect to allocated expenses in accordance with a mechanism as approved by SBP's Shariah Advisory Committee and DPC's Board.

	2025	2024
	----- (Rupees in '000) -----	
20.2 Statement of profit or loss		
Income from premium contribution	7,650,111	5,888,043
Investment income on Islamic securities	5,709,539	5,363,019
Profit earned on deposits with IBIs	14	16
Total income	<u>13,359,664</u>	<u>11,251,078</u>
General and administrative expenses	(51,365)	(45,306)
Profit for the year	<u>13,308,299</u>	<u>11,205,772</u>
20.3 Statement of comprehensive income		
Profit for the year	13,308,299	11,205,772
Other comprehensive income	-	-
Total comprehensive income for the year	<u>13,308,299</u>	<u>11,205,772</u>
20.4 Statement of Cash flows		
Cash flows from operating activities		
Profit for the year	13,308,299	11,205,772
Adjustments for non-cash items	-	-
Profit before working capital changes	<u>13,308,299</u>	<u>11,205,772</u>
Increase in liabilities:		
Other liabilities (includes amount allocated to Islamic operations)	2,825	29,364
Net cash flows from operating activities	<u>13,311,124</u>	<u>11,235,136</u>
Cash flows from investing activities		
Investments made during the year in Islamic securities	<u>(13,309,989)</u>	<u>(11,210,429)</u>
Net cash used in investing activities	<u>(13,309,989)</u>	<u>(11,210,429)</u>
Net cash flow from financing activities	-	-
Increase in cash and cash equivalents during the year	1,135	24,707
Cash and cash equivalents at beginning of the year	<u>25,381</u>	<u>674</u>
Cash and cash equivalents at end of the year	<u>26,516</u>	<u>25,381</u>

21 FINANCIAL INSTRUMENTS

21.1 Classification of financial instruments

The table below sets out the carrying amounts of the Corporation's financial assets and financial liabilities, all of which are measured at amortized cost.

	2025	2024
	----- (Rupees in '000) -----	
Financial assets		
Cash and cash equivalents	141,081	181,444
Investments	200,065,065	147,792,408
Premium and other receivables	3,787	3,787
	<u>200,209,933</u>	<u>147,977,639</u>
Financial liabilities		
Payable to State Bank of Pakistan	55,979	58,517
Payable to Protected Depositors	20,066	23,368
Other liabilities	140,037	180,295
	<u>216,082</u>	<u>262,180</u>

21.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Corporation uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Fair value hierarchy

Financial instruments carried at fair value are categorized as follows:

Level 1 : Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows).

21.3 Financial Assets

	2025				Total
	Carrying Amount	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----				
Investments at amortized cost					
Investments:					
- Pakistan Investment Bonds	45,609,621				45,609,621
- Government of Pakistan Ijara Sukuk	109,090,380				109,090,380
- Treasury bills	45,365,064				45,365,064
	<u>200,065,065</u>	-	-	-	<u>200,065,065</u>

Financial Assets	2024				Total
	Carrying Amount	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----				
Investments at amortized cost					
Investments:					
- Pakistan Investment Bonds	69,014,296				69,014,296
- Government of Pakistan Ijara Sukuk	46,723,037				46,723,037
- Treasury bills	32,055,075				32,055,075
	<u>147,792,408</u>	-	-	-	<u>147,792,408</u>

21.4 During the year corporation does not changes the assets from levels of fair value. The assets carried at amortized cost are equal to fair value of assets.

22 FINANCIAL RISK MANAGEMENT

The Corporation's financial risk management policy seeks to ensure that adequate financial resources are available for the Corporation's activities whilst managing interest rate and rate of return, liquidity, market and credit risks. The Corporation operates within guidelines that are approved by the Board of Directors and the Corporation's Investment Policy prescribes to only invest in Government issued or guaranteed securities.

Financial risks that arise from transacting and holding financial instruments include credit, liquidity and price risks.

22.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's portfolio of financial instruments is held in Government securities or securities backed by the Government which are not subject to credit risk as these represent claims against the Government.

22.2 The credit quality of Corporation's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating agency	Short-term rating	2025	2024
			----- (Rupees in '000) -----	
National Bank of Pakistan	PACRA	A1+	85.87	80.57
Meezan Bank Limited	VIS	A1+	39.90	37.35
Bank Alfalah Limited	VIS	A1+	65.23	61.14
Bank Alhabib Limited	PACRA	A1+	-	-
United Bank Limited (UBL Ameen)	VIS	A-1+	0.13	0.12
Habib Bank Limited (Islamic Branch)	VIS	A-1+	6.19	5.68
State Bank of Pakistan	N/A	AAA	140,757	181,208
			<u>140,954</u>	<u>181,393</u>

22.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Pakistan Investment Bonds, GOP Ijarah Sukuks and Treasury Bills. The Corporation manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

	2025	2024
	----- (Rupees in '000) -----	
Financial assets		
Market Treasury Bills - MTBs	<u>45,609,621</u>	<u>69,014,296</u>
Pakistan Investment Bonds-PIBs	<u>109,090,380</u>	<u>46,723,037</u>
Government of Pakistan (GoP) Ijara Sukuk	<u>45,365,064</u>	<u>32,055,075</u>
Cash and cash equivalents	<u>141,081</u>	<u>181,444</u>

22.4 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. As at June 30, 2025, The Corporation is not materially exposed to liquidity risk as all obligations / commitments of the Corporation are short term in nature and are restricted to the extent of available liquidity.

22.5 The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual Cashflows	Six Months or Less	Six to Twelve Months	One to Two Years	Two to Five Years
	------(Rupees in '000)-----					
Financial Liabilities						
Payable to State Bank of Pakistan	55,979	55,979	55,979	-	-	-
Other liabilities	140,037	140,037	140,037	-	-	-
	<u>196,016</u>	<u>196,016</u>	<u>196,016</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2024					
	Carrying Amount	Contractual Cashflows	Six Months or Less	Six to Twelve Months	One to Two Years	Two to Five Years
	------(Rupees in '000)-----					
Financial Liabilities						
Payable to State Bank of Pakistan	58,517	58,517	58,517	-	-	-
Other liabilities	180,295	180,295	180,295	-	-	-
	<u>238,812</u>	<u>238,812</u>	<u>238,812</u>	<u>-</u>	<u>-</u>	<u>-</u>

22.6 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 Corporation is not exposed to any price risk.

23 CAPITAL RISK MANAGEMENT

The Corporation is not subject to any externally imposed capital requirements, Premium received from member institutions are available and are sufficient to continue the Corporation's operations.

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of parent i.e. State Bank of Pakistan (SBP), associated companies, entities under common control / directorship, and key management personnel of the Corporation.

Transactions with related parties during the year and the balances outstanding with related parties as at June 30, 2025 are disclosed in the relevant notes to the financial statements.

	2025	2024
	----- (Rupees in '000) -----	
Payable to State Bank of Pakistan	55,979	58,517
Payable to National Institute of Banking and Finance Pakistan	0.414	-
Payment made to the State Bank Of Pakistan	190,447	58,517

25 KEY MANAGEMENT PERSONNELS

The aggregate amounts charged in these financial statements for the year are as follows:

	Managing Director	
	2025	2024
	----- (Rupees in '000) -----	
Short term benefits	23,725	22,111
Post-employment benefits	3	3
Total	23,728	22,114
Number of person	1	1

26 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.

27 GENERAL

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

28 DATE OF AUTHORIZATION

These financial statements for the year ended June 30, 2025 were authorized for issue on FEBRUARY 16, 2026 by the Board of Directors of the Corporation.

Board Chairman

Managing Director