ICBC 中国工商银行

Pakistan Branches

Annual Financial Statements for the Year Ended December 31, 2023

Risk Management Framework

The Bank's risk management principle is to identify and control the risks exposure within a robust risk appetite. The Bank has established a sound risk management framework, which consists of Risk Management Committee operation, three lines of defense approach, risk ownership mechanism, risk identification-assessment-mitigation process.

In 2023, the Bank improved risk management approaches and strategies to adapt to new risk environment of Pakistan financial market. Emphasis has been placed on further strengthening the development of the three lines of defense for risk management and to enhance management of risk appetite and risk limits. 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 divisions to conduct 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.

Credit risk remains the highest risk of the Bank, considering the country's economy remains under pressure and many of the Bank's obligors are facing financial constraints. The Bank strengthened management of credit risk by adjusting new lending strategies , focusing on the non-cyclical industries and risk-resistant obligors. The Bank also enhanced portfolio monitoring through obligors on-site & off-site inspections, monitoring key financial ratios, industry and economy analysis for early identification of risks.

The Bank faced high market and liquidity risk in 2023 due to the market volatility. The Bank closely monitors 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. Sound risk limits are set, including investment scale, exposure, VaR, duration, liquidity ratios, etc. to ensure the market and liquidity risk would be within the Bank's appetite and control. The Bank also conducted stress-testing based on ICBC Group scenarios and local regulatory scenarios.

Asset and Liability Committee (ALCO) 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.

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

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.

陈嘉明
Chen Jiaming
Head of RMD

周波
Zhou Bo
Chief Executive Officer

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 2023.

Shamwail Sohail
Head of IC&CD

周波
Zhou Bo
Chief Executive Officer

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.

陈嘉明

Chen Jiaming
Head of RMD

周波

Zhou Bo
Chief Executive Officer

Statement on 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 complaints. 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 two complaints were received by the Bank in 2023 (2022: Nil) 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 customer 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.

Shamwail Sohail
Head of IC&CD

Zhou Bo
Chief Executive Officer

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Industrial and Commercial Bank of China - 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 – Pakistan Branches ('the Branches'), which comprise the statement of financial position as at December 31, 2023, 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, 2023 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 22, 2024
UDIN: AR202310091a5JArBn0m

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023	2022
		------------- (Rupees in '000) -------------	
ASSETS			
Cash and balances with treasury banks	6	**63,902,407**	42,170,309
Balances with other banks	7	**16,633,161**	6,434,681
Lendings to financial institutions	8	**469,012,808**	80,542,850
Investments	9	**471,336,787**	576,201,472
Advances	10	**372,240,334**	53,813,083
Fixed assets	11	**763,187**	551,805
Intangible assets	12	**37,036**	37,921
Deferred tax assets	13	**1,590,839**	1,061,835
Other assets	14	**13,704,971**	21,930,831
		1,409,221,530	782,744,787
LIABILITIES			
Bills payable	15	**1,740,735**	1,973,793
Borrowings	16	**955,797,554**	499,959,427
Deposits and other accounts	17	**251,874,893**	176,543,182
Lease liabilities		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	18	**78,414,737**	30,590,325
		1,287,827,919	709,066,727
NET ASSETS		**121,393,611**	73,678,060
REPRESENTED BY			
Head office capital account - net	19	**42,279,105**	33,964,635
Deficit on revaluation of assets	20	**(120,167)**	(514,168)
Unremitted profit		**79,234,673**	40,227,593
		121,393,611	73,678,060
CONTINGENCIES AND COMMITMENTS	21		

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

Chief Executive Officer

Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	**2023**	2022
		------------- (Rupees in '000) ----------	
Mark-up / return / interest earned	22	**199,978,689**	79,301,239
Mark-up / return / interest expensed	23	**132,005,688**	56,138,313
Net mark-up / interest income		**67,973,001**	23,162,926
NON MARK-UP / INTEREST INCOME			
Fee and commission income	24	**3,003,025**	1,446,151
Foreign exchange income	25	**5,021,544**	1,685,566
(Loss) / gain on securities	26	**(3,783)**	45,539
Other income	27	**2,791**	3,292
Total non-markup / interest income		**8,023,577**	3,180,548
Total income		**75,996,578**	26,343,474
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	**3,123,771**	2,365,062
Workers welfare fund	29	**1,467,146**	478,641
Other charges	30	**-**	212
Total non-markup / interest expenses		**4,590,917**	2,843,915
Profit before provisions		**71,405,661**	23,499,559
(Reversals) / provisions and write offs - net	31	**(483,674)**	48,010
PROFIT BEFORE TAXATION		**71,889,335**	23,451,549
Taxation	32	**32,874,273**	12,358,635
PROFIT / (LOSS) AFTER TAXATION		**39,015,062**	11,092,914

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

YA

Chief Executive Officer

Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	(Rupees in '000)	
Profit after taxation for the year	**39,015,062**	11,092,914
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of deferred tax	**394,001**	1,137,134
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	**(7,982)**	(873)
Total comprehensive income	**39,401,081**	12,229,175

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

YA

Chief Executive Officer

Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 01, 2022	26,477,025	(1,651,302)	29,135,552	53,961,275
Total comprehensive income for the year ended December 31, 2022				
Profit after taxation for the year	-	-	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**
Total comprehensive income for the year ended December 31, 2023				
Profit after taxation for the year	**-**	**-**	**39,015,062**	**39,015,062**
Other comprehensive income - net of tax	**-**	**394,001**	**(7,982)**	**386,019**
	-	**394,001**	**39,007,080**	**39,401,081**
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	**8,314,470**	**-**	**-**	**8,314,470**
Balance as at December 31, 2023	**42,279,105**	**(120,167)**	**79,234,673**	**121,393,611**

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

Chief Executive Officer

Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**71,889,335**	23,451,549
Adjustments:			
Depreciation on fixed assets	28	**65,215**	64,893
Depreciation on right of use assets	28	**47,416**	60,497
Amortisation	28	**2,072**	503
Financial charges on leased assets	23	**8,599**	9,320
Charge for defined benefit plan		**4,824**	5,322
(Reversal) / Provision and write-offs	31	**(483,674)**	48,010
Provision for workers' welfare fund	29	**1,467,146**	478,641
Gain on termination of leased asets/ sale of fixed assets	27	**(703)**	(750)
		1,110,895	666,436
		73,000,230	24,117,985
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(388,469,958)**	(36,253,810)
Advances		**(317,943,577)**	(4,648,929)
Others assets		**8,222,023**	(13,197,964)
		(698,191,512)	(54,100,703)
Increase / (decrease) in operating liabilities			
Bills payable		**(233,058)**	515,666
Borrowings from financial institutions		**455,838,127**	108,982,024
Deposits		**75,331,711**	21,241,136
Other liabilities		**44,823,645**	18,438,333
		575,760,425	149,177,159
		(49,430,857)	119,194,441
Contribution in gratuity fund		**(8,969)**	(10,117)
Income tax paid		**(32,194,609)**	(10,253,425)
Net cash (used in) /generated from operating activities		**(81,634,435)**	108,930,899
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**105,961,061**	(123,582,065)
Net investments in held-to-maturity securities		**(429,947)**	(5,203,480)
Investments in fixed assets		**(108,971)**	(15,667)
Investment in intangible assets		**(1,188)**	(3,829)
Proceeds from sale of fixed assets		**-**	750
Net cash used in investing activities		**105,420,955**	(128,804,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Translation gain on revaluation of capital		**8,314,470**	7,487,610
Payment of lease liability against right of use assets		**(170,412)**	(44,647)
Net cash generated from financing activities		**8,144,058**	7,442,963
Increased in cash and cash equivalents		**31,930,578**	(12,430,429)
Cash and cash equivalents at beginning of the period		**48,604,990**	61,035,419
Cash and cash equivalents at end of the period	33	**80,535,568**	48,604,990

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

YA

Chief Executive Officer **Head of Finance (A)**

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, 2022: 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 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 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, 2024 through its BPRD Circular Letter No. 07 dated April 13, 2023 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 current period

The following standards, amendments and interpretations are effective from January 01, 2023. 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 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 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

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' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
International Financial Reporting Standard - 9 "Financial Instruments"	January 01, 2024
Amendments to IFRS 16 ' Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

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

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.

