Industrial and Commercial Bank of China Limited - Pakistan Branches

Annual Financial Statements
for the Year Ended
December 31, 2022

Risk Management Framework

The Bank's risk management principle is to identify and control the risks exposure within a robust risk appetite. In 2022, ICBC Pakistan Operations ("The Bank") continued to upgrade risk management technologies & methods and enhanced the capacity of risk pre-judgment and dynamic adjustment capabilities. Risk management guidelines are strictly followed to manage Credit Risk, Market Risk, Liquidity Risk and Operational Risk etc. Emphasis has been placed on further strengthening the development of the three lines of defense for risk management and to intensify the management of risk appetite and risk limits. Overall risk management during 2022 was challenging due to volatile currency fluctuations and key economy indicators. Therefore, risk management strategies evolved dynamically by the Bank in order to secure the financial activities and control the risk to the informed and desirable levels. Risk Management Committee led by CEO with participation of different head of departments to conduct quarterly reviews in lieu to different risks aspect and undertakes measuring steps to control and mitigate them.
The bank's risk management policies are improved and strengthened over the years in line with changing in economic dynamics and in compliance of Head Office & State Bank of Pakistan requirements.

During the year, the country's economy remain under pressure and credit risk has been continuously evolving with respect to the credit business transactions including On-balance sheet loans and Off-balance sheet commitments as well as contingent liabilities. The Bank had continued to strengthen the constitution of the credit policy system for corporate client management. Furthermore to manage the possible increase in credit risk, several post disbursement risk management measures are implied including enhanced portfolio monitoring through borrowers on site & off site inspections, monitoring key financial ratios, industry and economy analysis for early identification of risks. There has been no non-performing loan since the inception of the operations.
In line to State bank of Pakistan instruction, Bank is also in the process for implementing IFRS-9 for which bank had opt the services of KPMG & Company for finalizing the policy and implementation of ECL model, calculation based on obligor risk rating Matrix, historical data & statistical analysis..

The management of market risk is controlled through risk limits. The Bank has used Global Market Risk Management (GMRM) system and Financial Market Business Management (FMBM) system to establish an integrated and unified data and risk measurement management platform. Proper mechanism for the measurement and monitoring of interest and exchange rate risk is in place. The Bank continued to closely monitor the currency fluctuations and interest rate shifts in order to assess potential impact and developed risk management strategies on the basis of hedging and diversification by considering Bank's unique circumstances and risk appetite.

16th Floor, Ocean Tower, G-3, Block-9, Scheme # 5, Main Clifton Road, Karachi, Pakistan.
Tel: 021-3520-8988 / 3520-8900 Fax: 021-35208930 Website: www.icbc.com.pk

Asset and Liability Management Team (ALMT) has implemented the steady and prudent liquidity management strategy to strengthen the liquidity risk monitoring and management of on and off balance sheet items in local and foreign currencies. The management has ensured a reasonable balance between the source of funds and the use of funds. Strict compliance with the limit management requirements of SBP and the Head Office has been ensured. In this regard, the Bank remained proactive, adaptable and well prepared for unexpected events.

The Bank has continued to push operation & compliance risk management to a higher level in line with the regulatory focus and operation & compliance risk trends. The Bank has conducted in-depth campaign to improve and update policies, procedures, systems, mechanisms and the procedure-based control over key links. External fraud risk management has been strengthened to effectively protect customer's funds. Operation risk management has been reinforced to ensure adequate monitoring and reporting of limit indications. Operational risk is managed through the Operational Risk Policy, Internal Control Policies and Compliance policies. The policies are reviewed on annual basis, oversight and approved by the senior management through Management Committee meeting.

Further, the AML/KYC/CDD policies are in place to manage AML and Sanctions risk effectively. The policies are derived in line with SBP regulations and the banks own internal procedures and processes. The bank is having renowned database and systems to manage the sanctions risk effectively. Moreover, the reputation risk is always a challenge for any organization and the bank is effectively handling and managing the reputational risk as the bank is having its own policy in dealing with reputation risk and social media risk. The instances in the policy are defined while dealing with the reputation risk. Any negative message through the social media platform is monitored by the internal team and the chain of communication is defined in the policy in case any negative news appears.

The bank's Information Technology risk, Cyber & Information Security risk management were overall controllable, and no related risk events occurred during the year.

Zhang Hongpeng	**Chen Yuxuan**
Chief Executive Officer (A)	**Director of Risk Management Department**

STATEMENT ON INTERNAL CONTROL

It is the responsibility of the management of ICBC Pakistan Operations to establish, improve and effectively implement internal controls and to evaluate the effectiveness of the internal controls of the Branch. The objective for the internal control system of the Bank is to reasonably assure that the Bank's operations and management are in compliance with relevant laws, safety of Bank assets, as well as the timeliness, authenticity and completeness of its business record, financial information and other management information, to enhance operation efficiency and results, and to facilitate the Bank in achieving its development strategy and operating target.

The Bank has adopted internationally accepted COSO Internal Control - Integrated Framework covering all sets of Internal Controls and ensuring compliance with SBP Guidelines. SBP's Guidelines on ICFR have been implemented and the same is updated as and when required and subject to annual review by Internal Auditors.

The Internal Audit Department of the Bank reviews the adequacy and effectiveness of bank wide internal controls and believed that during the reporting period, internal control system of the Bank was sound and effectively implemented. Keeping in view the risk exposure, internal controls are regularly reviewed and reported on their soundness.

For the year under review, it has been endeavored to follow the Guidelines on Internal Controls and that it is an ongoing process for the identification, evaluation and management of significant risks faced by the bank. The system is designed to manage, rather than eliminate the risk of failure in order to achieve the business objectives, and can only provide reasonable assurance against material misstatement or loss.

The Bank is under the process of completing the cycle of Internal Control over Financial Reporting exercises for the Year 2022.

Adeel Siddiqui
Deputy Head of ICCD

Zhang Hongpeng
Acting CEO-ICBC Pakistan

ICBC 中国工商银行股份有限公司 卡拉奇分行

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED KARACHI BRANCH

STATEMENT ON GREEN BANKING

Industrial and Commercial Bank of China (Pakistan Operations) is committed to driving growth for green banking initiatives and is therefore continuously exploring opportunities to support and finance environment friendly projects as its contribution towards making our planet more sustainable. A comprehensive 'Green Banking Policy' in line with the instructions and guidelines of the State Bank of Pakistan (issued vide IH & SMEFD Circular # 08 dated October 09, 2017 of State Bank of Pakistan) has been duly approved by the CEO of the Branch that outlines the compliance measures to be put in place to ensure smooth and transparent operations of the Bank. The Policy delineates broader guidelines to the management for ensuring that adequate controls to be maintained and risk to be managed within acceptable limits.

Through its issuance of Green Banking Policy, the Bank has put in a conscious effort for environmental conservation. It includes tools like environment risk rating, industry limits etc. The policy not only helps in compliance to relevant laws on environmental protection but also provides openings to emerging businesses.

Adeel Siddiqui
Deputy Head-ICCD

Zhanghongpeng
Acting CEO-ICBC Pakistan

16th Floor, Ocean Tower, G-3, Block-9, Scheme # 5, Main Clifton Road, Karachi, Pakistan.
Tel: 021-3520-8988 / 3520-8900 Fax: 021-35208930 Website: www.icbc.com.pk

CUSTOMER SATISFACTION AND FAIR TREATMENT

The Branches are committed to providing its customers with the highest level of service quality and satisfaction. The Branches have established a compliant management function that oversees customer compliants. The Branches' Complaint Handling Policy and Grievance Redressal Mechanism ensure that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the Bank's branches and contact center or via email.

A total of Nil complaints were received by the Bank in 2022 (2021: 2) and the average time taken to resolve these complaints was within ten working days. The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable and resolution of complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Bank.

To create enhanced visibility of the recourse mechanism available to its customers, the Branches have incorporated awareness messages of its complaint handling function in several customer communications such as account statements and ATM screens. Complete grievance redressal mechanism and email broadcasts have been sent to the customers for customer education and awareness. Further, the Branches' contact center supports customers interactions across a range of channels, including phone calls and through email. The Branches Contact Centre is equipped with trained professionals who offer a wide array of information and problem resolution support.

Fair Treatment of Customers is an integral part of the Branches' corporate culture. The Branches have institutionalized a 'Consumer Protection Framework'. The Branches' priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. The Branches' focus is to maintain fairness in their customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism.

Adeel Siddiqui
Deputy Head-ICCD

Zhanghongpeng
Acting CEO-ICBC Pakistan

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
www.yousufadil.com

INDEPENDENT AUDITOR'S REPORT

To the members of Industrial and Commercial Bank of China Limited - Pakistan Branches

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Industrial and Commercial Bank of China Limited - Pakistan Branches ('the Branches'), which comprise the statement of financial position as at December 31, 2022, and the statement of profit and loss account, the statement of 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 a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Branches' affairs as at December 31, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. 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 Branches 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 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 and Financial Statements and Auditor's Reports Thereon

In connection with our audit of the financial statements of the Branches, we have been advised by management that there is no other information that is attached by them along with the financial statements and our auditor's report thereon, therefore, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) 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.

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

Those charged with governance are responsible for overseeing the Branches' 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 Branches' 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 Branches' 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 Branches 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

   a) proper books of account have been kept by the Branches as required by the Companies Act, 2017 (XIX of 2017;

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Branches and the transactions of the Branches which have come to our notice have been within the powers of the Branches; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Branches and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Branches.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Yousuf Adil
Chartered Accountants

Place: Karachi
Dated: March 24, 2023
UDIN: AR202210091dgfyF1p3t

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022	2021
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	**42,170,309**	37,703,444
Balances with other banks	7	**6,434,681**	23,331,975
Lendings to financial institutions	8	**80,542,850**	44,289,040
Investments	9	**576,201,472**	445,777,512
Advances	10	**53,813,083**	49,212,164
Fixed assets	11	**551,805**	602,096
Intangible assets	12	**37,921**	34,595
Deferred tax assets	13	**1,061,835**	867,391
Other assets	14	**21,930,831**	8,729,784
		782,744,787	610,548,001
LIABILITIES			
Bills payable	15	**1,973,793**	1,458,127
Borrowings	16	**499,959,427**	390,977,403
Deposits and other accounts	17	**176,543,182**	155,302,046
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities	13	**-**	-
Other liabilities	18	**30,590,325**	8,849,150
		709,066,727	556,586,726
NET ASSETS		**73,678,060**	53,961,275
REPRESENTED BY			
Head office capital account - net	19	**33,964,635**	26,477,025
Deficit on revaluation of assets	20	**(514,168)**	(1,651,302)
Unremitted profit		**40,227,593**	29,135,552
		73,678,060	53,961,275

CONTINGENCIES AND COMMITMENTS 21

The annexed notes 1 to 49 form an integral part of these financial statements.

YA

Chief Executive Officer (A)

Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		------- (Rupees in '000) -------	
Mark-up / return / interest earned	22	**79,301,239**	37,188,805
Mark-up / return / interest expensed	23	**58,415,795**	30,879,337
Net mark-up / interest income		**20,885,444**	6,309,468
NON MARK-UP / INTEREST INCOME			
Fee and commission income	24	**1,446,151**	1,414,576
Foreign exchange income	25	**3,963,048**	2,263,600
Gain / (loss) on securities	26	**45,539**	(115)
Other income	27	**3,292**	13,756
Total non-markup / interest income		**5,458,030**	3,691,817
Total income		**26,343,474**	10,001,285
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	**2,365,062**	2,144,455
Workers welfare fund	29	**478,641**	151,082
Other charges	30	**212**	14,854
Total non-markup / interest expenses		**2,843,915**	2,310,391
Profit before provisions		**23,499,559**	7,690,894
Provisions and write offs - net	31	**48,010**	157,950
PROFIT BEFORE TAXATION		**23,451,549**	7,532,944
Taxation	32	**12,358,635**	3,338,831
PROFIT AFTER TAXATION		**11,092,914**	4,194,113

The annexed notes 1 to 49 form an integral part of these financial statements.

YA

Chief Executive Officer (A)

Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	------- (Rupees in '000) -------	
Profit after taxation for the year	**11,092,914**	4,194,113
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of deferred tax	**1,137,134**	(1,048,092)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of current tax	**(873)**	(458)
Total comprehensive income	**12,229,175**	3,145,563

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive Officer (A)

Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
	---------- (Rupees in '000) ----------			
Balance as at January 01, 2021	23,975,160	(603,210)	24,941,897	48,313,847
Profit after taxation for the year ended December 31, 2021			4,194,113	4,194,113
Other comprehensive income - net of tax	-	(1,048,092)	(458)	(1,048,550)
	-	(1,048,092)	4,193,655	3,145,563
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	2,501,865	-	-	2,501,865
Balance as at December 31, 2021	**26,477,025**	**(1,651,302)**	**29,135,552**	**53,961,275**
Profit after taxation for the year ended December 31, 2022	**-**	**-**	**11,092,914**	**11,092,914**
Other comprehensive income - net of tax	**-**	**1,137,134**	**(873)**	**1,136,261**
	-	**1,137,134**	**11,092,041**	**12,229,175**
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	**7,487,610**	**-**	**-**	**7,487,610**
Balance as at December 31, 2022	**33,964,635**	**(514,168)**	**40,227,593**	**73,678,060**

The annexed notes 1 to 49 form an integral part of these financial statements.