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 2023, 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. 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 2023 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 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during 2024 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, 2023.

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:

	2023	2022
	---------- (Rupees in '000) ---------	
Expected Credit Loss		
Balances with Other Banks	**4,099**	1,382
Advances	**110,486**	23,160
Other assets	**212**	32
Commitments	**260,202**	66,777
	374,999	91,351
Capital Adequacy ratio	**40.80%**	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 are recorded as under:

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.

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.

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	2023	2022
		----------- (Rupees in '000) -----------	
In hand			
Local currency		**145,797**	245,578
Foreign currency		**122,295**	99,698
		268,092	345,276
With State Bank of Pakistan in			
Local currency current account	6.1	**20,272,858**	7,163,427
Foreign currency current account	6.2	**42,610,415**	34,075,459
Foreign currency deposit account (non-remunerative)	6.3	**204,349**	164,162
Foreign currency deposit account (remunerative)	6.4	**546,693**	421,985
		63,634,315	41,825,033
		63,902,407	42,170,309

6.1 This represents cash reserve requirement 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 This 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, 2022: USD 150 million) and US $ settlement account maintained with the State Bank of Pakistan.

6.3 This represents cash reserve of 5% required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 08 dated April 17, 2020.

6.4 This represents 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 of 4.35% (2022: 3.39%).

7. BALANCES WITH OTHER BANKS

	Note	2023	2022
		----------- (Rupees in '000) -----------	
In Pakistan			
In current accounts		**93**	13
Outside Pakistan			
In current accounts	7.1	**16,633,068**	6,434,668
		16,633,161	6,434,681

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 5.32% per annum (December 31, 2022: 0% to 3.4% per annum).

8. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
		----------- (Rupees in '000) -----------	
Repurchase agreement lendings (Reverse Repo)	8.2	**469,012,808**	80,542,850

8.1 Particulars of lending

In local currency	**469,012,808**	80,542,850

8.2 This represent repurchase agreement lendings with SBP and local banks (December 31, 2022: with various local banks) at a mark-up rate ranging from 21% to 22.5% per annum (December 31, 2022: 15% to 16.15% per annum) with maturity in January 2024 (December 31, 2022: January 2023).

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

	2023			2022		
	Held by Bank	**Further given as collateral**	**Total**	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	**57,229,208**	**-**	**57,229,208**	63,572,880	-	63,572,880
Pakistan Investment Bonds	**411,503,952**	**-**	**411,503,952**	16,796,000	-	16,796,000
Total	**468,733,160**	**-**	**468,733,160**	80,368,880	-	80,368,880

9. INVESTMENTS

9.1 Investments by type:

	2023				2022			
	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	**462,033,700**	**-**	**(235,621)**	**461,798,079**	567,994,761	-	(902,050)	567,092,711
Held-to-maturity securities								
Federal Government Securities	**9,538,708**	**-**	**-**	**9,538,708**	9,108,761	-	-	9,108,761
Total Investments	**471,572,408**	**-**	**(235,621)**	**471,336,787**	577,103,522	-	(902,050)	576,201,472

9.2 Investments by segments

	2023				2022			
	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	**462,033,700**	**-**	**(235,621)**	**461,798,079**	567,994,761	-	(902,050)	567,092,711
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	**9,538,708**	**-**	**-**	**9,538,708**	9,108,761	-	-	9,108,761
Total investments	**471,572,408**	**-**	**(235,621)**	**471,336,787**	577,103,522	-	(902,050)	576,201,472

9.3 There is no provision for diminution in value of investments as at December 31, 2023.

9.4 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 9,002 million (December 31, 2022: Rs.8,740.500 million).

9.5 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

	Note	Performing 2023	Performing 2022	Non Performing 2023	Non Performing 2022	Total 2023	Total 2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		**372,299,137**	52,833,245	**-**	-	**372,299,137**	52,833,245
Bills discounted and purchased		**-**	1,523,405	**-**	-	**-**	1,523,405
Advances - gross		**372,299,137**	54,356,650	**-**	-	**372,299,137**	54,356,650
Provision against advances							
- Specific		**-**	-	**-**	-	**-**	-
- General	10.4	**(58,803)**	(543,567)	**-**	-	**(58,803)**	(543,567)
		(58,803)	(543,567)	**-**	-	**(58,803)**	(543,567)
Advances - net of provision		**372,240,334**	53,813,083	**-**	-	**372,240,334**	53,813,083

10.1 Particulars of adavances (gross)

	2023	2022
	(Rupees in '000)	
In local currency	**5,880,227**	54,356,650
In foreign currency	**366,418,910**	-
	372,299,137	54,356,650

10.2 With reference to SBP letter no.EPD/ICM/379551/INT/12(36)-2022 dated December 05, 2022, Prudentail Regulation R-1 & R-8 of Corporate / Commercial Banking is not applicable on the FCY loan facility of USD 1.3 billion to Ministry of Finance, Government of Pakistan by the Bank

10.3 No advances have been placed under non-performing status as at December 31, 2023 (December 31, 2022: Nil).

10.4 Particulars of provision against advances

	2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
	(Rupees in '000)					
Opening balance	**-**	**543,567**	**543,567**	-	495,557	495,557
Charge for the year	**-**	**-**	**-**	-	48,010	48,010
Reversals	**-**	**(484,764)**	**(484,764)**	-	-	-
	-	**(484,764)**	**(484,764)**	-	48,010	48,010
Closing balance	**-**	**58,803**	**58,803**	-	543,567	543,567

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

		Note	2023	2022
			---------- (Rupees in '000) ---------	
11.	**FIXED ASSETS**			
	Property and equipment	11.1	**484,970**	441,213
	Right-of-use assets	11.2	**278,217**	110,592
			763,187	551,805

11.1 Property and equipment

	2023					
	Buildings	**Leasehold improvements**	**Furniture and fixtures**	**Vehicles**	**Electrical, office and computer equipments**	**Total**
	---------------------- (Rupees in '000)	----------------------				
At January 1, 2023						
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
Year ended December 2023						
Opening net book value	339,704	46,146	23,975	14,234	17,154	441,213
Additions	-	7,871	3,179	70,386	27,536	108,972
Disposals - cost	-	-	-	-	-	-
Disposals - accumulated depreciation	-	-	-	-	-	-
Depreciation charge	(14,760)	(15,096)	(10,735)	(10,204)	(14,420)	(65,215)
Other adjustments / transfers						
Closing net book value	324,944	38,921	16,419	74,416	30,270	484,970
At December 31, 2023						
Cost	443,100	288,810	124,185	134,487	170,614	1,161,196
Accumulated depreciation	(118,156)	(249,889)	(107,766)	(60,071)	(140,344)	(676,226)
Net book value	324,944	38,921	16,419	74,416	30,270	484,970
Rate of depreciation (percentag	3.33	10-33	20.00	16.70	33.00	

	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	20.00	16.70	33.00	

11.2 Right-of-use assets

	2023			2022		
	Property	**Vehicles**	**Total**	Property	Vehicles	Total
	(Rupees in '000)					
At January 1,						
Cost	**187,058**	**8,523**	**195,581**	179,442	11,695	191,137
Accumulated Depreciation	**(80,378)**	**(4,611)**	**(84,989)**	(71,055)	(8,425)	(79,480)
Net book value	**106,680**	**3,912**	**110,592**	108,387	3,270	111,657
Additions during the year	**216,873**	**-**	**216,873**	53,935	5,497	59,432
Deletions during the year	**-**	**(1,832)**	**(1,832)**	-		-
Depreciation Charge for the year	**(45,796)**	**(1,620)**	**(47,416)**	(55,642)	(4,855)	(60,497)
Adjustments						
Cost	**-**	**-**	**-**	(46,319)	(8,669)	(54,988)
Accumulated Depreciation	**-**	**-**	**-**	46,319	8,669	54,988
	-	**-**	**-**	**-**	**-**	**-**
At December 31,						
Cost	**403,931**	**6,691**	**410,622**	187,058	8,523.00	195,581
Accumulated Depreciation	**(126,174)**	**(6,231)**	**(132,405)**	(80,378)	(4,611.00)	(84,989)
Net nook value	**277,757**	**460**	**278,217**	106,680	3,912	110,592