4B

Chief Executive Officer (A)

Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		------------ (Rupees in '000)-----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**23,451,549**	7,532,944
Adjustments:			
Depreciation on fixed assets	28	**64,893**	67,712
Depreciation on right of use assets	28	**60,497**	61,586
Amortisation	28	**503**	1,937
Financial charges on leased assets	23	**9,320**	6,927
Charge for defined benefit plan	28.1	**5,322**	5,073
Provision and write-offs	31	**48,010**	157,950
Provision for workers' welfare fund	29	**478,641**	151,082
Unrealised gain on revaluation of forward Foreign exchange contracts - net		**(6,262,135)**	(14,847,584)
Gain on sale of fixed assets	27	**(750)**	(237)
		(5,595,699)	(14,395,554)
		17,855,850	(6,862,610)
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(36,253,810)**	143,141,612
Advances		**(4,648,929)**	(15,947,009)
Others assets		**1,358,948**	2,226,995
		(39,543,791)	129,421,598
Increase / (decrease) in operating liabilities			
Bills payable		**515,666**	(966,999)
Borrowings from financial institutions		**108,982,024**	65,075,061
Deposits		**21,241,136**	36,000,752
Other liabilities		**10,143,556**	750,168
		140,882,382	100,858,982
		119,194,441	223,417,970
Contribution by the Branches		**(10,117)**	(8,246)
Income tax paid		**(10,253,425)**	(3,841,495)
Net cash generated from operating activities		**108,930,899**	219,568,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**(123,582,065)**	(215,959,504)
Net investments in held-to-maturity securities		**(5,203,480)**	21,274,444
Investments in fixed assets	11.1	**(15,667)**	(35,567)
Investment in intangible assets		**(3,829)**	-
Proceeds from sale of fixed assets		**750**	238
Net cash flow used in investing activities		**(128,804,291)**	(194,720,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Translation gain / (loss) on revaluation of capital		**7,487,610**	(37,481)
Payment of lease liability against right of use assets		**(44,647)**	2,501,865
Net cash flow generated from financing activities		**7,442,963**	2,464,384
(Decreased) / Increase in cash and cash equivalents		**(12,430,429)**	27,312,224
Cash and cash equivalents at beginning of the period		**61,035,419**	33,723,195
Cash and cash equivalents at end of the period	33	**48,604,990**	61,035,419

The annexed notes 1 to 49 form an integral part of these financial statements.

YA

Chief Executive Officer (A)

Head of Finance

1. STATUS AND NATURE OF BUSINESS

The Pakistan branches of Industrial and Commercial Bank of China Limited ("the Branches") have commenced their operations in Pakistan with effect from August 18, 2011. Industrial and Commercial Bank of China Limited ('Head office') is incorporated in the People's Republic of China.

The Branches presently operate through three branches (December 31, 2021: three branches) in Pakistan and are engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 15th Floor, Ocean Tower, Block 9, Clifton, Karachi.

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well. The amounts are rounded to nearest thousand except as stated otherwise.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared on the format prescribed by the SBP under Second Schedule of the Banking Companies Ordinance, 1962 as defined under Section 34 of the said Ordinance which has been revised vide BPRD Circular No. 02 dated January 25, 2018 and in accordance with the accounting and reporting standards as applicable in Pakistan. These comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter no. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The application of the IFRS 9 'Financial Instruments' for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 from January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of PKR 500 billion or above. The said circular contained application instructions for quarterly, half yearly and annually parallel run reporting of IFRS 9 for year 2022 and 2023 within given timelines.

As of reporting date, till the implementation of IFRS 9, the Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provisions/ impairment against non-performing assets.

3.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in

The following standards, amendments and interpretations are effective from January 01, 2022. These standards, amendments and interpretations are either not relevant to the Branches' operations or are not expected to have significant impact on the Branches' financial statements other than certain additonal disclosures:

- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts
- International Financial Reporting Standard - 9 "Financial Instruments"
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

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

3.3 Standards, interpretations of and amendments to published approved accounting standards 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, interpretations and amendments are either not relevant to the Branches' operations or are not expected to have significant impact on the Branches' financial statements other than certain additional disclosures:

	Effective from Accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

There are certain new and amended standards and interpretations that are mandatory for the Branches' accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Branches' operations and are therefore not detailed in these financial statements.

3.4 International Financial Reporting Standard - 9 "Financial Instruments"

As directed by SBP via BPRD Circular no 3 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2023 for banks having asset base of more than Rs. 500 billion as at 31 December 2021. SBP via same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the 2022, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalising the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments. These changes and impacts are discussed below:

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Risk Management Division has develop Models/ methodologies for PD, LGD and Credit Conversion Factor (CCF). These models shall be validated on annual basis considering the following aspects:

- Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.

- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Finance Division will ensure preparation of disclosures and incorporation of the impacts on the financial statements of the Bank. The function shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. Finance Division shall ensure that all disclosures as required by the accounting standard and the SBP formats and guidelines are made.

The risk management division will perform the back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

Internal Audit will carry out periodic review of IFRS 9 methodology and impacts calculated by the Management.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the SPPI criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's s business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The classification of equity instruments is generally measured as Fair Value through Profit & Loss (FVTPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Debt securities and Loans and advances

Debt securities currently classified as AFS and those passes SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those passes SPPI test are expected to be measured at measured at amortized costs under IFRS 9 as the Group business model is to hold the assets to collect contractual cash flows.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default. These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Bank has used 5 years data till 31 December 2022 and going forward, one more year's data shall be included until the Bank has at least 10 years data. For calculating ECL, the Bank shall classify its financial assets under three following categories:

a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank shall recognize an allowance based on the 12-month ECL.

b) Stage 2: Under-Performing Assets: For financial assets where there has been a SICR since initial recognition, but which are not credit impaired, the Bank shall recognize an allowance based on lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.

c) Stage 3: Non-Performing Assets: For financial assets which have objective evidence of impairment at the reporting date, the Bank shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential regulations.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank shall calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation which will be incorporated as per the SBP's revised format.

Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during 2023 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022.

Impact on impairment and regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Branches, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has determined that it may be appropriate for the FIs to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

Based on the Branches' preliminary assessment, the impact of adoption of IFRS 9 on the Branches' financial statements as compared to applicable accounting and reporting standards as applicable in Pakistan. (ARS) are as follows:

	(Rupees in '000)
Expected Credit Loss	
Balances with Other Banks	**1,382**
Advances	**23,160**
Other assets	**32**
Commitments	**66,777**
	91,351
Capital Adequacy ratio	**30.95%**

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

Except for the implementation of IFRS 9 in Pakistan, the Branches expect that adoption of the amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except available for sale investments and forward foreign exchange contracts which have been measured at fair value and obilgations in respect of gratuity scheme which are measured at present value of defined benefit obligations less fair value of plan assets and lease liabilities which are measured at their present value.

4.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where critical judgements were made by the management in the application of accounting policies are as follows:

- depreciation and amortisation rates for fixed assets (note 5.7)
- classification and provisioning against non-performing loans and advances (note 5.6)
- defined benefit plan (note 5.10)
- contingencies and commitments (note 21)

4.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Branches' functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous financial year.

5.2 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash and balances with treasury banks, balances with other banks and overdrawn nostros.

5.3 Lendings to / borrowings from financial institutions

The Branches enter into transactions of repos and reverse repos at contracted rates for a specified period of time. These

Sale of securities under repurchase agreement

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counterparty liability is included in borrowings. The difference between the sale and contracted repurchase price is recognised on time proportion basis over the period of the contract and recorded as an expense.

Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counterparty is included in lendings to financial institutions. The difference between the purchase and contracted resale price is recognised on time proportion basis over the period of the contract and recorded as income.

Securities held as collateral are not recognised in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

5.4 Investments

5.4.1 Classification

The Branches classify investments as follows:

a) Held for trading

These are investments, which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These are carried at market value.

b) Held to maturity

These are investments with fixed or determinable payments and fixed maturities and are held with the intent and ability to hold them till maturity. These are carried at amortised cost.

c) Available for sale

These are investments which do not fall under 'held for trading' or 'held to maturity' categories and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is included in equity. Market value of investments in Government securities is determined based on the relevant PKRV rates.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

All 'regular way' purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at settlement date, which is the date at which the Branches agree to settle the purchase or sale of investments.

5.4.2 Impairment

Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position is removed therefrom and recognised in the profit and loss account.

5.5 Acceptances

Acceptances comprise of undertakings by the Branches to pay bills of exchange drawn on customers. The Branches expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions.

5.6 Advances

Advances are stated net of provisions against non-performing advances. Specific and general provisions are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time. The net provision made / reversed during the year is charged to profit and loss account and accumulated provision is adjusted against advances. Advances are written off when there are no realistic prospects of recovery. The amount so written off is a book entry and does not necessarily prejudice the Branches' right of recovery against the customer.

The Branches determine write-offs in accordance with the criteria prescribed by the SBP vide BPRD Circular No. 6 dated June 5, 2007.

5.7 Operating fixed assets

5.7.1 Capital work-in-progress

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

5.7.2 Property and equipment and depreciation

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged to profit and loss account by applying the straight-line method using the rates specified in note 11 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The depreciation method, residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date in which the assets become available for use while no depreciation is charged for the month in which the asset is disposed off.

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

Gains and losses on disposal of operating fixed assets are taken to the profit and loss account in the period to which it relates.

5.7.3 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Branches mainly lease properties for its operations. The Branches recognise a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Branches' incremental borrowing rate. The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Branches have elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

5.7.4 Intangible assets and amortisation

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful live as specified in note 12 to the financial statements. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less accumulated impairment losses, if any.

5.8 Impairment of non-financial assets

The carrying amounts of the Branches' non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

5.9 Borrowings / deposits and their cost

a) Borrowings / deposits are initially recorded at the amount of proceeds received.

b) Costs of borrowings / deposits are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.

5.10 Staff retirement benefits

Defined benefit plan

The Branches operate an approved funded gratuity scheme covering eligible employees (excluding expatriates) whose period of employment with the Branches is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for the actuarial valuation. Actuarial gains and losses are recognised in other comprehensive income with no subsequent recycling through profit and loss account. Gratuity is payable to staff on completion of the prescribed qualifying period of service under the scheme.

Defined contribution plan

The Branches operate an approved Provident Fund for all of its permanent employees (excluding expatriates) in respect of which contributions are made to discharge liability under the respective rules of the schemes. Equal monthly contributions are made by both the Branches and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme. The Branches have no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when the obligation to make payments to the fund has been established. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future contributions

5.11 Financial instruments

5.11.1 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, bills payable, borrowings from financial institutions, deposits, and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

5.11.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently re-measured at fair value using appropriate valuation techniques. All derivative instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to profit and loss account.

5.11.3 Off-setting

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Branches intend either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

5.12 Foreign currency translation

Transactions and balances

Transactions in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

Forward contracts are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract.

Forward contracts other than contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract.

Forward purchase contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee payable on such contracts is amortised over the term of the contracts.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rate prevailing at the reporting date.

5.13 Revenue recognition

Mark-up / return on advances and investments are recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Mark-up recoverable on classified loans, advances and investments is recognised on receipt basis in accordance with the requirements of Prudential Regulations issued by the State Bank of Pakistan. Mark-up on rescheduled / restructured loans, advances and investments is also recognised in accordance with the requirements of these Prudential Regulations.

Where debt securities are purchased at a premium or discount, those premiums / discounts are amortised through profit and loss account over the remaining maturity, using the effective interest method.

Fee and commission income is recognised upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when the transaction takes place.

Dividend income is recognised when the right to receive income is established.

5.14 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

5.14.1 Current tax

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Branches. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

5.14.2 Deferred tax

Deferred tax is recognised using the balance sheet method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided reflects the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

5.15 Provisions

5.15.1 Provision for guarantee claims and other off balance sheet obligations is recognised when intimated and reasonable certainty exists for the Branches to settle the obligation. Expected recoveries are recognised from the customer’s account. Charge to profit and loss account is stated net of expected recoveries.

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

5.15.3 Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

5.16 Segment reporting

A segment is a distinguishable component of the Branches that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Branches' primary format of reporting is based on business segments. The details are as follows:

5.16.1 Business segments

a) Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

b) Branch Banking

It includes deposits and banking services to private individuals and businesses.

c) Corporate finance

This represents the banking services (on and off balance sheet finance and guarantees) including treasury and international trade activities to large corporate customers, multinational companies, Government and semi-Government departments and institutions and SMEs treated as corporate under Prudential Regulations.

5.16.2 There are no geographical segments as the Branches only operate in Pakistan.

	Note	2022	2021
		---------- (Rupees in '000) ----------	

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	2022	2021
In hand			
Local currency		**245,578**	246,775
Foreign currency		**99,698**	86,116
		345,276	332,891
With State Bank of Pakistan in			
Local currency current account	6.1 & 6.2	**7,163,427**	10,207,981
Foreign currency current account		**110,824**	127,972
Foreign currency deposit account	6.3	**34,550,782**	27,034,600
		41,825,033	37,370,553
		42,170,309	37,703,444

6.1 This includes statutory liquidity reserve maintained with the State Bank of Pakistan (SBP) under Section 22 of the Banking Companies Ordinance, 1962. This section requires the Branches to maintain a reserve in the current account opened with the SBP at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by the SBP.

6.2 As per BSD Circular No. 20 dated November 13, 2021 issued by SBP, cash reserve of 6% is required to be maintained with the State Bank of Pakistan.

6.3 This includes special cash reserve of 10% required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 08 dated April 20, 2020. Profit rates on these deposits are fixed by SBP on a monthly basis. These carry mark-up at rate ranging from 0.0% to 3.14% (2021: 0.0% to 0.76%). It also includes capital maintained with SBP in accordance with the requirements of Section 13 of Banking Companies Ordinance, 1962 amounting to USD 150 million (December 31, 2021: USD 150 million).

7. BALANCES WITH OTHER BANKS

	Note	2022	2021
		---------- (Rupees in '000) ----------	
In Pakistan			
In current accounts		**13**	3
Outside Pakistan			
In current accounts	7.1	**6,434,668**	23,331,972
		6,434,681	23,331,975

7.1 The Bank is entitled to earn interest on nostro balances exceeding from a specified amount and carrying a rate ranging from 0% to 3.4% per annum (December 31, 2021: 0.07% to 1% per annum).

8. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Repurchase agreement lendings (Reverse Repo)	8.2	**80,542,850**	44,289,040

8.1 Particulars of lending

	2022	2021
In local currency	**80,542,850**	44,289,040

8.2 This represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 15% to 16.15% per annum (December 31, 2021: 9.75% to 10.7% per annum) with maturity in January 2023 (December 31, 2021 : January 2022).

8.3 Market value of securities held as collateral against Lending to financial institutions

	2022			2021		
	Held by Bank	**Further given as collateral**	**Total**	Held by Bank	Further given as collateral	Total
	---(Rupees in '000)---					
Market Treasury Bills	**63,572,880**	**-**	**63,572,880**	44,349,000	-	44,349,000
Pakistan Investment Bonds	**16,796,000**	**-**	**16,796,000**	-	-	-
Total	**80,368,880**	**-**	**80,368,880**	44,349,000	-	44,349,000

9. INVESTMENTS

9.1 Investments by type:

	2022				2021			
	Cost / Amortised cost	**Provision for diminution**	**Deficit**	**Carrying Value**	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	---(Rupees in '000)---							
Available-for-sale securities								
Federal Government Securities	**567,994,761**	**-**	**(902,050)**	**567,092,711**	444,412,696	-	(2,540,465)	441,872,231
Held-to-maturity securities								
Federal Government Securities	**9,108,761**	**-**	**-**	**9,108,761**	3,905,281	-	-	3,905,281
Total Investments	**577,103,522**	**-**	**(902,050)**	**576,201,472**	448,317,977	-	(2,540,465)	445,777,512

9.2 Investments by segments

	2022				2021			
	Cost / Amortised cost	**Provision for diminution**	**Deficit**	**Carrying Value**	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	**567,994,761**	**-**	**(902,050)**	**567,092,711**	378,353,683	-	(855,352)	377,498,331
Pakistan Investment Bonds	**-**	**-**		**-**	66,059,013	-	(1,685,113)	64,373,900
	567,994,761	**-**	**(902,050)**	**567,092,711**	444,412,696	-	(2,540,465)	441,872,231
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	**9,108,761**	**-**	**-**	**9,108,761**	3,905,281	-	-	3,905,281
Total investments	**577,103,522**	**-**	**(902,050)**	**576,201,472**	448,317,977	-	(2,540,465)	445,777,512

9.3 Quality of Available for sale securities

Details regarding quality of Available for sale (AFS) securities are as follows:

	2022		2021	
	Cost	**Market Value**	Cost	Market Value
	---(Rupees in '000)---			
Federal Government Securities - Government guaranteed				
Market Treasury Bills	**567,994,761**	**567,092,711**	378,353,683	377,498,331
Pakistan Investment Bonds	**-**	**-**	66,059,013	64,373,900
	567,994,761	**567,092,711**	444,412,696	441,872,231

9.3.1 **Principal terms of investment in Federal Government Securities**

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.3.1.1	January 12, 2023 to December 14, 2023	On maturity	On maturity

9.3.1.1 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills ranging from 13.30% to 17.00% per annum (December 31, 2021: 7.40% to 10.49% per annum).

	2022		2021	
	Cost	**Market Value**	Cost	Market Value
9.4 Quality of Held to Maturity Securities	**------------------------- (Rupees in '000) ------------------------**			
Details regarding quality of Held to Maturity (HTM) securities are as follows:				
Federal Government Securities - Government guaranteed				
Pakistan Investment Bonds	**9,108,761**	**8,740,500**	3,905,281	3,936,000

9.4.1 **Principal terms of investment in Federal Government Securities**

Name of investment	Note	Maturity	Redemption	Coupon
Pakistan Invesment Bond	9.4.1.1	August 05, 2024 to August 04, 2025	On maturity	Half yearly

9.4.1.1 Pakistan Investment Bonds are for the period of seven to nineteen months. The effective rates of profit on Market Treasury Bills ranging from 7.00% to 10.00% per annum (2021: 9.00% per annum).

9.5 There is no provision for diminution in value of investments as at December 31, 2022.

9.6 Investments include certain approved government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

10. ADVANCES

	Performing		Non Performing		Total	
	2022	2021	**2022**	2021	**2022**	2021
	---------- (Rupees in '000) ----------					
Loans, cash credits, running finances, etc.	**52,833,245**	45,410,138	**-**	-	**52,833,245**	45,410,138
Bills discounted and purchased	**1,523,405**	4,297,583	**-**	-	**1,523,405**	4,297,583
Advances - gross	**54,356,650**	49,707,721	**-**	-	**54,356,650**	49,707,721
Provision against advances						
- Specific	**-**	-	**-**	-	**-**	-
- General	**(543,567)**	(495,557)	**-**	-	**(543,567)**	(495,557)
	(543,567)	(495,557)	**-**	-	**(543,567)**	(495,557)
Advances - net of provision	**53,813,083**	49,212,164	**-**	-	**53,813,083**	49,212,164

	2022	2021
	------- (Rupees in '000) -------	
In local currency	**54,356,650**	49,707,721
In foreign currency	**-**	-
	54,356,650	49,707,721

10.1 No advances have been placed under non-performing status as at December 31, 2022 (December 31, 2021: Nil).

10.2 Particulars of provision against advances

	2022			2021		
	Specific	**General**	**Total**	Specific	General	Total
	---------- (Rupees in '000) ----------					
Opening balance	**-**	**495,557**	**495,557**	-	337,607	337,607
Charge for the year	**-**	**48,010**	**48,010**	-	157,950	157,950
Reversals	**-**	**-**	**-**	-	-	-
	-	**48,010**	**48,010**	-	157,950	157,950
Closing balance	**-**	**543,567**	**543,567**	-	495,557	495,557

10.2.1 In line with prudent policies, general provision against advances represents provision maintained at an amount up to 1% of the performing portfolio.

10.3 Particulars of provision against advances

	2022			2021		
	Specific	**General**	**Total**	Specific	General	Total
	---------- (Rupees in '000) ----------					
In local currency	**-**	**543,567**	**543,567**	-	495,557	495,557
In foreign currency	**-**	**-**	**-**	-	-	-
	-	**543,567**	**543,567**	-	495,557	495,557

11. FIXED ASSETS

	Notes	**2022**	2021
		--------- (Rupees in '000) -----	
Property and equipment	11.1	**441,213**	490,439
Right-of-use assets	11.2	**110,592**	111,657
		551,805	602,096

11.1 Property and equipment

	2022					
	Buildings	**Leasehold improvements**	**Furniture and fixtures**	**Vehicles**	**Electrical, office and computer equipments**	**Total**
	(Rupees in '000)					
At January 1, 2022						
Cost	**443,100**	**280,939**	**118,349**	**64,101**	**139,144**	**1,045,633**
Accumulated depreciation	**(88,636)**	**(219,895)**	**(89,043)**	**(42,590)**	**(115,030)**	**(555,194)**
Net book value	**354,464**	**61,044**	**29,306**	**21,511**	**24,114**	**490,439**
Year ended December 2022						
Opening net book value	**354,464**	**61,044**	**29,306**	**21,511**	**24,114**	**490,439**
Additions	**-**	**-**	**6,870**	**-**	**8,797**	**15,667**
Disposals - cost	**-**	**-**	**(4,213)**	**-**	**(4,863)**	**(9,076)**
Disposals - accumulated depreciation	**-**	**-**	**4,213**	**-**	**4,863**	**9,076**
Depreciation charge	**(14,760)**	**(14,898)**	**(12,201)**	**(7,277)**	**(15,757)**	**(64,893)**
Closing net book value	**339,704**	**46,146**	**23,975**	**14,234**	**17,154**	**441,213**
At December 31, 2022						
Cost	**443,100**	**280,939**	**121,006**	**64,101**	**143,078**	**1,052,224**
Accumulated depreciation	**(103,396)**	**(234,793)**	**(97,031)**	**(49,867)**	**(125,924)**	**(611,011)**
Net book value	**339,704**	**46,146**	**23,975**	**14,234**	**17,154**	**441,213**
Rate of depreciation (percentage)	**3.33**	**10-33**	**20**	**16.70**	**33**	

	2021					
	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Electrical, office and computer equipments	Total
	(Rupees in '000)					
At January 1, 2021						
Cost	443,100	280,939	111,867	64,101	127,947	1,027,954
Accumulated depreciation	(73,877)	(204,997)	(78,922)	(33,789)	(104,852)	(496,437)
Net book value	369,223	75,942	32,945	30,312	23,095	531,517
Year ended December 2021						
Opening net book value	369,223	75,942	32,945	30,312	23,095	531,517
Additions	-	-	7,848	-	18,785	26,633
Disposals - cost	-	-	(1,366)	-	(7,588)	(8,954)
Disposals - accumulated depreciation	-	-	1,366	-	7,588	8,954
Depreciation charge	(14,759)	(14,898)	(11,487)	(8,801)	(17,766)	(67,711)
Closing net book value	354,464	61,044	29,306	21,511	24,114	490,439
At December 31, 2021						
Cost	443,100	280,939	118,349	64,101	139,144	1,045,633
Accumulated depreciation	(88,636)	(219,895)	(89,043)	(42,590)	(115,030)	(555,194)
Net book value	354,464	61,044	29,306	21,511	24,114	490,439
Rate of depreciation (percentage)	3.33	10-33	20	16.70	33	

11.2 Right-of-use assets

	2022			2021		
	Property	**Vehicles**	**Total**	Property	Vehicles	Total
	(Rupees in '000)					
Opening balance	**108,387**	**3,270**	**111,657**	164,468	8,775	173,243
Additional impact arised during the year - net	**53,935**	**5,497**	**59,432**	-	-	-
Depreciation	**(55,642)**	**(4,855)**	**(60,497)**	(56,081)	(5,505)	(61,586)
	106,680	**3,912**	**110,592**	108,387	3,270	111,657

11.3 The cost of fully depreciated assets still in use are as follows:

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Leasehold improvements		**131,926**	131,926
Electrical, office and computer equipments		**110,128**	77,632
Furniture and fixtures		**61,993**	60,772
		304,047	270,330

12. INTANGIBLE ASSETS

	Note	2022	2021
Capital work-in-progress		**28,969**	25,140
Computer software	12.1	**8,952**	9,455
		37,921	34,595

12.1 Computer software

	2022	2021
At January 1		
Cost	**18,929**	9,996
Accumulated amortisation	**(9,474)**	(7,537)
Net book value	**9,455**	2,459
Year ended December		
Opening net book value	**9,455**	2,459
Additions - directly purchased	**-**	8,933
Amortisation charge	**(503)**	(1,937)
Closing net book value	**8,952**	9,455
At December 31		
Cost	**18,929**	18,929
Accumulated amortisation	**(9,977)**	(9,474)
Net book value	**8,952**	9,455
Rate of amortisation (percentage)	**20-33**	20-33
Useful life	**3-5 years**	3-5 years

12.2 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 8.970 million as at December 31, 2022 (December 31, 2021: Rs. 3.82 million).

13. DEFERRED TAX ASSETS

	2022	2021
	-------- (Rupees in '000) --------	
Deductible Temporary Differences on		
Workers welfare fund	**701,774**	-
Deficit on revaluation of investments	**387,882**	889,163
Remeasurement of defined benefit obligation	**-**	1,022
	1,089,656	890,185
Taxable Temporary Differences on		
Fixed assets	**(25,475)**	(22,794)
Intangible	**(2,346)**	-
	(27,821)	(22,794)
	1,061,835	867,391

13.1 Movement of deferred tax during the year

	2022			
	At January 1, 2022	**Recognised in profit and (loss)**	**Recognised in OCI**	**At December 31, 2022**
	(Rupees in '000)			
Deductible Temporary Differences on:				
Workers welfare fund	**-**	**701,774**	**-**	**701,774**
Deficit on revaluation of investments	**889,163**	**-**	**(501,281)**	**387,882**
Remeasurement of defined benefit liability	**1,022**	**-**	**(1,022)**	**-**
	890,185	**701,774**	**(502,303)**	**1,089,656**
Taxable Temporary Differences on				
Fixed assets	**(22,794)**	**(2,681)**	**-**	**(25,475)**
Intangible	**-**	**(2,346)**	**-**	**(2,346)**
	(22,794)	**(5,027)**	**-**	**(27,821)**
	867,391	**696,747**	**(502,303)**	**1,061,835**

	2021			
	At January 1, 2021	Recognised in profit and (loss)	Recognised in OCI	At December 31, 2021
	(Rupees in '000)			
Deductible Temporary Differences on:				
Deficit on revaluation of investments	324,805	-	564,358	889,163
Remeasurement of defined benefit liability	775	-	247	1,022
	325,580	-	564,605	890,185
Taxable Temporary Differences on				
Fixed assets	(25,084)	2,290	-	(22,794)
	300,496	2,290	564,605	867,391

13.2 In line with recent change in law for applicability of super tax in future years, the Bank has changed the rate of deferred tax from 39% to 43% during the year 2022.