	Note	2023	2022
		(Rupees in '000)	
11.3 The cost of fully depreciated assets still in use are as follows:			
Leasehold improvements		**131,926**	131,926
Electrical, office and computer equipments		**115,497**	110,128
Furniture and fixtures		**77,908**	61,993
Vehicles		**21,153**	21,153
		346,484	325,200

12. INTANGIBLE ASSETS

	Note	2023	2022
Computer software	**12.1**	**37,036**	8,952
Capital work-in-progress		**-**	28,969
		37,036	37,921

12.1 Computer software

	2023	2022
At January 1		
Cost	**18,929**	18,929
Accumulated amortisation	**(9,977)**	(9,474)
Net book value	**8,952**	9,455
Year ended December		
Opening net book value	**8,952**	9,455
Additions/ Transfer	**30,156**	-
Amortisation charge	**(2,072)**	(503)
Closing net book value	**37,036**	8,952
At December 31		
Cost	**49,085**	18,929
Accumulated amortisation	**(12,049)**	(9,977)
Net book value	**37,036**	8,952
Rate of amortisation (percentage)	**20-33**	20-33
Useful life	**3-5 years**	3-5 years

13. DEFERRED TAX ASSETS

	2023	2022
	------- (Rupees in '000) -------	
Deductible Temporary Differences on		
Workers welfare fund	**1,518,598**	701,774
Deficit on revaluation of investments	**115,454**	387,882
	1,634,052	1,089,656
Taxable Temporary Differences on		
Fixed assets	**(32,081)**	(25,475)
Intangible	**(11,132)**	(2,346)
	(43,213)	(27,821)
	1,590,839	1,061,835

13.1 Movement of deferred tax during the year

	2023			
	At January 1, 2023	**Recognised in profit and (loss)**	**Recognised in OCI**	**At December 31, 2023**
	---------------------------- (Rupees in '000) ------------------------			
Deductible Temporary Differences on:				
Workers welfare fund	**701,774**	**816,824**	**-**	**1,518,598**
Deficit on revaluation of investments	**387,882**	**-**	**(272,428)**	**115,454**
	1,089,656	**816,824**	**(272,428)**	**1,634,052**
Taxable Temporary Differences on				
Fixed assets	**(25,475)**	**(6,606)**	**-**	**(32,081)**
Intangible	**(2,346)**	**(8,786)**	**-**	**(11,132)**
	(27,821)	**(15,392)**	**-**	**(43,213)**
	1,061,835	**801,432.00**	**(272,428)**	**1,590,839**

	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	700,752	(501,281)	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	695,725	(501,281)	1,061,835

		Note	2023	2022
			--------- (Rupees in '000) --------	
14.	**OTHER ASSETS**			
	Income / mark-up accrued in local currency		**1,724,487**	1,818,296
	Income / mark-up accrued in foreign currencies		**2,855,656**	-
	Advances, deposits, advance rent and other prepayments		**107,246**	58,090
	Mark to market gain on forward foreign exchange contracts		**7,448,685**	19,808,180
	Acceptances		**1,565,176**	237,617
	Receivable from defined benefit plan	36.4	**4,218**	8,055
	Others		**593**	593
			13,706,061	21,930,831
	Provision against other assets		**(1,090)**	**-**
			13,704,971	21,930,831

		Note	2023	2022
15.	**BILLS PAYABLE**			
	In Pakistan		**1,740,735**	1,973,793
	Outside Pakistan		**-**	-
			1,740,735	1,973,793
16.	**BORROWINGS**			
	Unsecured			
	Call borrowings	16.1	**955,797,554**	499,959,427
			955,797,554	499,959,427

16.1 This represents foreign currency borrowings from ICBC branches outside Pakistan at mark-up rates ranging from 1.8% to 6.3% per annum (December 31, 2022: 2.88% to 6.2% per annum) maturing upto April 14, 2025 (December 31, 2022: upto December 08, 2023).

		2023	2022
16.2	**Particulars of borrowings with respect to currencies**	---------- (Rupees in '000) ----------	
	In foreign currencies	**955,797,554**	499,959,427

17. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	**In Foreign currencies**	**Total**	In Local Currency	In Foreign currencies	Total
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Customers						
Current deposits	**11,261,949**	**3,222,491**	**14,484,440**	17,014,886	2,699,851	19,714,737
Savings deposits	**225,609,205**	**1,179,067**	**226,788,272**	140,079,417	1,677,000	141,756,417
Term deposits	**6,710,608**	**-**	**6,710,608**	12,714,670	-	12,714,670
	243,581,762	**4,401,558**	**247,983,320**	169,808,973	4,376,851	174,185,824
Financial Institutions						
Current deposits	**30,183**	**3,856,468**	**3,886,651**	19,717	2,334,414	2,354,131
Savings deposits	**4,922**	**-**	**4,922**	3,227	-	3,227
	35,105	**3,856,468**	**3,891,573**	22,944	2,334,414	2,357,358
	243,616,867	**8,258,026**	**251,874,893**	169,831,917	6,711,265	176,543,182

17.1 This includes deposits amounting to PKR. 802.938 million as at December 31, 2023 (December 31, 2022: PKR 609.078 million), eligible 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	2023	2022
			(Rupees in '000)	
17.2	**Composition of deposits**			
	Individuals		**834,153**	771,838
	Public Sector Entities		**-**	1,108
	Banking Companies		**3,865,390**	2,357,358
	Private Sector		**247,175,350**	173,412,878
			251,874,893	176,543,182

		Note	2023	2022
18.	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		**23,502,621**	8,706,676
	Mark-up / return / interest payable in foreign currency		**11,219,237**	5,105,332
	Performance bonus payable		**1,117,428**	880,147
	Unearned commission income		**2,463,687**	188,844
	Accrued expenses		**38,421**	38,811
	Current taxation (provisions less payments)		**5,189,537**	3,708,441
	Acceptances		**1,565,176**	237,617
	Mark to market loss on forward foreign exchange contracts		**28,855,308**	9,355,093
	Workers' welfare fund		**3,099,180**	1,632,034
	Withholding tax payable		**36,876**	44,892
	Clearing and settlements		**1,192,495**	610,671
	Lease Liabilities	18.1	**133,017**	80,492
	Others		**1,754**	1,275
			78,414,737	30,590,325

		Note	2023	2022
18.1	**LEASE LIABILITIES**			
	Outstanding amount at the start of the year		**80,492**	56,387
	Additions during the year		**214,338**	59,432
	Payment made during the period year		**(170,412)**	(44,647)
	Interest expense		**8,599**	9,320
	Outstanding amount at the end of the year	18.1.1	**133,017**	80,492

		2023	2022
18.1.1	**Liabilities Outstanding**		
	Not later than one year	**19,703**	41,595
	Later than one year and upto five years	**113,314**	38,897
	Total at the period / year end	**133,017**	80,492
	Interest Rate	**7.27% to 16.13%**	7.27% to 12.41%
	Renewal Options	**No**	No
	Escalation clauses	**Yes**	Yes

		2023	2022
19.	**HEAD OFFICE CAPITAL ACCOUNT**	(Rupees in '000)	
	Capital held as:		
	Interest free deposit in approved foreign exchange		
	i) Remitted from Head Office (USD 150 million)	**33,964,635**	26,477,025
	ii) Revaluation surplus allowed by the State Bank of Pakistan	**8,314,470**	7,487,610
		42,279,105	33,964,635

19.1 Interest free deposit in approved foreign exchange capital account amounts to USD 150 million as at December 31, 2023 (December 31, 2022: USD 150 million).