14. OTHER ASSETS

	Note	**2022**	2021
		(Rupees in '000)	
Income / mark-up accrued in local currency		**1,818,296**	2,971,778
Advances, deposits, advance rent and other prepayments		**58,090**	49,532
Mark to market gain on forward foreign exchange contracts		**19,808,180**	5,251,268
Acceptances		**237,617**	446,674
Receivable from defined benefit plan	36.4	**8,055**	4,971
Others		**593**	5,561
		21,930,831	8,729,784

15. BILLS PAYABLE

	2022	2021
In Pakistan	**1,973,793**	1,458,127
	1,973,793	1,458,127

		2022	2021
		---------- (Rupees in '000) ----------	
16.	**BORROWINGS**		
	Unsecured		
	Call borrowings	**499,959,427**	390,977,403
		499,959,427	390,977,403

16.1 This represents borrowings from ICBC branches outside Pakistan and financial institutions at mark-up rates ranging from 2.88% to 6.2% per annum (December 31, 2021: 0.257% to 0.7% per annum) maturing upto December 08, 2023 (December 31, 2021: upto June 15, 2022).

		2022	2021
		---------- (Rupees in '000) ----------	
16.1	**Particulars of borrowings with respect to currencies**		
	In foreign currencies	**499,959,427**	390,977,403

17. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	**In Foreign currencies**	**Total**	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**17,014,886**	**2,699,851**	**19,714,737**	12,159,395	20,753,643	32,913,038
Savings deposits	**140,079,417**	**1,677,000**	**141,756,417**	82,331,536	1,035,215	83,366,751
Term deposits	**12,714,670**	**-**	**12,714,670**	36,056,208	-	36,056,208
	169,808,973	**4,376,851**	**174,185,824**	130,547,139	21,788,858	152,335,997
Financial Institutions						
Current deposits	**19,717**	**2,334,414**	**2,354,131**	20,745	2,942,322	2,963,067
Savings deposits	**3,227**	**-**	**3,227**	2,982	-	2,982
	22,944	**2,334,414**	**2,357,358**	23,727	2,942,322	2,966,049
	169,831,917	**6,711,265**	**176,543,182**	130,570,866	24,731,180	155,302,046

		Note	**2022**	2021
			---------- (Rupees in '000) ----------	
17.1	**Composition of deposits**			
	- Individuals		**771,838**	963,866
	- Public Sector Entities		**1,108**	544,297
	- Banking Companies		**2,357,358**	2,951,484
	- Private Sector		**173,412,878**	150,842,399
		17.2	**176,543,182**	155,302,046

17.2 This includes deposits amounting to Rs. 609.078 million (December 31, 2021: Rs. 750.525 million) eligbile to be covered under insurance arrangements as per the requirement of Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018. The Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation (a subsidiary company of State Bank of Pakistan) at the rate of 0.16% on eligible deposits as of December 31 of each preceding calendar year.

		Note	2022	2021
			---------- (Rupees in '000) ----------	
18.	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		**8,706,676**	2,423,744
	Mark-up / return / interest payable in foreign currency		**5,105,332**	250,292
	Performance bonus payable		**880,147**	743,125
	Unearned income on unfunded exposure		**188,844**	238,807
	Accrued expenses		**38,811**	13,493
	Current taxation (provisions less payments)		**3,708,441**	908,345
	Acceptances		**237,617**	446,674
	Mark to market loss on forward foreign exchange contracts		**9,355,093**	1,060,316
	Lease liability against right-of-use assets	18.1	**80,492**	56,387
	Workers' welfare fund		**1,632,034**	1,153,393
	Withholding tax payable		**44,892**	18,222
	Clearing and settlements		**610,671**	1,515,571
	Others		**1,275**	20,781
			30,590,325	8,849,150
18.1	**Lease liability against right-of-use assets**			
	Opening balance		**56,387**	86,941
	Additional impact during the year - net		**59,432**	-
	Interest expense		**9,320**	6,927
	Payment made during the year		**(44,647)**	(37,481)
	Closing Balance		**80,492**	56,387
19.	**HEAD OFFICE CAPITAL ACCOUNT**			
	Capital held as:			
	Interest free deposit in approved foreign exchange			
	i) Remitted from Head Office (USD 150 million)		**26,477,025**	23,975,160
	ii) Revaluation surplus allowed by the State Bank of Pakistan		**7,487,610**	2,501,865
			33,964,635	26,477,025

19.1 Interest free deposit in approved foreign exchange capital account amounts to USD 150 million as at December 31, 2022 (December 31, 2021: USD 150 million).

		Note	2022	2021
			---------- (Rupees in '000) ----------	
20.	**DEFICIT ON REVALUATION OF ASSETS**			
	Deficit on revaluation of available for sale securities	9.1	**(902,050)**	(2,540,465)
	Deferred tax on deficit on revaluation of available for sale securities		**387,882**	889,163
			(514,168)	(1,651,302)
21.	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	21.1	**397,368,070**	360,092,095
	Commitments	21.2	**2,794,474,990**	958,992,647
			3,191,843,060	1,319,084,742

		Note	2022	2021
			---------- (Rupees in '000) ----------	
21.1	**Guarantees:**			
	Financial guarantees		**563,251**	563,251
	Performance guarantees		**180,761,385**	193,257,173
	Other guarantees		**216,043,434**	166,271,671
			397,368,070	360,092,095
21.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit (including LC confirmations)		**16,811,574**	21,776,130
	Commitments in respect of:			
	- Forward foreign exchange contracts	21.2.1	**2,777,663,416**	937,216,517
			2,794,474,990	958,992,647
21.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**1,392,806,548**	466,244,897
	Sale		**1,384,856,868**	470,971,620
			2,777,663,416	937,216,517

The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

		Note	2022	2021
			---------- (Rupees in '000) ----------	
22.	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	Loans and advances		**6,877,589**	3,011,172
	Investments		**66,479,091**	29,346,691
	Lendings to financial institutions		**5,834,210**	4,797,642
	Balances with other banks		**110,349**	33,300
			79,301,239	37,188,805
23.	**MARK-UP / RETURN / INTEREST EXPENSED**			
	On:			
	Deposits		**15,559,205**	6,536,072
	Borrowings	23.1	**9,920,220**	1,716,386
	Cost of foreign currency swaps against foreign currency deposits / borrowings	23.2	**32,927,050**	22,619,952
	Finance charges on lease liability against right of use asset		**9,320**	6,927
			58,415,795	30,879,337
23.1	**Borrowings**			
	Call Borrowings from ICBC Head office and branches		**9,820,532**	1,710,231
	Call Borrowings from local Banks		**397**	1,049
	Securities sold under repurchase agreements		**99,291**	5,106
			9,920,220	1,716,386

		Note	2022	2021
			---------- (Rupees in '000) ----------	
23.2	**Cost of foreign currency swaps against foreign currency deposits / borrowings**			
	Realised foreign currency swaps bought and sold - net		**39,178,726**	37,468,868
	Realised cross currency swaps on bought and sold - net		**(12,012)**	(2,802)
	Un-realised foreign currency swaps bought and sold - net		**(6,197,163)**	(14,837,964)
	Un-realised cross currency swaps on bought and sold - net		**(42,501)**	(8,150)
			32,927,050	22,619,952

		Note	2022	2021
24.	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		**9,957**	8,574
	Card related fees (debit cards)		**251**	276
	Investment banking fees		**360,485**	343,891
	Commission on trade		**239,287**	204,424
	Commission on guarantees		**762,428**	739,907
	Commission on remittances including home remittances		**38,355**	113,305
	Credit related fees		**35,388**	4,199
			1,446,151	1,414,576

		Note	2022	2021
25.	**FOREIGN EXCHANGE INCOME**			
	On:			
	Purchase and sale of forward foreign exchange contracts with Inter Banks - net	25.1	**668,110**	340,528
	Ready purchase and sale of foreign currencies with customers and Inter Banks		**4,014,120**	2,031,268
	Loss on ready purchase and sale of foreign currencies with Financial Institutions		**(1,550)**	-
	Exchange translation/ revaluation		**(717,632)**	(108,196)
			3,963,048	2,263,600

		Note	2022	2021
25.1	**Purchase and sale of forward foreign exchange contracts with Inter Banks - net**			
	Realised gain on foreign exchange contracts with Inter Bank - net		**645,638**	339,058
	Unrealised gain on foreign exchange contracts with Inter Bank - net		**22,472**	1,470
			668,110	340,528

		Note	2022	2021
26.	**GAIN / (LOSS) ON SECURITIES**			
	Realised		**45,539**	(115)
	Realised gain / (loss) on:			
	Federal Government securities		**45,539**	(115)

		Note	2022	2021
27.	**OTHER INCOME**			
	Gain on sale of fixed assets		**750**	237
	Recovered from employees against waiver of notice period		**2,542**	1,169
	Liabilities no longer required written back		**-**	12,350
			3,292	13,756

28. OPERATING EXPENSES

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Total compensation expense	28.1	**1,957,477**	1,786,785
Property expense			
Rent & taxes		**6,822**	2,091
Insurance		**412**	441
Utilities cost		**28,729**	23,015
Security (including guards)		**22,091**	20,771
Repair & maintenance (including janitorial charges)		**19,247**	23,964
Depreciation		**29,658**	29,658
Depreciation on right-of-use assets		**55,642**	56,081
		162,601	156,021
Information technology expenses			
Software maintenance		**9,375**	5,063
Hardware maintenance		**928**	940
Depreciation		**6,040**	4,753
Amortisation		**503**	1,937
Insurance		**24**	23
Network and connectivity charges		**14,200**	14,626
		31,070	27,342
Other operating expenses			
Legal & professional charges		**22,468**	13,503
Outsourced services costs	28.2	**9,292**	9,201
Travelling & conveyance		**14,615**	16,813
Insurance		**1,894**	1,763
NIFT clearing charges		**1,821**	793
Fees and subscription		**79,402**	50,708
Repair & maintenance		**12,025**	5,317
Depreciation		**29,195**	33,301
Depreciation on right-of-use assets		**4,855**	5,505
Training & development		**1,237**	1,886
Postage & courier charges		**2,185**	1,806
Communication		**4,113**	3,124
Stationery, printing and low value consumables		**8,894**	4,436
Marketing, advertisement & publicity		**3,705**	6,399
Donations	28.3	**600**	300
Commission expense		**8,197**	4,867
Deposit protection premium	17.2	**1,201**	1,103
Auditor remuneration	28.4	**3,180**	2,604
Entertainment expense		**882**	5,418
Others		**4,153**	5,460
		213,914	174,307
		2,365,062	2,144,455

28.1 Total compensation expense

	2022	2021
Managerial Remuneration		
i) Fixed	**1,066,933**	989,474
ii) Variable of which:		
a) Cash bonus / awards etc.	**698,869**	644,459
b) Charge for defined benefit plan	**5,322**	5,073
Contribution to defined contribution plan	**4,129**	3,940
Rent & house maintenance	**65,009**	58,323
Utilities	**23,417**	21,046
Medical	**6,716**	6,137
Conveyance	**28,484**	12,027
Staff group benefits	**43,722**	33,290
Covid-19 prevention	**5,019**	4,836
Health & Life Insurance	**9,857**	8,180
	1,957,477	1,786,785

28.2 Total cost for the year relating to outsourcing activities included in other operating activities is Rs. 9.292 million (December 31, 2021: Rs. 9.202 million) being paid to companies incorporated in Pakistan. The material outsourcing arrangements along with their nature of service are as follows:

Name of Company	Nature of Services	Note	2022	2021
			---------- (Rupees in '000)	---------
Fulcrum Private Limited	Manpower Service Provider		**7,736**	7,214
Phoenix Security Services Private Limited	Security guarding services		**1,556**	1,988

28.3 Donations above Rs. 0.5 million

	Note	2022	2021
Prime Minister's flood Relief Fund	28.3.1	**600**	-
Pakistan - China Institute		**-**	300
		600	300

28.3.1 Donations were not made to any donee in which key management personnel or their spouse had any interest.

28.4 Auditors' remuneration

	2022	2021
	---------- (Rupees in '000)	---------
Annual audit and Half yearly review fee	**2,457**	1,575
Fee for audit of employee funds	**-**	200
Special certifications and sundry advisory services	**594**	662
Out-of-pocket expenses and sales tax on services	**129**	167
	3,180	2,604

29. WORKERS' WELFARE FUND

	2022	2021
Charge during the year	**478,641**	151,082

29.1 Provision held at 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

29.2 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged and conflicting judgments were rendered by various courts. Appeals against these orders were filed in the Supreme Court of Pakistan.

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2013 has not been reversed.

Government of Sindh (Sindh WWF) and Government of Punjab (Punjab WWF) which was effective from January 1, 2014 and January 01. 2019 respectively, where definition of industrial undertakings under the aforesaid WWF laws includes banks and financial institutions as well. However, the Bank along with the other banks has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) on grounds that banking companies cannot be considered as industrial establishment. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF till the next date of hearing whereas the Bank will challenge the recovery of Punjab WWF in the court of law on same grounds in case of SWWF.