		Note	2023	2022
			-------------- (Rupees in '000) --------------	
20.	**DEFICIT ON REVALUATION OF ASSETS**			
	Deficit on revaluation of available for sale securities	9.1	**235,621**	902,050
	Deferred tax on deficit on revaluation of available for sale securities		**(115,454)**	(387,882)
			120,167	514,168
21.	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	21.1	**429,980,351**	397,368,070
	Commitments	21.2	**3,330,159,704**	2,794,474,990
			3,760,140,055	3,191,843,060
21.1	**Guarantees:**			
	Financial guarantees		**563,251**	563,251
	Performance guarantees		**185,916,462**	180,761,385
	Other guarantees		**243,500,638**	216,043,434
			429,980,351	397,368,070
21.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit (including LC confirmations)		**9,390,606**	16,811,574
	Commitments in respect of:			
	- Forward foreign exchange contracts	21.2.1	**3,320,769,098**	2,777,663,416
			3,330,159,704	2,794,474,990
21.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**1,644,331,162**	1,392,806,548
	Sale		**1,676,437,936**	1,384,856,868
			3,320,769,098	2,777,663,416

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	2023	2022
			------------- (Rupees in '000) ----------	
22.	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	Loans and advances	22.1	**30,508,116**	6,877,589
	Investments		**139,922,149**	66,479,091
	Lendings to financial institutions		**29,125,075**	5,834,210
	Balances with other banks		**423,349**	110,349
			199,978,689	79,301,239

22.1 This includes Rs. 24.154 billion (2022: Nil) interest earned from loan to Ministry of Finance, Pakistan.

		Note	2023	2022
			(Rupees in '000)	

23. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2023	2022
On:			
Deposits		**39,586,772**	15,559,205
Borrowings	23.1	**53,225,167**	9,920,220
Cost of foreign currency swaps against foreign currency deposits / borrowings		**39,185,150**	30,649,568
Finance charges on lease liability against right of use asset		**8,599**	9,320
		132,005,688	56,138,313

23.1 Borrowings

	Note	2023	2022
Call Borrowings from ICBC Head office and branches	23.1.1	**53,146,705**	9,820,532
Securities sold under repurchase agreements		**78,462**	99,291
Call Borrowings from local Banks		**-**	397
		53,225,167	9,920,220

23.1.1 This includes Rs. 18.028 billion (2022: Nil) interest expense on loan to Ministry of Finance, Pakistan.

24. FEE & COMMISSION INCOME

	2023	2022
Branch banking customer fees	**8,736**	9,957
Card related fees (debit cards)	**272**	251
Investment banking fees	**286,821**	360,485
Commission on trade	**144,134**	239,287
Commission on guarantees	**982,970**	762,428
Commission on remittances including home remittances	**62,639**	38,355
Credit related fees	**1,517,453**	35,388
	3,003,025	1,446,151

25.1 This includes Rs. 1.517 billion (2022: Nil) arrangement fee on loan to Ministry of Finance, Pakistan.

25. FOREIGN EXCHANGE INCOME - Net

	2023	2022
On:		
Purchase and sale of forward foreign exchange contracts with Inter Banks - net	**851,964**	668,110
Foreign Exchange revaluation of swaps - net	**1,050,767**	(2,277,482)
Ready purchase and sale of foreign currencies	**4,100,709**	4,012,570
Foreign exchange revaluation of others - net	**(981,896)**	(717,632)
	5,021,544	1,685,566

26. (LOSS) / GAIN ON SECURITIES

	2023	2022
Realised	**(3,783)**	45,539
Realised (loss) / gain on:		
Federal Government securities	**(3,783)**	45,539

27. OTHER INCOME

	2023	2022
Recovered from employees against waiver of notice period	**2,088**	2,542
Gain on Termination of Leases under IFRS 16	**703**	-
Gain on sale of fixed assets	-	750
	2,791	3,292

	Note	**2023**	2022
		---------- (Rupees in '000) ----------	

28. OPERATING EXPENSES

	Note	**2023**	2022
Total compensation expense		**2,573,947**	1,957,477
Property expense			
Rent & taxes		**6,125**	6,822
Insurance		**415**	412
Utilities cost		**13,945**	15,829
Security (including guards)		**27,896**	22,091
Repair & maintenance (including janitorial charges)		**34,750**	32,147
Depreciation		**29,855**	29,658
Depreciation on right-of-use assets		**45,796**	55,642
		158,782	162,601
Information technology expenses			
Software maintenance		**12,924**	9,375
Hardware maintenance		**8,637**	928
Depreciation		**7,450**	6,040
Amortisation		**2,072**	503
Insurance		**22**	24
Network and connectivity charges		**20,236**	14,200
		51,341	31,070
Other operating expenses			
Legal & professional charges		**27,263**	23,062
Outsourced services costs	28.2	**12,154**	9,292
Travelling & conveyance		**64,191**	14,615
Insurance		**5,026**	1,894
NIFT clearing charges		**2,742**	1,821
Fees and subscription		**97,366**	79,402
Repair & maintenance		**12,548**	12,025
Depreciation		**27,910**	29,195
Depreciation on right-of-use assets		**1,620**	4,855
Training & development		**14,856**	1,237
Postage & courier charges		**1,867**	2,185
Communication		**4,211**	4,113
Stationery, printing and low value consumables		**12,545**	8,894
Marketing, advertisement & publicity		**29,012**	3,705
Donations	28.3	**965**	600
Commission expense		**11,145**	8,197
Deposit protection premium	17.1	**975**	1,201
Auditor remuneration	28.4	**3,208**	2,586
Entertainment expense		**7,385**	882
Others		**2,712**	4,153
		339,701	213,914
		3,123,771	2,365,062

		2023	2022
		-------------- (Rupees in '000) --------------	
28.1	**Total compensation expense**		
	Managerial Remuneration		
	i) Fixed	**1,364,475**	979,478
	ii) Variable of which:		
	a) Cash bonus / awards etc.	**987,865**	698,869
	b) Charge for defined benefit plan	**6,153**	5,322
	Contribution to defined contribution plan	**5,163**	4,129
	Rent & house maintenance	**84,012**	116,073
	Utilities	**28,797**	42,561
	Medical	**7,519**	14,141
	Conveyance	**34,626**	49,423
	Health & Life Insurance	**18,000**	9,856
	Staff canteen allowances	**32,569**	24,935
	Staff festival event allowances	**4,768**	12,690
		2,573,947	1,957,477

28.2 Total cost for the year relating to outsourcing activities included in other operating activities is Rs. 9.927 million (December 31, 2022: Rs. 9.202 million) being paid to companies incorporated in Pakistan. The material outsourcing arrangements along with their nature of service are as follows:

	Note	2023	2022
		-------------- (Rupees in '000) --------------	
Name of Company			
Fulcrum Private Limited		**11,115**	7,736
Phoenix Security Services Private Limited		**1,039**	1,556

28.3 **Donations above Rs. 0.5 million**

	Note	2023	2022
Pakistan - China Institute	28.3.1	**965**	600

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

		2023	2022
		-------------- (Rupees in '000) --------------	
28.4	**Auditors' remuneration**		
	Annual audit and Half yearly review fee	**2,693**	2,068
	Sales tax on services and Out-of-pocket expenses	**515**	518
		3,208	2,586

29. **WORKERS' WELFARE FUND**

	2023	2022
Charge during the period	**1,467,146**	478,641

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.

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 at the rate of 2% on higher of profit before tax or declared (taxable income) as per tax return.