On prudent basis, the Branches have charged WWF provision amounting to Rs. 478.641 million for the year 2022 (2021: Rs. 151.082 million) at the rate of 2% on higher of profit before tax or declared (taxable income) as per tax return.

		2022	2021
		---------- (Rupees in '000) ----------	
30.	**OTHER CHARGES**		
	Penalty imposed by the State Bank of Pakistan	**212**	14,854
31	**PROVISIONS & WRITE OFFS - NET**		
	Provisions against loans & advances	**48,010**	157,950
32.	**TAXATION**		
	Current	**13,390,557**	3,341,121
	Prior years	**(336,197)**	-
	Deferred	**(695,725)**	(2,290)
		12,358,635	3,338,831
32.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	**23,451,549**	7,532,944
	Tax at the applicable rate of 39% (December 31, 2021: 35%)	**9,146,104**	2,636,530
	Effect of:		
	Super tax	**2,393,203**	301,318
	Effect of WWF	**(495,959)**	58,922
	Additional tax on government securities	**1,327,663**	336,197
	Penalties imposed by the State Bank of Pakistan	**104**	5,793
	Others	**(12,480)**	71
		12,358,635	3,338,831

32.2 The effective tax rate for the year is 52.69% (December 31, 2021: 44.32%)

32.3 The returns of income tax have been filed up to and including tax year 2022. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001.

32.4 The tax authorities have passed assessment orders for the tax year 2012 to 2014 and raised additional demand of Rs. 45 million on account of minimum tax under section 113 of Income Tax Ordinance, 2001. The Branches have filed appeal before appellate forum against these amendments and have paid full amount under protest to obtain stay on recovery of the receiving demand till the decision of Commissioner Inland Revenue (Appeals). The management is confident that the appeal will be decided in favour of the Branches, therefore, no provision is recognised in these financial statements.

		2022	2021
		------------- (Rupees in '000) -------------	
33.	**CASH AND CASH EQUIVALENTS**		
	Cash and balances with treasury banks	**42,170,309**	37,703,444
	Balances with other banks	**6,434,681**	23,331,975
		48,604,990	61,035,419

34. CREDIT RATING

ICBC Branches have below Credit ratings assigned by Moody's Investor Services Inc.

	2022	2021
Outlook	Stable	Stable
Long term Foreign Currency Deposits Rating	A1	A1
Short term Foreign Currency Deposits Rating	P1	P1

35. STAFF STRENGTH

	2022	2021
	(Number)	
Permanent	**95**	95
On Branches' contract	**2**	2
Branches' own staff strength at the end of the year	**97**	97

35.1 In addition to the above, 16 employees (December 2021: 12 employees) of outsourcing services companies were assigned to the Branches as at the end of the year to perform services other than guarding and janitorial services.

36. DEFINED BENEFIT PLAN

36.1 General description

The Branches operate an approved gratuity fund registered in October 2013 w.e.f July 2013 for all its local permanent employees who have completed the qualifying period as defined in the scheme. In the current year, the branches have carried out an actuarial valuation as at December 31, 2022 using Projected Unit Credit Method and recorded the obligation accordingly.

36.2 Number of Employees under the scheme

The number of employees covered under the defined benefit scheme are as follows:

	2022	2021
	(Number)	
Gratuity fund	**60**	55

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022 using the following significant assumptions:

	2022	2021
	(Per annum)	
Discount rate	**14.50%**	11.50%
Expected rate of salary increase	**14.00%**	9.50%
Mortality rates	**70% of EFU (61-66) table**	70% of EFU (61-66) table

36.4 Reconciliation of receivable from defined benefit plans

	Note	**2022**	2021
		(Rupees in '000)	
Present value of defined benefit obligations	36.5	**39,282**	31,325
Fair value of plan assets	36.6	**(47,337)**	(36,296)
Receivable from defined benefit plan		**(8,055)**	(4,971)

	Note	2022	2021
		-------- (Rupees in '000) -------	

36.5 Movement in defined benefit obligations

	Note	2022	2021
Obligations at the beginning of the year		**31,325**	25,024
Current service costs		**6,475**	5,686
Interest cost		**3,315**	2,248
Benefits paid		**(4,993)**	(1,440)
Re-measurement loss / (gain)	36.8.2	**3,160**	(193)
Obligations at the end of the year		**39,282**	31,325

36.6 Movement in fair value of plan assets

	Note	2022	2021
Fair value at the beginning of the year		**36,296**	27,527
Interest income on plan assets		**4,468**	2,861
Contribution by the Branches		**10,117**	8,246
Benefits paid		**(4,993)**	(1,440)
Re-measurements Actuarial gain / (loss) on plan assets	36.8.2	**1,449**	(898)
Fair value at the end of the year	36.9	**47,337**	36,296

36.7 Movement in receivable from defined benefit plan

	Note	2022	2021
Opening balance		**(4,971)**	(2,503)
Charge for the year	36.8.1	**5,322**	5,073
Contribution by the Branches		**(10,117)**	(8,246)
Re-measurement loss recognised in OCI during the year	36.8.2	**1,711**	705
Closing balance		**(8,055)**	(4,971)

36.8 Charge for defined benefit plan

36.8.1 Cost recognised in profit and loss

	Note	2022	2021
Current service costs		**6,475**	5,686
Net interest expense on defined benefit asset / liability		**(1,153)**	(613)
		5,322	5,073

36.8.2 Re-measurements recognised in OCI during the year

	Note	2022	2021
Loss / (gain) on obligation			
- Experience adjustment		**3,160**	(193)
Return on plan assets over interest income		**(1,449)**	898
Total re-measurements recognised in OCI		**1,711**	705

36.9 Components of plan assets

	Note	2022	2021
Cash and cash equivalents		**47,337**	27,527

36.10 Maturity profile

Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 5 and above years	Total
	------------------------------------ Rs.000	--------------------------------------			
Balance as at December 31, 2022	**6,457**	**7,860**	**30,179**	**81,079**	**125,574**
Balance as at December 31, 2021	5,482	6,129	23,217	54,226	89,054

36.11 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Impact on obligation of change in assumptions over the period	% age	Increase	Decrease
		-------- (Rupees in '000)	-------
Discount rate	**1%**	**(1,508,484)**	1,638,156
Salary increase rate	**1%**	**1,630,736**	(1,527,692)

	2022 (Rupees in '000)
36.12 Expected contributions to be paid to the fund in the next financial year	**6,457**
36.13 Expected charge for the next financial year	**6,432**

36.14 Maturity profile

	Years
The weighted average duration of the obligation (in years)	**4.7**

36.15 Funding Policy

The Branches endeavour to ensure that liabilities under the employee benefit scheme are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

36.16 The significant risks associated with the staff retirement benefit scheme include:

Asset volatility

The fund is exposed to asset volatility risk to the extent of change in bond yields.

Changes in bond yields

The valuation of the defined benefit liability is discounted with reference to the Government bond yields. So, any increase in bond yields will lower the defined benefit liability but it will also lower the plan asset values and vice versa.

Inflation risk

The salary inflation (especially the final salary risk) is the major risk that the Gratuity liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the ensuing change in salary inflation generally offsets the gains from the decrease in discounted gratuity. But viewed with the fact that, for gratuity, asset values will also decrease; the salary inflation does, as an overall effect, increase the net liability of the Branches.

Life expectancy / withdrawal rate

The Gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Branches for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible.

The withdrawal risk is dependent upon the benefit structure, age and retention profile of the staff, the valuation methodology, and long-term valuation assumptions. In this case, it is not a significant downside risk as higher withdraws, although troublesome for the Branches, will give rise to a release in the liability as retirement benefits for unvested due to

37. DEFINED CONTRIBUTION PLAN

37.1 General Description

The Branches operate an approved Provident Fund scheme for all of its local permanent employees to which both Branches and employees contribute at the rate of 10% of basic salary in equal monthly contributions. During the year, the Branches contributed an amount of Rs. 4.129 million (2021: Rs.3.94 million) to the recognised Provident Fund.

38. COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2022	2021	**2022**	2021
	------------------------(Rupees in '000)------------------------			
Managerial remuneration & bonus	**108,629**	92,260	**743,895**	537,135
Charge for defined benefit plan	**-**	-	**532**	471
Contribution to defined contribution plan	**-**	-	**259**	248
Rent and house maintenance	**2,825**	2,497	**33,917**	26,410
Utilities	**489**	-	**7,596**	248
Medical	**-**	145	**1,042**	371
Conveyance	**-**	612	**7,976**	2,262
Others	**-**	86	**262**	1,118
	111,943	95,600	**795,479**	568,263
Number of persons	**1**	1	**15**	14

38.1 The chief executive and certain executives are also provided with drivers, security arrangements, accommodation and payment of travel bills in accordance with their terms of employment.

39. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

39.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
Federal Government Securities (AFS)	**-**	**567,092,711**	**-**	**567,092,711**
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	**-**	**9,108,761**	**-**	**9,108,761**
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	**-**	**10,453,087**	**-**	**10,453,087**

	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities (AFS)	-	441,872,231	-	441,872,231
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	-	3,936,483	-	3,936,483
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	-	4,190,952	-	4,190,952

39.2 Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

(a) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds and forward foreign exchange contracts.

Item	**Valuation technique and input used**
Pakistan Investment Bonds	Fair values of Pakistan Investment Bonds are derived using the PKRV rates
Market Treasury Bills	Fair values of Treasury Bills are derived using the PKRV rates.
Forward Foreign Exchange Contracts	The valuation has been determined by interpolating the FX revaluation rates announced by State Bank of Pakistan.

(b) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	2022				
	Corporate finance	**Treasury**	**Branch Banking**	**Others**	**Total**
	---------- (Rupees in '000) ----------				
Profit & Loss					
Net mark-up / return / profit	**6,877,589**	**29,466,031**	**(15,448,856)**	**(9,320)**	**20,885,444**
Inter segment revenue - net	**-**	**-**	**-**	**-**	**-**
Non mark-up / return / interest income	**1,001,715**	**45,539**	**4,407,484**	**3,292**	**5,458,030**
Total Income	**7,879,304**	**29,511,570**	**(11,041,372)**	**(6,028)**	**26,343,474**
Segment direct expenses	**201,489**	**2,634,717**	**1,254**	**6,455**	**2,843,915**
Inter segment expense allocation	**-**	**-**	**-**	**-**	**-**
Total expenses	**201,489**	**2,634,717**	**1,254**	**6,455**	**2,843,915**
Provision	**48,010**	**-**	**-**	**-**	**48,010**
Profit before tax	**7,629,805**	**26,876,853**	**(11,042,626)**	**(12,483)**	**23,451,549**
Statement of financial position					
Cash & Bank balances	**-**	**48,259,714**	**345,276**	**-**	**48,604,990**
Investments	**-**	**576,201,472**	**-**	**-**	**576,201,472**
Net inter segment lending	**-**	**-**	**-**	**-**	**-**
Lendings to financial institutions	**-**	**80,542,850**	**-**	**-**	**80,542,850**
Advances - performing	**53,813,083**	**-**	**-**	**-**	**53,813,083**
- non-performing	**-**	**-**	**-**	**-**	**-**
Others	**1,647,924**	**20,216,169**	**-**	**1,718,299**	**23,582,392**
Total Assets	**55,461,007**	**725,220,205**	**345,276**	**1,718,299**	**782,744,787**
Borrowings	**-**	**499,959,427**	**-**	**-**	**499,959,427**
Deposits & other accounts	**-**	**-**	**176,543,182**	**-**	**176,543,182**
Net inter segment borrowing	**-**	**-**	**-**	**-**	**-**
Others	**14,238,469**	**9,355,093**	**610,671**	**8,359,885**	**32,564,118**
Total liabilities	**14,238,469**	**509,314,520**	**177,153,853**	**8,359,885**	**709,066,727**
Equity	**41,222,538**	**215,905,685**	**(176,808,577)**	**(6,641,586)**	**73,678,060**
Total Equity & liabilities	**55,461,007**	**725,220,205**	**345,276**	**1,718,299**	**782,744,787**
Contingencies & Commitments	**414,179,644**	**2,777,663,416**	**-**	**-**	**3,191,843,060**

	2021				
	Corporate finance	Treasury	Branch Banking	Others	Total
	-- (Rupees in '000) --				
Profit & Loss					
Net mark-up / return / profit	3,011,172	9,815,122	(6,512,701)	(6,927)	6,306,666
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	1,288,107	2,266,402	126,354	13,756	3,694,619
Total Income	4,299,279	12,081,524	(6,386,347)	6,829	10,001,285
Segment direct expenses	195,694	2,092,711	16,107	5,879	2,310,391
Inter segment expense allocation	-	-	-	-	-
Total expenses	195,694	2,092,711	16,107	5,879	2,310,391
Provision	(157,950)	-	-	-	(157,950)
Profit before tax	3,945,635	9,988,813	(6,402,454)	950	7,532,944
Statement of financial position					
Cash & Bank balances	-	60,702,528	332,891	-	61,035,419
Investments	-	445,777,512	-	-	445,777,512
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	44,289,040	-	-	44,289,040
Advances - performing	49,212,164	-	-	-	49,212,164
- non-performing	-	-	-	-	-
Others	2,836,841	5,832,879	341	1,563,805	10,233,866
Total Assets	52,049,005	556,601,959	333,232	1,563,805	610,548,001
Borrowings	-	390,977,403	-	-	390,977,403
Deposits & other accounts	-	-	155,302,046	-	155,302,046
Net inter segment borrowing	-	-	-	-	-
Others	685,482	3,721,348	2,986,701	2,913,746	10,307,277
Total liabilities	685,482	394,698,751	158,288,747	2,913,746	556,586,726
Equity	51,363,523	161,903,208	(157,955,515)	(1,349,941)	53,961,275
Total Equity & liabilities	52,049,005	556,601,959	333,232	1,563,805	610,548,001
Contingencies & Commitments	381,868,225	937,216,517	-	-	1,319,084,742

40.1 The Branches only have Pakistan Operations and reported as that geographical location.

41. TRUST ACTIVITIES

The Branches are neighter engaged to act as trust activities and nor in other fiduciary capacities that results in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

42. RELATED PARTY TRANSACTIONS

The Branches have related party transactions with its Head Office, other ICBC Branches, employee benefit plans and its Directors and Key management personnel.