		2023	2022
		-------------- (Rupees in '000) --------------	
30.	**OTHER CHARGES**		
	Penalty imposed by the State Bank of Pakistan	**-**	212
31.	**(REVERSALS) / PROVISIONS & WRITE OFFS - NET**		
	(Reversals) / provisions against loans & advances	**(484,764)**	48,010
	Provisions against other assets	**1,090**	-
		(483,674)	48,010
32.	**TAXATION**		
	Current	**32,195,604**	13,390,557
	Prior years	**1,480,101**	(336,197)
	Deferred	**(801,432)**	(695,725)
		32,874,273	12,358,635
32.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	**71,889,335**	23,451,549
	Tax at the applicable rate of 39% (December 31, 2022: 39%)	**28,036,841**	9,146,104
	Effect of:		
	Super tax	**6,570,531**	2,393,203
	Exempt Income	**(2,980,758)**	-
	Prior year charge/ (income)	**1,480,101**	(336,197)
	Effect of change in rate	**(232,442)**	(495,959)
	Additional tax on Government Securities	**-**	1,663,860
	Permanent differences	**-**	104
	Others	**-**	(12,480)
		32,874,273	12,358,635

32.2 With reference to FBR letter no.C.No.1(51)R&S/(2017/30679-R dated February 23, 2023 and sub rule 4 of Rule 8 of seventh schedule of Income Tax Ordinance, 2001, profit on debt on the Bank's commercial foreign currency commercial loan facility of USD 1.3 billion to Ministry of Finance, Government of Pakistan is exempt from all taxes but limited to Income Tax, Super Tax and withholding taxes.

32.3 The returns of income tax have been filed up to tax year 2023. 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 and carried forward for the adjustment of future periods. The Branches have filed appeal before appellate forum against these amendments and has 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 favor of the Branches, however, the minimum tax paid was adjusted against the tax liability of the tax year 2018.

32.5 In Finance Act 2022, additional amendments have been made on taxation of income from federal government securities and has been taxable on the basis of advances to deposit ratios (ADR) of banks i.e ADR upto 40%, additional tax is 16%; ADR between 40% to 50%, additional tax is 10%; ADR exceed 50%, NIL additional tax. These amendments were implemented retrospectively with effect from tax year 2022. Therefore, the Branch has challenged retrospective application of levy on the grounds of past and closed transactions and secure stay order granted by Honorable Sindh High Court against recovery of until final outcome of the case. The management is confident that the appeal will be decided in favour of the Branches, therefore, no provision is recognised in these financial statements.

32.6 Super Tax for Banking companies has been further amended through Finance Act, 2023 though Rule 7CA of the Seventh Schedule under Income Tax Ordinance, 2001. Under that rule, the rate of Super Tax increased from 4% to 10% in case of banking companies from the tax year 2023 onwards.The Branch has challenged the retrospective application of Super Tax levey at the rate of 10% on the grounds of past and closed transactions and granted stay order from Honorable Islamabad High Court against recovery of until final outcome of the case.

32.7 The Government of Pakistan imposed additional tax under section 99D of Income tax Ordinance, 2001 on Foreign Exchange income of Banking Companies through S.R.O. 1588(1)/2023 dated November 21, 2023 for the tax years 2022 and 2023 on the basis of average mean of absolute number of last five years. In this respect the aggregate prior year tax charge for the year ended December 31, 2023 is Rs. 1.479 billion. The Bank has challenged the retrospective application of said S.R.O on the grounds of past and closed transactions and granted stay order from Honorable Sindh High Court against recovery until final outcome of the case.

33. CASH AND CASH EQUIVALENTS

	2023	2022
	(Rupees in '000)	
Cash and balances with treasury banks	**63,902,407**	42,170,309
Balances with other banks	**16,633,161**	6,434,681
	80,535,568	48,604,990

34. CREDIT RATING

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

	(Rating)	
Outlook	**Stable**	Stable
Long term counter party risk rating	**A1**	A1
Short term counter party risk rating	**P1**	P1

35. STAFF STRENGTH

	(Number)	
Permanent	**94**	95
On third partys' contract	**22**	14
Branches' own staff strength at the end of the year	**116**	109

35.1 MS Fulcrum Private Limited an outsourcing service company, were assigned to the Branches 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, 2023 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:

	2023	2022
	------------ (Number) ------------	
Gratuity fund	**60**	60

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:

	2023	**2022**
	---------- (Per annum) ----------	
Discount rate	**16.00%**	14.50%
Expected rate of salary increase	**15.50%**	14.00%
Mortality rates	**70% of EFU (61-66) table**	70% of EFU (61-66) table
Withdrawal rates	**20%**	20%

	Note	**2023**	2022
		-------- (Rupees in '000) -------	
36.4 Reconciliation of receivable from defined benefit plans			
Present value of defined benefit obligations	36.5	**(51,728)**	(39,282)
Fair value of plan assets	36.6	**55,946**	47,337
Receivable from defined benefit plan		**4,218**	8,055

36.5 Movement in defined benefit obligations

	Note	**2023**	2022
Obligations at the beginning of the year		**39,282**	31,325
Interest cost		**5,127**	3,315
Current service costs		**8,068**	6,475
Benefits paid		**(7,842)**	(4,993)
Re-measurement loss / (gain) - Experience	36.8.2	**7,093**	3,160
Obligations at the end of the year		**51,728**	39,282

36.6 Movement in fair value of plan assets

	Note	**2023**	2022
Fair value at the beginning of the year		**47,337**	36,296
Interest income on plan assets		**7,042**	4,468
Contribution paid in the fund		**10,298**	10,117
Benefits paid from the fund		**(7,842)**	(4,993)
Re-measurements Actuarial gain / (loss) on plan assets	36.8.2	**(889)**	1,449
Fair value at the end of the year	36.9	**55,946**	47,337

		Note	2023	2022
			-------- (Rupees in '000) -------	
36.7	**Movement in receivable from defined benefit plan**			
	Opening balance		**(8,055)**	(4,971)
	Charge for the year in profit and loss account	36.8.1	**6,153**	5,322
	Re-measurement loss recognised in OCI during the year	36.8.2	**7,982**	1,711
	Contribution by the Branches		**(10,298)**	(10,117)
	Closing balance		**(4,218)**	(8,055)

36.8 Charge for defined benefit plan

			2023	2022
36.8.1	**Cost recognised in profit and loss**			
	Current service costs		**8,068**	6,475
	Net interest expense on defined benefit asset / liability		**(1,915)**	(1,153)
			6,153	5,322
36.8.2	**Re-measurements recognised in OCI during the year**			
	Loss / (gain) on obligation			
	Experience adjustment	36.8.2.1	**7,093**	3,160
	Return on plan assets over interest income		**889**	(1,449)
	Total re-measurements recognised in OCI		**7,982**	1,711

36.8.2.1 This represents, higher than assumed salary increases generated a net loss of PKR 2.6 million, withdrawal experience resulted in a net loss of PKR 4.3 million and there were experience losses of PKR 0.2 million from employees hired during the year.

36.9 Components of plan assets

	2023	2022
Cash and cash equivalents	**55,946**	47,337

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, 2023	**7,860**	**9,180**	**34,402**	**67,676**	**119,118**
Balance as at December 31, 2022	6,457	7,860	30,179	81,079	125,575

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	2023 Increase	2023 Decrease	2022 Increase	2022 Decrease
		--------------------------------- (Rupees in '000) ---------------------------------			
Discount rate	**1%**	**(1,932)**	**2,094**	(1,508)	1,638
Salary increase rate	**1%**	**2,085**	**(1,957)**	1,631	(1,528)

		2023	2022
		----------- (Rupees in '000) -----------	
36.12	**Expected contributions to be paid to the fund in the next financial year**		
	The contributions are equal to the current service cost with adjustment for any surplus or deficit.	**8,646**	6,457
36.13	**Expected charge for the next financial year**		
	Service cost	**9,490**	8,068
	Net interest	**(1,366)**	(1,636)
		8,124	6,432
36.14	**Maturity profile**		
		Years	Years
	The weighted average duration of the obligation (in years)	**4.6**	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 earlier withdrawals.