The Branches enter into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of the transactions with related parties during the year and balances with them as at year end are as follows:

	December 31, 2022				December 31, 2021			
	Key management personnel	**Head office**	**Overseas branches / associates**	**Other related parties**	Key management personnel	Head office	Overseas branches / associates	Other related parties
	(Rupees in '000)							
Balances with other banks								
In deposit accounts	**-**	**-**	**-**	**-**	-	19,950,822	2,784,497	-
In current accounts	**-**	**3,355,467**	**443,803**	**-**	-	-	596,653	-
	-	**3,355,467**	**443,803**	**-**	-	19,950,822	3,381,150	-
Advances								
Opening balance	**481**	**-**	**-**	**-**	768	-	-	-
Addition during the year	**-**	**-**	**-**	**-**	-	-	-	-
Repaid during the year	**(301)**	**-**	**-**	**-**	(287)	-	-	-
Transfer in / (out) - net	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**180**	**-**	**-**	**-**	481	-	-	-
Other Assets								
Interest / mark-up receivable	**-**	**-**	**-**	**-**	1	-	-	-
Defined benefit asset	**-**	**-**	**-**	**8,055**	-	-	-	4,971
Mark to market loss on forward foreign exchange contracts	**-**	**-**	**1,923**	**-**	-	-	268,189	-
Mark to market loss on Swap forward exchange contracts	**-**	**-**	**(6,076,022)**	**-**	-	-	405,062	-
Closing balance	**-**	**-**	**(6,074,099)**	**8,055**	1	-	673,251	4,971
Borrowings								
Opening balance	**-**	**225,937,280**	**165,040,122**	**-**	-	-	325,902,341	-
Borrowings during the year	**-**	**159,913,294**	**1,528,607,073**	**-**	-	817,257,505	1,246,908,246	-
Settled during the year	**-**	**(385,850,574)**	**(1,193,687,768)**	**-**	-	(591,320,225)	(1,407,770,465)	-
Closing balance	**-**	**-**	**499,959,427**	**-**	-	225,937,280	165,040,122	-

	December 31, 2022				December 31, 2021			
	Key manage-ment personnel	**Head office**	**Overseas branches / associates**	**Other related parties**	Key manage-ment personnel	Head office	Overseas branches / associates	Other related parties
	---------- (Rupees in '000) ----------							
Deposits and other accounts								
Opening balance	**9,116**	**9,162**	**-**	**65,583**	4,737	23,002	-	54,107
Received during the year	**486,290**	**12,668,613**	**-**	**22,882**	457,379	5,621,458	-	19,130
Withdrawn during the year	**(489,578)**	**(12,673,993)**	**-**	**(5,126)**	(453,000)	(5,635,298)	-	(7,654)
Transfer in / (out) - net	**(650)**	**-**	**-**	**-**	-	-	-	-
Closing balance	**5,178**	**3,782**	**-**	**83,339**	9,116	9,162	-	65,583
Other Liabilities								
Interest / mark-up payable	**213**	**-**	**5,103,076**	**5,479**	95	180,273	68,090	1204
Mark to market loss on forward foreign exchange contracts	**-**	**-**	**63,871**	**-**	-	-	13,172	-
Mark to market loss on Swap forward exchange contracts	**-**	**-**	**260,857**	**-**			12,551	
Commission received in advance against unfunded exposure	**-**	**95,938**	**-**	**-**	-	81,962	3,354	-
Closing balance	**213**	**95,938**	**5,427,804**	**5,479**	95	262235	97167	1204
Contingencies and Commitments								
Letter of guarantee	**-**	**223,701,475**	**-**	**-**	-	177,099,897	-	-
Forward exchange contract purchase	**-**	**-**	**446,252,685**	**-**	-	-	35,592,840	-
Forward exchange contract sale	**-**	**-**	**442,008,546**	**-**	-	-	34,687,323	-

	December 31, 2022				December 31, 2021			
	Key manage-ment personnel	**Head office**	**Overseas branches / associates**	**Other related parties**	Key manage-ment personnel	Head office	Overseas branches / associates	Other related parties
	---------- (Rupees in '000) ----------							
Income								
Mark-up / return / interest earned	**93**	**41,743**	**6,562**	**-**	-	14,023	9,347	-
Fee & commission income	**-**	**173,275**	**3,354**	**-**	-	387,374	43,988	-
Expense								
Mark-up / return / interest paid	**14**	**1,039,452**	**8,781,080**	**8,780**	125	414,588	1,295,643	3,663
Compensation expense	**907,422**	**-**	**-**	**-**	663,863	-	-	-
Contribution to gratuity fund	**-**	**-**	**-**	**10,118**	-	-	-	8,246
Contribution to provident fund	**-**	**-**	**-**	**4,129**	-	-	-	3,940

43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY

	2022	2021
	---------- (Rupees in '000) ----------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**33,964,635**	26,477,025
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**73,642,485**	53,951,820
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**73,642,485**	53,951,820
Eligible Tier 2 Capital	**543,567**	495,557
Total Eligible Capital (Tier 1 + Tier 2)	**74,186,052**	54,447,377
Risk Weighted Assets (RWAs):		
Credit Risk	**173,586,476**	140,088,044
Market Risk	**31,755,982**	27,985,947
Operational Risk	**34,342,583**	29,530,784
Total	**239,685,041**	197,604,775
Common Equity Tier 1 Capital Adequacy Ratio	**30.72%**	27.30%
Tier 1 Capital Adequacy Ratio	**30.72%**	27.30%
Total Capital Adequacy Ratio	**30.95%**	27.55%

The SBP, through BPRD circular 12, dated March 26, 2020 has provided the following relaxations to banks to enable them to continue providing credit to the real economy:

The Capital Conservation Buffer (CCB) has been reduced from 2.50% to 1.50%. This has resulted in a 1.00% decline in capital adequacy requirements for all tiers.

	2022	2021
Minimum capital requirements prescribed by the SBP	---------- (Percentages) ----------	
CET1 minimum ratio (%)	**9.00%**	9.00%
Tier 1 minimum ratio (%)	**10.50%**	10.50%
Total capital minimum ratio (%)	**13.00%**	13.00%

	2022	2021
	---------- (Rupees in '000) ----------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**73,642,485**	53,951,820
Total Exposure	**1,193,680,827**	985,405,095
Leverage Ratio	**6.17%**	5.48%
Minimum Requirement (%)	**3.00%**	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**563,569,354**	450,477,354
Total Net Cash Outflow	**268,688,641**	193,332,867
Liquidity Coverage Ratio	**209.75%**	233.01%
Minimum Requirement (%)	**100.00%**	100.00%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**261,443,278**	181,613,851
Total Required Stable Funding	**85,803,037**	74,898,370
Net Stable Funding Ratio	**304.70%**	242.48%
Minimum Requirement (%)	**100.00%**	100.00%

43.1 The full disclosures on the Capital adequacy, leverage ratio & Liquidity ratio requirements as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at:

http://karachi.icbc.com.cn/ICBC/%E6%B5%B7%E5%A4%96%E5%88%86%E8%A1%8C/%E5%8D%A1%E6%8B%89%E5%A5%87%E7%BD%91%E7%AB%99/en/CustomerService1/Downloads/.

44. RISK MANAGEMENT

The primary objective of the Risk Management System is to safeguard the Branches' capital, their financial resources and profitability from various risks. The Branches' risk management policies are designed to identify and analyse all risks, to set appropriate risk limits and controls, to measure and monitor the same through reliable Management Information Systems.

This section presents information about the Branches' exposure to, and its management and control of risks, in particular the primary risks associated with its use of financial instruments. Most of the functions specified below are performed at Head office level.

44.1 Credit risk

Credit Risk Management processes encompass identification, assessment, measurement, monitoring and control of the credit exposures. In the Branches' experience, the key to effective credit risk management is a well thought out business strategy. The Branches' focus over the coming years is to further enhance risk models, processes and systems infrastructure, in line with its ambition to bring maximum sophistication to the risk management function.

The Head office has delegated responsibility for the management of credit risk to the credit committee which is responsible for the oversight of the Branches' credit risk in respect of:

- Formulating credit policies
- Establishing the authorization structure
- Reviewing and assessing credit risk
- Limiting concentration of exposure to counterparties
- Developing and maintaining the Branches' risk grading
- Reviewing compliance of business units
- Providing advice, guidance and specialist skills to promote best practice in the management of credit risk.

The Branches have built up and maintained a sound loan portfolio in terms of well defined Credit Policy. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in lending activities and ensuring the high quality of asset portfolio. As part of prudent practices, the management conducts pre-fact validation of major cases from integrated risk point of view. The Branches manage its portfolio of loan assets with a view to limit concentrations in terms of risk quality, geography, industry, maturity and large exposure.

Credit Risk - General Disclosures Basel II Specific

The Branches are using 'The Standardized Approach' (TSA) of SBP Basel II accord for the purpose of estimating Credit Risk Weighted Assets. Under TSA, Branches are allowed to take into consideration external rating(s) of counter-party(ies) for the purpose of calculating Risk Weighted Assets.

External ratings

SBP Basel II guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely PACRA, JCR-VIS, Moody's, Fitch and Standard & Poors.

The Branches use external ratings for the purposes of computing the risk weights as per the Basel II framework. For exposures with a contractual maturity of less than or equal to one year, short-term rating given by approved ECAIs is used, whereas for long-term exposure with maturity of greater than one year, long-term ratings are used.

Where there are two ratings available, the lower rating is considered and where there are three or more ratings the second - lowest rating is considered.

Disclosures with respect to Credit Risk Mitigation for The Standardized Approach - Basel II specific

Credit risk mitigation policy

The Branches define collateral as the assets or rights provided to the Branches by the borrower or a third party in order to secure a credit facility. The Branches would have the rights of secured creditor in respect of the assets or rights offered as security for the obligations of the borrower / obligor.

Collateral valuation and management

As stipulated in the SBP Basel II guidelines, the Branches have a policy to use the simplified approach for collateral valuation. Under this approach, the Branches reduce its credit exposure to a counterparty when calculating its capital requirements to the extent of credit risk mitigation provided by the eligible financial collateral as specified in the Basel II guidelines. In line with Basel II guidelines, the Branches make adjustments in eligible collaterals received for possible future fluctuations in the value of the collateral. These adjustments, also referred to as ‘haircuts’, are made to produce volatility-adjusted amounts for collateral. These are reduced from the exposure to compute the capital charge based on the applicable risk weights. At December 31, 2022, there are no non-performing advances.

Types of collateral taken by the Branches

The Branches determine the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be taken. Moreover, in order to cover the entire exposure Personal Guarantees of directors of borrowers are also obtained by the Branches.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the approved credit approval authorization policy. Collaterals on facilities are in line with the policy.

Types of eligible financial collateral

For credit risk mitigation purposes, the Branches consider all types of financial collaterals that are eligible under SBP Basel II instructions. These include cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by a recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities. In general, for Capital calculation purposes, the Branches only recognise eligible collaterals as mentioned in the SBP Basel II instructions.

Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single / group borrower. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks’ maximum exposure to single borrower and group borrowers. The Branches are compliant with the aforementioned limits.

Particulars of Branches significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.1 *Lendings to financial institutions*

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	**2022**	2021	**2022**	2021
Credit risk by public / private sector	(Rupees in '000)					
Public / Government	**34,682,786**	-	**-**	-	**-**	-
Private	**45,860,064**	44,289,040	**-**	-	**-**	-
	80,542,850	44,289,040	**-**	-	**-**	-

44.1.2 *Investment in debt securities*

	Gross investments		Non-performing investments		Provision held	
	2022	2021	**2022**	2021	**2022**	2021
Credit risk by industry sector	(Rupees in '000)					
Financial	**576,201,472**	445,777,512	**-**	-	**-**	-
Credit risk by public / private sector						
Public / Government	**576,201,472**	445,777,512	**-**	-	**-**	-
Private	**-**	-	**-**	-	**-**	-
	576,201,472	445,777,512	**-**	-	**-**	-

44.1.3 *Advances*

	Gross advances		Non-performing advances		Provision held	
	2022	2021	**2022**	2021	**2022**	2021
Credit risk by industry sector	(Rupees in '000)					
Textile	**11,827,195**	11,207,242	**-**	-	**-**	-
Chemical and Pharmaceuticals	**8,963,209**	5,440,183	**-**	-	**-**	-
Cement	**2,025,571**	900,000	**-**	-	**-**	-
Construction	**200,000**	173,333	**-**	-	**-**	-
Automobile and transportation equipment	**596,375**	-				
Electronics and electrical appliances	**1,946,315**	4,681,993	**-**	-	**-**	-
Power (electricity), gas, water, sanitary	**14,900,726**	14,671,835	**-**	-	**-**	-
Wholesale and Retail Trade	**2,406,827**					
Services	**1,957,851**	2,199,400	**-**	-	**-**	-
Individuals	**79,683**	66,867	**-**	-	**-**	-
Others	**9,452,898**	10,366,868	**-**	-	**-**	-
	54,356,650	49,707,721	**-**	-	**-**	-
Credit risk by public / private sector						
Public / Government	**1,000,000**	-	**-**	-	**-**	-
Private	**53,356,650**	49,707,721	**-**	-	**-**	-
	54,356,650	49,707,721	**-**	-	**-**	-

44.1.4 *Contingencies and Commitments*

	2022	2021
	(Rupees in '000)	
Credit risk by industry sector		
Automobile and transportation equipment	**2,085**	463,218
Electronics and electrical appliances	**-**	1,463,121
Construction	**282,890,116**	221,173,118
Power (electricity), gas, water, sanitary	**19,688,509**	31,520,132
Transport, storage and communications	**1,036,236**	1,305,202
Financial	**13,356,324**	15,980,212
Others	**97,206,375**	109,963,222
	414,179,645	381,868,225
Credit risk by public / private sector		
Public / Government	**-**	-
Private	**414,179,645**	381,868,225
	414,179,645	381,868,225

44.1.5 Concentration of Advances

The Branches' top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 27,510 million (2021: Rs. 36,899 million) are as follows:

	2022	2021
	---------(Rupees in '000)-----------	
Funded	**24,855,262**	26,448,025
Non Funded	**2,654,646**	10,451,789
Total Exposure	**27,509,908**	36,899,814

The sanctioned limits against these top 10 exposures aggregated to Rs. 34,736 million (December 31, 2021: Rs. 40,672 million).

44.1.6 Advances - Province / Region-wise disbursement & utilisation

	2022						
Province / Region	**Disbursements**	**Utilisation**					
		Punjab	**Sindh**	**KPK**	**Balochistan**	**Islamabad**	**AJK including Gilgit-Baltistan**
	---------- (Rupees in '000) ----------						
Punjab	**48,462,005**	**48,462,005**	**-**	**-**	**-**	**-**	**-**
Sindh	**100,947,081**	**4,483,838**	**76,468,790**	**3,084,555**	**16,909,899**	**-**	**-**
Islamabad	**7,360,464**	**4,143,798**	**1,190,000**	**-**	**-**	**2,026,667**	
Total	**156,769,551**	**57,089,641**	**77,658,790**	**3,084,555**	**16,909,899**	**2,026,667**	**-**

	2021						
Province / Region	Disbursements	Utilisation					
		Punjab	Sindh	KPK	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees in '000) ----------						
Punjab	45,958,037	45,958,037	-	-	-	-	-
Sindh	38,503,311	1,154,866	28,745,062	1,797,658	6,805,725	-	-
Islamabad	2,473,333	1,200,000	650,000	-	-	623,333	
Total	86,934,681	48,312,903	29,395,062	1,797,658	6,805,725	623,333	-

44.2 Market Risk

Market risk is the risk of loss arising from movement in market variables including observable variables such as interest rates, exchange rates and equity indices, and others which may be only indirectly observable such as volatilities and correlations. The Branches' policy is that all market risk taking activity is undertaken within approved market risk limits, and that the Branches' standards / guiding principles are upheld at all times.

Market Risk Management is an independent control function with clear segregation of duties and reporting lines. Its main responsibility is to ensure that the risk-taking units manage the Branches' market risk exposure within a robust market risk framework and within the Branches' risk appetite. The Branches' standard systems are used to furnish senior trading and market risk staff with risk exposures. All trading activities and any business proposal that commit or may commit the Branch (legally or morally) to deliver risk sensitive products require approval by independent authorised risk professionals or committees, prior to commitment.

44.2.1 Balance sheet split by trading and banking books

	2022			2021		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	---------- (Rupees in '000) ----------					
Cash and balances with treasury banks	**42,170,309**	**-**	**42,170,309**	37,703,444	-	37,703,444
Balances with other banks	**6,434,681**	**-**	**6,434,681**	23,331,975	-	23,331,975
Lendings to financial institutions	**80,542,850**	**-**	**80,542,850**	44,289,040	-	44,289,040
Investments	**576,201,472**	**-**	**576,201,472**	445,777,512	-	445,777,512
Advances	**53,813,083**	**-**	**53,813,083**	49,212,164	-	49,212,164
Fixed assets	**551,805**	**-**	**551,805**	602,096	-	602,096
Intangible assets	**37,921**	**-**	**37,921**	34,595	-	34,595
Deferred tax assets	**1,061,835**	**-**	**1,061,835**	867,391	-	867,391
Other assets	**2,122,651**	**19,808,180**	**21,930,831**	3,478,516	5,251,268	8,729,784
	762,936,607	**19,808,180**	**782,744,787**	605,296,733	5,251,268	610,548,001

44.2.2 Foreign Exchange Risk

Foreign exchange risk (FX risk) arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. The Branches manage this risk by setting and monitoring dealer, currency and counterparty limits for on and off-balance sheet financial instruments.

FX risk is mainly managed through matched positions. Unmatched positions are covered substantially through derivative instruments such as forwards and swaps.

The currency risk is regulated and monitored against the regulatory / statutory limits enforced by the SBP. The foreign exchange exposure limits in respective currencies are managed against the prescribed limits.

The analysis below represents the concentration of the Branches' foreign currency risk for on and off balance sheet financial instruments:

	2022				2021			
	Foreign Currency Assets	**Foreign Currency Liabilities and HO Capital**	**Off-balance sheet items**	**Net foreign currency exposure**	Foreign Currency Assets	Foreign Currency Liabilities and HO Capital	Off-balance sheet items	Net foreign currency exposure
	---- (Rupees in '000) ----							
United States Dollar	**38,605,237**	**546,554,792**	**504,448,678**	**(3,500,877)**	45,810,418	440,420,151	393,534,055	(1,075,678)
Great Britain Pound Sterling	**280**	**-**	**-**	**280**	3,702	-	-	3,702
Euro	**18,352**	**-**	**-**	**18,352**	43,940	-	-	43,940
Japanese Yen	**878**	**-**	**-**	**878**	785	-	-	785
Chinese Yuan	**2,568,813**	**2,334,415**	**(601,432)**	**(367,034)**	4,719,957	2,942,322	(1,461,666)	315,969
Hong Kong Dollar	**2,413**	**-**	**-**	**2,413**	1,858	-	-	1,858
	41,195,973	**548,889,207**	**503,847,246**	**(3,845,988)**	50,580,660	443,362,473	392,072,389	(709,424)

	2022		2021	
	Banking book	**Trading book**	Banking book	Trading book
	---- (Rupees in '000) ----			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	38,679	**-**	10,757	-

44.2.3 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

The interest rate risk arises from the fluctuation in the value of financial instruments consequent to changes in market interest rates. The Branches are exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or are re-priced in a given period. In order to ensure that this risk is managed within acceptable limits, the Branches' Asset and Liability Management Committee (ALCO) monitors various gap limits and re-pricing of the assets and liabilities on a regular basis.

	2022		2021	
	Banking book	**Trading book**	Banking book	Trading book
Impact of 1% change in interest rates on	---- (Rupees in '000) ----			
- Profit and loss account				
- 1% Upward change in interest rates	**107,991**	**-**	(23,428)	**-**
- 1% Downward change in interest rates	**(107,991)**	**-**	23,428	**-**
- Other comprehensive income				
- 1% Upward change in interest rates	**(13,147)**	**-**	(7,624)	**-**
- 1% Downward change in interest rates	**12,986**	**-**	7,665	**-**

44.2.4 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

	2022											
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0 - 3.14	42,170,309	532,809	-	-	-	-	-	-	-	-	41,637,500
Balances with other banks	0 - 3.40	6,434,681	-	-	-	-	-	-	-	-	-	6,434,681
Lendings to financial institutions	15 - 16.15	80,542,850	80,542,850	-	-	-	-	-	-	-	-	-
Investments	7 - 17.00	576,201,472	80,424,124	343,918,412	75,178,270	67,571,905	4,512,677	4,596,084	-	-	-	-
Advances	4 - 19.27	53,813,083	27,759,342	17,835,120	8,139,736	-	-	-	-	-	-	78,885
Other assets	-	21,635,124	-	-	-	-	-	-	-	-	-	21,635,124
		780,797,519	189,259,125	361,753,532	83,318,006	67,571,905	4,512,677	4,596,084	-	-	-	69,786,190
Liabilities												
Bills payable	-	1,973,793	-	-	-	-	-	-	-	-	-	1,973,793
Borrowings	2.88 - 6.2	499,959,427	2,264,309	181,144,720	268,999,909	47,550,489	-	-	-	-	-	-
Deposits and other accounts	0 - 16.66	176,543,182	153,577,862	2,887	-	107,383	-	-	-	-	-	22,855,050
Other liabilities	-	27,487,488	-	-	-	-	-	-	-	-	-	27,487,488
		705,963,890	155,842,171	181,147,607	268,999,909	47,657,872	-	-	-	-	-	52,316,331
On-balance sheet financial instruments		74,833,629	33,416,954	180,605,925	(185,681,903)	19,914,033	4,512,677	4,596,084	-	-	-	17,469,859
Commitments in respect of forward purchase contract		1,392,806,548	311,262,517	736,515,744	341,518,106	3,510,181	-	-	-	-	-	-
Commitments in respect of forward sale contract		(1,384,856,868)	(309,088,215)	(731,352,036)	(340,904,922)	(3,511,695)	-	-	-	-	-	-
Off-balance sheet gap		7,949,680	2,174,302	5,163,708	613,184	(1,514)	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			35,591,256	185,769,633	(185,068,719)	19,912,519	4,512,677	4,596,084	-	-	-	17,469,859
Cumulative yield / interest risk sensitivity gap			35,591,256	221,360,889	36,292,170	56,204,689	60,717,366	65,313,450	65,313,450	65,313,450	65,313,450	

	2021											
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		---- Rupees in '000 ----										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.0 - 0.0	37,703,444	557,575	-	-	-	-	-	-	-	-	37,145,869
Balances with other banks	0.0 - 1.0	23,331,975	22,735,319	-	-	-	-	-	-	-	-	596,656
Lendings to financial institutions	9.75 - 10.7	44,289,040	44,289,040	-	-	-	-	-	-	-	-	-
Investments - net	7.45 - 10.09	445,777,512	213,825,286	163,673,046	-	68,279,180	-	-	-	-	-	-
Advances - net	4 - 12.76	49,212,164	16,129,699	13,441,859	12,486,473	7,087,933	-	-	-	-	-	66,200
Other assets	-	8,233,578	-	-	-	-	-	-	-	-	-	8,233,578
		608,547,713	297,536,919	177,114,905	12,486,473	75,367,113	-	-	-	-	-	46,042,303
Liabilities												
Bills payable	-	1,458,127	-	-	-	-	-	-	-	-	-	1,458,127
Borrowings	0.25 - 0.7	390,977,403	2,647,703	233,880,388	154,449,312	-	-	-	-	-	-	-
Deposits and other accounts	0.0 - 4.95	155,302,046	110,420,558	8,488,000	400,000	117,383	-	-	-	-	-	35,876,105
Other liabilities	-	6,179,049	-	-	-	-	-	-	-	-	-	6,179,049
		553,916,625	113,068,261	242,368,388	154,849,312	117,383	-	-	-	-	-	43,513,281
On-balance sheet gap		54,631,088	184,468,658	(65,253,483)	(142,362,839)	75,249,730	-	-	-	-	-	2,529,022
Commitments in respect of forward purchase contacts		466,244,897	17,895,542	169,969,113	219,923,307	58,456,935	-	-	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(470,971,619)	(17,892,588)	(169,435,470)	(223,982,793)	(59,660,768)	-	-	-	-	-	-
Off-balance sheet gap		(4,726,722)	2,954	533,643	(4,059,486)	(1,203,833)	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			184,471,612	(64,719,840)	(146,422,325)	74,045,897	-	-	-	-	-	2,529,022
Cumulative yield / interest risk sensitivity gap			184,471,612	119,751,772	(26,670,553)	47,375,344	47,375,344	47,375,344	47,375,344	47,375,344	47,375,344	

	2022	2021
	--------- Rupees in '000 ---------	
Reconciliation to total assets		
Balance as per balance sheet	**782,744,787**	610,548,001
Less: Non financial assets		
Fixed assets	**551,805**	602,096
Intangible assets	**37,921**	34,595
Deferred tax assets - net	**1,061,835**	867,391
Other assets	**295,707**	496,206
	1,947,268	2,000,288
	780,797,519	608,547,713

	2022	2021
	--------- Rupees in '000 ---------	
Reconciliation to total liabilities		
Balance as per balance sheet	**709,066,727**	556,586,726
Less: Non financial liabilities		
Other liabilities	**3,102,837**	2,670,101
	705,963,890	553,916,625

44.3 Liquidity Risk

Liquidity risk is the risk that the Branches will be unable to meet their net funding requirements. Liquidity risk can be caused by market destruction of credit downgrades, which may cause certain sources of funding to become unavailable. To guard against this risk the Branches' assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the branches assets and liabilities. The contractual maturities of assets and liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the branches deposit retention history and the availability of liquid funds. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

Moreover, the Branches are fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of High Quality Liquidity Assets in relation to its liability profile.