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. 5.163 million (2022: Rs.4.129 million) to the recognised Provident Fund.

38. COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2023	2022	**2023**	2022
	(Rupees in '000)			
Managerial remuneration & bonus	**98,182**	108,629	**550,671**	743,895
Charge for defined benefit plan	**-**	-	**593**	532
Contribution to defined contribution plan	**-**	-	**287**	259
Rent and house maintenance	**1,376**	2,825	**24,672**	33,917
Utilities	**635**	489	**11,079**	7,596
Medical	**143**	-	**1,006**	1,042
Conveyance	**1,981**	-	**8,516**	7,976
Others	**-**	-	**36**	262
	102,317	111,943	**596,860**	795,479
Number of persons	**1**	1	**17**	15

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.

38.2 The remuneration of the CEO includes the remuneration of the outgoing CEO. The new CEO was appointed with effect from May 29, 2023.

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:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	**(Rupees in '000)**			
Financial assets measured at fair value				
Investments				
Federal Government Securities (AFS)	**-**	**461,798,079**	**-**	**461,798,079**
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	**-**	**9,538,708**	**-**	**9,538,708**
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	**-**	**(21,406,623)**	**-**	**(21,406,623)**

	2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
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 contracts	-	10,453,087	-	10,453,087

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

	2023				
	Corporate finance	Treasury	Branch Banking	Others	Total
	---------- (Rupees in '000) ----------				
Profit & Loss					
Net mark-up / return / profit	7,623,724	60,357,876	-	(8,599)	67,973,001
Inter segment revenue - net	255,580	(255,580)	-	-	-
Non mark-up / return / interest income	6,211,945	1,737,194	71,647	2,791	8,023,577
Total Income	14,091,249	61,839,490	71,647	(5,808)	75,996,578
Segment direct expenses	851,181	3,735,408	4,328	-	4,590,917
Inter segment expense allocation	-	-	-	-	-
Total expenses	851,181	3,735,408	4,328	-	4,590,917
Provision	(483,674)	-	-	-	(483,674)
Profit before tax	13,723,742	58,104,082	67,319	(5,808)	71,889,335
Statement of financial position					
Cash & Bank balances	-	80,535,568	-	-	80,535,568
Investments	-	471,336,787	-	-	471,336,787
Net inter segment lending	246,053,469	-	-	-	246,053,469
Lendings to financial institutions	-	469,012,808	-	-	469,012,808
Advances - performing	372,240,334	-	-	-	372,240,334
- non-performing	-	-	-	-	-
Others	4,795,652	8,798,352	-	2,502,029	16,096,033
Total Assets	623,089,455	1,029,683,515	-	2,502,029	1,655,274,999
Borrowings	366,418,910	589,378,644	-	-	955,797,554
Deposits & other accounts	251,874,893	-	-	-	251,874,893
Net inter segment borrowing	-	246,053,469	-	-	246,053,469
Others	29,676,250	37,929,779	2,933,230	9,616,213	80,155,472
Total liabilities	647,970,053	873,361,892	2,933,230	9,616,213	1,533,881,388
Equity	-	-	-	121,393,611	121,393,611
Total Equity & liabilities	647,970,053	873,361,892	2,933,230	131,009,824	1,655,274,999
Contingencies & Commitments	439,370,957	3,320,769,098	-	-	3,760,140,055

	2022				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	1,890,403	21,281,843	-	(9,320)	23,162,926
Inter segment revenue - net	806,579	(806,579)	-	-	-
Non mark-up / return / interest income	4,607,644	(1,478,951)	48,563	3,292	3,180,548
Total Income	7,304,626	18,996,313	48,563	(6,028)	26,343,474
Segment direct expenses	788,333	2,050,129	5,241	212	2,843,915
Inter segment expense allocation	-	-	-	-	-
Total expenses	788,333	2,050,129	5,241	212	2,843,915
Provision	48,010	-	-	-	48,010
Profit before tax	6,468,283	16,946,184	43,322	(6,240)	23,451,549
Statement of financial position					
Cash & Bank balances	-	48,604,990	-	-	48,604,990
Investments	-	576,201,472	-	-	576,201,472
Net inter segment lending	122,730,099	-	-	-	122,730,099
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	178,191,106	725,565,481	-	1,718,299	905,474,886
Borrowings	-	499,959,427	-	-	499,959,427
Deposits & other accounts	176,543,182	-	-	-	176,543,182
Net inter segment borrowing	-	122,730,099	-	-	122,730,099
Others	9,133,137	14,460,425	2,584,464	6,386,092	32,564,118
Total liabilities	185,676,319	637,149,951	2,584,464	6,386,092	831,796,826
Equity	-	-	-	73,678,060	73,678,060
Total Equity & liabilities	185,676,319	637,149,951	2,584,464	80,064,152	905,474,886
Contingencies & Commitments	414,179,644	2,777,663,416	-	-	3,191,843,060

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

41. 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 period / year and balances with them as at period/ year end are as follows:

	2023				2022			
	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 current accounts	**-**	**13,328,801**	**123,781**	**-**	-	3,355,467	443,803	-
Advances								
Opening balance	**180**	**-**	**-**	**-**	481	-	-	-
Repaid during the period / year	**(180)**	**-**	**-**	**-**	(301)	-	-	-
Closing balance	**-**	**-**	**-**	**-**	180	-	-	-
Other Assets								
Defined benefit asset	**-**	**-**	**-**	**4,218**	-	-	-	8,055
Mark to market loss on forward foreign exchange contracts	**-**	**-**	**15,823**	**-**	-	-	1,923	-
Mark to market loss on Swap forward exchange contracts	**-**	**-**	**7,005,718**	**-**	-	-	(6,076,022)	-
Closing balance	**-**	**-**	**7,021,541**	**4,218**	-	-	(6,074,099)	8,055
Borrowings								
Opening balance	**-**	**-**	**499,959,427**	**-**	-	225,937,280	165,040,122	-
Borrowings during the year	**-**	**-**	**2,242,954,318**	**-**	-	159,913,294	1,528,607,073	-
Settled during the year	**-**	**-**	**(1,787,116,191)**	**-**	-	(385,850,574)	(1,193,687,768)	-
Closing balance	**-**	**-**	**955,797,554**	**-**	-	-	499,959,427	-

	2023				2022			
	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	**5,178**	**1,789**	**-**	**83,339**	9,116	1,863	-	65,583
Received during the period / year	**700,903**	**-**	**-**	**32,706**	486,290	3,000	-	22,882
Withdrawn during the period / year	**(702,785)**	**-**	**-**	**(16,999)**	(489,578)	(3,074)	-	(5,126)
Transfer in / (out) - net	**(505)**	**-**	**-**	**-**	(650)	-	-	-
Closing balance	**2,791**	**1,789**	**-**	**99,046**	5,178	1,789	-	83,339
Other Liabilities								
Interest / mark-up payable	**35**	**-**	**11,217,401**	**-**	213	-	5,103,076	5,479
Mark to market loss on forward foreign exchange contracts	**-**	**-**	**267**	**-**	-	-	63,871	-
Mark to market loss on Swap forward exchange contracts	**-**	**-**	**273,087**	**-**	-	-	260,857	-
Commission received in advance against unfunded exposure	**-**	**179,756**	**-**	**-**	-	95,938	-	-
Closing balance	**35**	**179,756**	**11,490,755**	**-**	213	95,938	5,427,804	5,479
Contingencies and Commitments								
Letter of guarantee	**-**	**234,305,011**	**-**	**-**	-	223,701,475	-	-
Forward exchange contract purchase	**-**	**-**	**530,552,365**	**-**	-	-	446,252,685	-
Forward exchange contract sale	**-**	**-**	**525,996,089**	**-**	-	-	442,008,546	-
Income								
Mark-up / return / interest earned	**-**	**102,436**	**1,339**	**-**	93	41,743	6,562	-
Fee & commission income	**621**	**217,760**	**-**	**-**	-	173,275	3,354	-
Expense								
Mark-up / return / interest paid	**213**	**-**	**53,146,704**	**17,573**	14	1,039,452	8,781,080	8,780
Compensation expense	**699,178**	**-**	**-**	**-**	907,422	-	-	-
Payments made during the year								
Contribution to gratuity fund	**-**	**-**	**-**	**10,298**	-	-	-	10,118
Contribution to provident fund	**-**	**-**	**-**	**10,326**	-	-	-	8,258

42. 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.