44.3.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Branches

	2022													
	Total	Up to 1 day	Over 1 to 7 day	Over 7 to 14 day	Over 14 to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	42,170,309	273,523	1,641,135	1,914,657	4,376,359	-	-	-	-	-	-	-	-	33,964,635
Balances with other banks	6,434,681	214,489	1,286,936	1,501,426	3,431,830	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	80,542,850	-	80,542,850	-	-	-	-	-	-	-	-	-	-	-
Investments	576,201,472	-	-	55,702,024	24,722,100	80,410,556	263,507,856	75,178,270	58,970,105	8,601,800	4,512,678	4,596,083	-	-
Advances	53,813,083	989,999	1,465,200	395,952	2,832,032	2,933,134	9,889,110	7,438,408	10,191,181	8,870,633	2,094,858	213,957	4,077,482	2,421,137
Fixed assets	551,805	3,993	-	-	139	7,245	2	10,765	11,578	12,000	74,272	35,078	52,025	344,708
Intangible assets	37,921	12	-	-	-	25	-	37	13	-	-	-	-	37,834
Deferred tax assets	1,061,835	35,394	212,362	247,755	566,324	-	-	-	-	-	-	-	-	-
Other assets	21,930,831	-	3,818,845	1,572,068	919,148	7,258,112	4,533,412	3,786,387	42,796	63	-	-	-	-
	782,744,787	1,517,410	88,967,328	61,333,882	36,847,932	90,609,072	277,930,380	86,413,867	69,215,673	17,484,496	6,681,808	4,845,118	4,129,507	36,768,314
Liabilities														
Bills payable	1,973,793	63,337	395,267	461,144	1,054,045	-	-	-	-	-	-	-	-	-
Borrowings	499,959,427	-	-	-	2,264,309	45,286,180	135,858,540	268,999,909	-	47,550,489	-	-	-	-
Deposits and other accounts	176,543,182	5,460,951	33,765,702	41,926,653	95,279,606	2,887	-	-	30,000	77,383	-	-	-	-
Other liabilities	30,590,325	2,943	589,243	3,675,201	5,638,630	2,542,224	5,769,595	3,913,419	516,186	914,954	1,549,956	2,154,148	2,618,463	705,363
	709,066,727	5,527,231	34,750,212	46,062,998	104,236,590	47,831,291	141,628,135	272,913,328	546,186	48,542,826	1,549,956	2,154,148	2,618,463	705,363
Net assets	73,678,060	(4,009,821)	54,217,116	15,270,884	(67,388,658)	42,777,781	136,302,245	(186,499,461)	68,669,487	(31,058,330)	5,131,852	2,690,970	1,511,044	36,062,951

Represented by:	
Head office capital account - net	33,964,635
Surplus on revaluation of assets - net of tax	(514,168)
Unremitted profit	40,227,593
	73,678,060

	2021													
	Total	Up to 1 day	Over 1 to 7 day	Over 7 to 14 day	Over 14 to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
	-- Rupees in '000 --													
Assets														
Cash and balances with treasury banks	37,703,444	374,214	2,245,284	2,619,498	5,987,423	-	-	-	-	-	-	-	-	26,477,025
Balances with other banks	23,331,975	777,732	4,666,394	5,444,127	12,443,722	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	44,289,040	-	44,289,040	-	-	-	-	-	-	-	-	-	-	-
Investments - net	445,777,512	-	-	186,132,750	27,692,536	88,632,360	75,040,686	-	68,279,180	-	-	-	-	-
Advances - net	49,212,164	-	178,470	1,881,058	3,966,120	3,428,092	2,445,229	8,812,019	9,015,100	8,402,383	2,080,402	2,550,765	2,137,329	4,315,197
Fixed assets	602,096	4,759	-	-	363	8,765	3	13,148	14,583	8,939	35,792	54,807	103,062	357,875
Intangible assets	34,595	42	-	-	-	84	-	126	126	8,506	8,400	8,380	-	8,931
Deferred tax assets	867,391	28,913	173,478	202,391	462,609	-	-	-	-	-	-	-	-	-
Other assets	8,729,784	-	616,179	66,997	1,248,895	847,055	3,361,768	2,177,942	391,102	19,846	-	-	-	-
	610,548,001	1,185,660	52,168,845	196,346,821	51,801,668	92,916,356	80,847,686	11,003,235	77,700,091	8,439,674	2,124,594	2,613,952	2,240,391	31,159,028
Liabilities														
Bills payable	1,458,127	48,604	291,625	340,230	777,668	-	-	-	-	-	-	-	-	-
Borrowings	390,977,403	-	-	-	2,647,703	58,249,455	175,630,933	154,449,312	-	-	-	-	-	-
Deposits and other accounts	155,302,046	3,974,861	36,852,768	38,632,029	66,837,005	913,000	7,575,000	400,000	40,000	77,383	-	-	-	-
Other liabilities	8,849,150	908	52,673	1,944,176	2,819,025	347,998	214,577	846,543	567,877	259,930	588,414	576,471	462,203	168,355
	556,586,726	4,024,373	37,197,066	40,916,435	73,081,401	59,510,453	183,420,510	155,695,855	607,877	337,313	588,414	576,471	462,203	168,355
Net assets	53,961,275	(2,838,713)	14,971,779	155,430,386	(21,279,733)	33,405,903	(102,572,824)	(144,692,620)	77,092,214	8,102,361	1,536,180	2,037,481	1,778,188	30,990,673

Represented by:	
Head office capital account - net	26,477,025
Surplus on revaluation of	
assets - net of tax	(1,651,302)
Unremitted profit	29,135,552
	53,961,275

44.3.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Branches

	2022									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	42,170,309	101,180	204,296	246,856	1,057,277	1,497,965	1,823,267	2,354,785	920,048	33,964,635
Balances with other banks	6,434,681	1,386,790	1,895,210	1,553,951	1,598,730	-	-	-	-	-
Lendings to financial institutions	80,542,850	80,542,850	-	-	-	-	-	-	-	-
Investments	576,201,472	80,424,123	343,918,412	75,178,270	67,571,905	4,512,678	4,596,084	-	-	-
Advances	53,813,083	5,683,182	12,822,244	7,438,408	19,061,814	2,094,858	213,957	4,077,482	2,368,768	52,370
Fixed assets	551,806	4,132	7,247	10,765	23,578	74,273	35,078	52,026	5,003	339,704
Intangible assets	37,920	12	25	37	12	-	-	-	18,917	18,917
Deferred tax assets	1,061,809	1,061,809	-	-	-	-	-	-	-	-
Other assets	21,930,831	6,310,061	11,791,524	3,786,387	42,859	-	-	-	-	-
	782,744,761	175,514,139	370,638,958	88,214,674	89,356,175	8,179,774	6,668,386	6,484,293	3,312,736	34,375,626
Liabilities										
Bills payable	1,973,793	1,973,793	-	-	-	-	-	-	-	-
Borrowings	499,959,427	2,264,309	181,144,720	268,999,909	47,550,489	-	-	-	-	-
Deposits and other accounts	176,543,182	13,671,631	3,324,048	4,803,220	20,327,883	28,786,474	40,310,166	51,035,432	7,142,164	7,142,164
Other liabilities	30,590,325	9,906,016	8,311,819	3,913,419	1,431,140	1,549,956	2,154,148	2,618,463	352,682	352,682
	709,066,727	27,815,749	192,780,587	277,716,548	69,309,512	30,336,430	42,464,314	53,653,895	7,494,846	7,494,846
Net assets	73,678,034	147,698,390	177,858,371	(189,501,874)	20,046,663	(22,156,656)	(35,795,928)	(47,169,602)	(4,182,110)	26,880,780

	2022 (Rupees in '000)
Represented by:	
Head office capital account - net	33,964,635
Surplus on revaluation of assets - net of tax	(514,168)
Unremitted profit	40,227,593
	73,678,060

	2021									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	---------- Rupees in '000 ----------									
Assets										
Cash and balances with treasury banks	37,703,444	134,030	258,514	315,084	1,325,336	1,716,578	2,613,922	3,726,669	-	27,613,311
Balances with other banks	23,331,975	4,182,037	6,273,390	4,839,649	8,036,899	-	-	-	-	-
Lendings to financial institutions	44,289,040	44,289,040	-	-	-	-	-	-	-	-
Investments - net	445,777,512	213,825,286	163,673,046	-	68,279,180	-	-	-	-	-
Advances - net	49,212,164	6,025,649	5,873,320	8,812,019	17,417,482	2,080,402	2,550,765	2,137,329	4,269,767	45,431
Fixed assets	602,096	5,122	8,769	13,148	23,522	35,792	54,807	103,062	3,410	354,464
Intangible assets	34,595	42	84	126	252	8,380	8,400	8,380	4,466	4,465
Deferred tax assets	867,391	867,391	-	-	-	-	-	-	-	-
Other assets	8,729,784	1,932,071	4,208,823	2,177,942	410,948	-	-	-	-	-
	610,548,001	271,260,668	180,295,946	16,157,968	95,493,619	3,841,152	5,227,894	5,975,440	4,277,643	28,017,671
Liabilities										
Bills payable	1,458,127	1,458,127	-	-	-	-	-	-	-	-
Borrowings	390,977,403	2,647,703	233,880,388	154,449,312	-	-	-	-	-	-
Deposits and other accounts	155,302,046	28,032,909	11,657,278	4,928,668	19,238,771	25,945,982	28,630,426	27,267,012	4,800,499	4,800,501
Other liabilities	8,849,150	4,816,782	562,575	846,543	827,807	588,414	576,471	462,203	84,176	84,179
	556,586,726	36,955,521	246,100,241	160,224,523	20,066,578	26,534,396	29,206,897	27,729,215	4,884,675	4,884,680
Net assets	53,961,275	234,305,147	(65,804,295)	(144,066,555)	75,427,041	(22,693,244)	(23,979,003)	(21,753,775)	(607,032)	23,132,991

	2021 (Rupees in '000)
Represented by:	
Head office capital account - net	26,477,025
Surplus on revaluation of assets - net of tax	(1,651,302)
Unremitted profit	29,135,552
	53,961,275

45. Operational risk

The Branches' operational risk is related to possible losses which may be incurred as a result of failures occurring in the Branches' day to day operations, such as breakdown in electronic and telecommunication, routines or other systems. Additional factors being insufficient levels of professional skills or human errors. In order to keep the Branches' operational risk to a minimum level, various suites of risk tools are used to manage operational risk using a common categorization of risk.

Branches' approach to operational risk is not designed to eliminate risk, rather, to contain it within the acceptable levels, as determined by senior management, and to ensure that the Branches have used sufficient information to make informed decisions about additional controls, adjustments to controls, or other risk responses.

45.1 Operational Risk-Disclosures Basel II Specific

The Branches use Basic Indicator Approach to calculate capital charge for operational risk as per Basel II regulatory framework.

This approach is considered to be most suitable in view of the business model of the Branches.

46. CUSTOMER SATISFACTION AND FAIR TREATMENT

The Branches are committed to providing its customers with the highest level of service quality and satisfaction. The Branches have established a compliant management function that oversees customer compliants. The Branches' Complaint Handling Policy and Grievance Redressal Mechanism ensure that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the Bank’s branches and contact center or via email.

A total of Nil complaints were received by the Bank in 2022 (2021: 2) and the average time taken to resolve these complaints was within ten working days. The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable and resolution of complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Bank.

To create enhanced visibility of the recourse mechanism available to its customers, the Branches have incorporated awareness messages of its complaint handling function in several customer communications such as account statements and ATM screens. Complete grievance redressal mechanism and email broadcasts have been sent to the customers for customer education and awareness. Further, the Branches' contact center supports customers interactions across a range of channels, including phone calls and through email. The Branches Contact Centre is equipped with trained professionals who offer a wide array of information and problem resolution support.

Fair Treatment of Customers is an integral part of the Branches' corporate culture. The Branches have institutionalized a ‘Consumer Protection Framework’. The Branches' priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. The Branches' focus is to maintain fairness in their customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism.

47. STATEMENT ON GREEN BANKING

Industrial and Commercial Bank of China Limited - Pakistan Branches is committed to driving growth for green banking initiatives and is therefore continuously exploring opportunities to support and finance environment friendly projects as its contribution towards making our planet more sustainable. A comprehensive ‘Green Banking Policy’ in line with the instructions and guidelines of the State Bank of Pakistan (issued vide IH & SMEFD Circular # 08 dated October 09, 2017 of State Bank of Pakistan) has been duly approved by the Chief Executive Officer of the Branches that outlines the compliance measures to be put in place to ensure smooth and transparent operations of the Bank. The Policy delineates broader guidelines to the management for ensuring that adequate controls to be maintained and risk to be managed within acceptable limits.

Through its issuance of Green Banking Policy, the Bank has put in a conscious effort for environmental conservation. It includes tools like environment risk rating, industry limits etc. The policy not only helps in compliance to relevant laws on environmental protection but also provides openings to emerging businesses.

48. **GENERAL**

48.1 Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions to enhance comparability with the current years's financial statements.

48.2 The figures in these financial statements have been rounded off to the nearest thousand.

49. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on March 09, 2023 by the Chief Executive Officer (A) and Head of Finance of the Branches.

YA

Chief Executive Officer (A)

Head of Finance