43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY

	2023	2022
	---------------- (Rupees in '000) ----------------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**42,279,105**	33,964,635
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**121,356,575**	73,642,485
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**121,356,575**	73,642,485
Eligible Tier 2 Capital	**59,893**	543,567
Total Eligible Capital (Tier 1 + Tier 2)	**121,416,468**	74,186,052
Risk Weighted Assets (RWAs):		
Credit Risk	**194,326,328**	173,586,476
Market Risk	**33,062,640**	31,755,982
Operational Risk	**70,213,336**	34,342,583
Total	**297,602,304**	239,685,041
Common Equity Tier 1 Capital Adequacy Ratio	**40.78%**	30.72%
Tier 1 Capital Adequacy Ratio	**40.78%**	30.72%
Total Capital Adequacy Ratio	**40.80%**	30.95%

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.

	2023	2022
	------------------ (Percentages) ------------------	
Minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	**9.00%**	9.00%
Tier 1 minimum ratio (%)	**10.50%**	10.50%
Total capital minimum ratio (%)	**13.00%**	13.00%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**121,356,575**	73,642,485
Total Exposure	**1,515,728,877**	1,193,680,827
Leverage Ratio	**8.01%**	6.17%
Minimum Requirement (%)	**3.00%**	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**853,112,003**	563,569,354
Total Net Cash Outflow	**493,896,619**	268,688,641
Liquidity Coverage Ratio	**172.73%**	209.75%
Minimum Requirement (%)	**100.00%**	100.00%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**415,767,770**	261,443,278
Total Required Stable Funding	**103,978,764**	85,803,037
Net Stable Funding Ratio	**399.86%**	304.70%
Minimum Requirement (%)	**100.00%**	100.00%

43.1 With reference to SBP letter No.EPD/ICM/379551/INT/12(36)-2022 dated December 05, 2022, conditions given under Basel III Guidelines for CAR, Leverage Ratio, LCR and NSFR (Issued under BPRD circular # 06 dated August 15, 2013 and BPRD circular # 08 dated June 23, 2016) and the requirement of Foreign Exposure Exposure Limit (FEEL) in accordance with DMMD Circular No. 16 of 2020 dated July 22, 2020, are not applicable on the foreign currency commercial loan facility of USD 1.3 billion to Ministry of Finance, Government of Pakistan by the Branches.

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, 2023, 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

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Public/ Government	**412,000,000**	34,682,786	**-**	-	**-**	-
Private	**57,012,808**	45,860,064	**-**	-	**-**	-
	469,012,808	80,542,850	**-**	-	**-**	-

44.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Financial	**471,336,787**	576,201,472	**-**	-	**-**	-

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Public/ Government	**471,336,787**	576,201,472	**-**	-	**-**	-
Private	**-**	-	**-**	-	**-**	-
	471,336,787	576,201,472	**-**	-	**-**	-

44.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Government of Pakistan	**366,418,910**	**-**	**-**	**-**	**-**	**-**
Textile	**-**	11,827,195	**-**	-	**-**	-
Chemical and Pharmaceuticals	**600,000**	8,963,209	**-**	-	**-**	-
Cement	**-**	2,025,571	**-**	-	**-**	-
Construction	**120,000**	200,000	**-**	-	**-**	-
Automobile and transportation equipment	**680,000**	596,375	**-**	-	**-**	-
Electronics and electrical appliances	**-**	1,946,315	**-**	-	**-**	-
Power (electricity), gas, water, sanitary	**1,615,786**	14,900,726	**-**	-	**-**	-
Wholesale and Retail Trade	**-**	2,406,827	**-**	-	**-**	-
Services	**1,637,158**	1,957,851	**-**	-	**-**	-
Individuals	**84,441**	79,683	**-**	-	**-**	-
Others	**1,142,842**	9,452,898	**-**	-	**-**	-
	372,299,137	54,356,650	**-**	**-**	**-**	**-**

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Public/ Government	**366,418,910**	1,000,000	**-**	-	**-**	-
Private	**5,880,227**	53,356,650	**-**	-	**-**	-
	372,299,137	54,356,650	**-**	-	**-**	-

44.1.4 Contingencies and Commitments

Credit risk by industry sector	2023	2022
	--------- (Rupees in '000) ---------	
Automobile and transportation equipment	**531,959**	2,085
Electronics and electrical appliances	**2,683,343**	-
Construction	**48,451,657**	282,890,116
Power (electricity), gas, water, sanitary	**159,813,402**	19,688,509
Transport, storage and communications	**-**	1,036,236
Financial	**219,192,649**	13,356,324
Others	**8,697,947**	97,206,375
	439,370,957	414,179,645
Credit risk by public / private sector		
Public/ Government	**-**	-
Private	**439,370,957**	414,179,645
	439,370,957	414,179,645

44.1.5 Concentration of Advances

The Branches' top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 462,041.951 million (2022: Rs. 27,509.908 million) are as follows:

	2023	2022
	--------- (Rupees in '000) ---------	
Funded	**366,418,910**	24,855,262
Non Funded	**95,623,041**	2,654,646
Total Exposure	**462,041,951**	27,509,908

The sanctioned limits against these top 10 exposures aggregated to **Rs. 462,041.951 million** (December 31, 2022: Rs. 34,736 million).

44.1.6 Advances - Province/Region-wise Disbursement & Utilization

2023

Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	**16,566,830**	**16,566,830**	**-**	**-**	**-**	**-**	**-**
Sindh	**23,946,525**	**325,007**	**16,634,539**	**1,399,979**	**5,587,000**	**-**	**-**
Islamabad	**370,403,336**	**3,794,026**	**-**	**-**	**-**	**366,609,310**	**-**
Total	**410,916,691**	**20,685,863**	**16,634,539**	**1,399,979**	**5,587,000**	**366,609,310**	**-**

2022

Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	48,462,006	48,462,006	-	-	-	-	-
Sindh	100,947,082	4,483,838	76,468,790	3,084,555	16,909,899	-	-
Islamabad	7,360,464	4,143,797	1,190,000	-	-	2,026,667	-
Total	156,769,552	57,089,641	77,658,790	3,084,555	16,909,899	2,026,667	-

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

	2023			2022		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**63,902,407**	**-**	**63,902,407**	42,170,309	-	42,170,309
Balances with other banks	**16,633,161**	**-**	**16,633,161**	6,434,681	-	6,434,681
Lendings to financial institutions	**469,012,808**	**-**	**469,012,808**	80,542,850	-	80,542,850
Investments	**471,336,787**	**-**	**471,336,787**	576,201,472	-	576,201,472
Advances	**372,240,334**	**-**	**372,240,334**	53,813,083	-	53,813,083
Fixed assets	**763,187**	**-**	**763,187**	551,805	-	551,805
Intangible assets	**37,036**	**-**	**37,036**	37,921	-	37,921
Deferred tax assets	**1,590,839**	**-**	**1,590,839**	1,061,835	-	1,061,835
Other assets	**6,256,286**	**7,448,685**	**13,704,971**	2,122,651	19,808,180	21,930,831
	1,401,772,845	**7,448,685**	**1,409,221,530**	762,936,607	19,808,180	782,744,787

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:

	2023				2022			
	Foreign Currency Assets	**Foreign Currency Liabilities**	**Off-balance sheet items**	**Net foreign currency exposure**	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	**416,916,856**	**1,015,834,022**	**596,195,259**	**(2,721,907)**	38,605,237	546,554,792	504,448,678	(3,500,877)
Great Britain Pound Sterling	**381**	**-**	**-**	**381**	280	-	-	280
Euro	**37,092**	**-**	**-**	**37,092**	18,352	-	-	18,352
Japanese Yen	**1,018**	**-**	**-**	**1,018**	878	-	-	878
Chinese Yuan	**12,398,714**	**7,812,162**	**(4,236,007)**	**350,545**	2,568,813	2,334,415	(601,432)	(367,034)
Hong Kong Dollar	**3,099**	**-**	**-**	**3,099**	2,413	-	-	2,413
	429,357,160	**1,023,646,184**	**591,959,252**	**(2,329,772)**	41,195,973	548,889,207	503,847,246	(3,845,988)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**27,219**	**-**	38,679	-

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.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account				
- 1% Upward change in interest rates	**485,631**	-	107,991	-
- 1% Downward change in interest rates	**(485,631)**	-	(107,991)	-
- Other comprehensive income				
- 1 % Upward change in interest rates				
- 1 % Down change in interest rates	**(6,752)**	-	(13,147)	-
	6,702	-	12,986	-

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.

	2023											
	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	4.35%	63,902,407	878,003	-	-	-	-	-	-	-	-	63,024,404
Balances with other banks	-	16,633,161	-	-	-	-	-	-	-	-	-	16,633,161
Lendings to financial institutions	21.13%	469,012,808	469,012,808	-	-	-	-	-	-	-	-	-
Investments	21.37%	471,336,787	28,578,891	407,524,250	8,228,487	22,271,540	4,733,619	-	-	-	-	-
Advances	8.56%	372,240,334	367,503,698	2,893,844	1,758,365	-	-	-	-	-	-	84,427
Other assets	-	12,032,549	-	-	-	-	-	-	-	-	-	12,032,549
		1,405,158,046	865,973,400	410,418,094	9,986,852	22,271,540	4,733,619	-	-	-	-	91,774,541
Liabilities												
Bills payable	-	1,740,735	-	-	-	-	-	-	-	-	-	1,740,735
Borrowings	5.85%	955,797,554	514,121,837	204,349,008	162,633,624	74,693,085	-	-	-	-	-	-
Deposits and other accounts	18.87%	251,874,893	233,426,419	-	-	77,383	-	-	-	-	-	18,371,091
Other liabilities	-	69,960,952	-	-	-	-	-	-	-	-	-	69,960,952
		1,279,374,134	747,548,256	204,349,008	162,633,624	74,770,468	-	-	-	-	-	90,072,778
On-balance sheet financial instruments		125,783,912	118,425,144	206,069,086	(152,646,772)	(52,498,928)	4,733,619	-	-	-	-	1,701,763
Commitments in respect of forward purchase contract		1,644,331,162	499,914,211	606,895,569	517,263,444	20,257,938	-	-	-	-	-	-
Commitments in respect of forward sale contract		1,676,437,936	506,360,409	617,534,967	528,480,625	24,061,935	-	-	-	-	-	-
Off-balance sheet gap		3,320,769,098	1,006,274,620	1,224,430,536	1,045,744,069	44,319,873	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			1,124,699,764	1,430,499,622	893,097,297	(8,179,055)	4,733,619	-	-	-	-	1,701,763
Cumulative yield / interest risk sensitivity gap			1,124,699,764	2,555,199,386	3,448,296,683	3,440,117,628	3,444,851,247	3,444,851,247	3,444,851,247	3,444,851,247	3,444,851,247	

	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	3.39%	42,170,309	532,809	-	-	-	-	-	-	-	-	41,637,500
Balances with other banks	-	6,434,681	-	-	-	-	-	-	-	-	-	6,434,681
Lendings to financial institutions	15.74%	80,542,850	80,542,850	-	-	-	-	-	-	-	-	-
Investments - net	16.17%	576,201,472	80,424,124	343,918,412	75,178,270	67,571,905	4,512,677	4,596,084	-	-	-	-
Advances - net	11.67%	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	4.80%	499,959,427	2,264,309	181,144,720	268,999,909	47,550,489	-	-	-	-	-	-
Deposits and other accounts	15.64%	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 gap		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 contacts		1,392,806,548	311,262,517	736,515,744	341,518,106	3,510,181	-	-	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(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	

	2023	2022
	------------- (Rupees in '000) -------------	
Reconciliation to total assets		
Balance as per balance sheet	**1,409,221,530**	782,744,787
Less: Non financial assets		
Fixed assets	**763,187**	551,805
Intangible assets	**37,036**	37,921
Deferred tax assets - net	**1,590,839**	1,061,835
Other assets	**1,672,422**	295,707
	4,063,484	1,947,268
	1,405,158,046	780,797,519

	2023	2022
	---------- (Rupees in '000) ----------	
Reconciliation to total liabilities		
Balance as per balance sheet	**1,287,827,919**	709,066,727
Less: Non financial liabilities		
Other liabilities	**8,453,785**	3,102,837
	1,279,374,134	705,963,890

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

	2023													
	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	63,902,407	720,777	4,324,661	5,045,437	11,532,428	-	-	-	-	-	-	-	-	42,279,104
Balances with other banks	16,633,161	554,439	3,326,632	3,881,071	8,871,019	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	469,012,808	-	440,687,520	7,287,464	21,037,824	-	-	-	-	-	-	-	-	-
Investments	471,336,787	-	-	-	28,578,891	299,166,117	108,358,133	8,228,487	4,805,088	17,466,452	4,733,619	-	-	-
Advances	372,240,334	-	-	-	-	-	-	-	223	1,057,585	366,492,262	1,824,784	1,642,717	1,222,763
Fixed assets	763,187	7,920	-	-	9	8,058	7,956	25,054	24,193	35,643	85,444	110,518	57,087	401,305
Intangible assets	37,036	-	-	-	-	1,367	-	2,051	2,051	2,051	8,204	6,837	14,475	-
Deferred tax assets	1,590,839	53,028	318,168	371,196	848,447	-	-	-	-	-	-	-	-	-
Other assets	13,704,971	-	4,576,012	917,563	1,718,186	2,651,635	1,738,935	1,961,262	141,169	209	-	-	-	-
	1,409,221,530	1,336,164	453,232,993	17,502,731	72,586,804	301,827,177	110,105,024	10,216,854	4,972,724	18,561,940	371,319,529	1,942,139	1,714,279	43,903,172
Liabilities														
Bills payable	1,740,735	58,025	348,147	406,172	928,391	-	-	-	-	-	-	-	-	-
Borrowings	955,797,554	-	3,953,970	91,604,728	52,144,230	157,841,992	46,507,016	162,633,624	28,186,070	46,507,016	366,418,908	-	-	-
Deposits and other accounts	251,874,893	8,172,143	49,562,129	57,225,000	136,838,238	-	-	-	-	77,383	-	-	-	-
Other liabilities	78,414,737	4,586	1,761,860	10,633,612	13,021,407	15,698,518	2,247,485	6,651,858	4,539,217	1,477,744	5,399,172	4,655,973	8,782,097	3,541,208
	1,287,827,919	8,234,754	55,626,106	159,869,512	202,932,266	173,540,510	48,754,501	169,285,482	32,725,287	48,062,143	371,818,080	4,655,973	8,782,097	3,541,208
Net assets	121,393,611	(6,898,590)	397,606,887	(142,366,781)	(130,345,462)	128,286,667	61,350,523	(159,068,628)	(27,752,563)	(29,500,203)	(498,551)	(2,713,834)	(7,067,818)	40,361,964

	2023 (Rupees in '000)
Represented by:	
Head office capital account	42,279,105
Surplus on revaluation of assets - net of tax	(120,167)
Unremitted profit	79,234,673
	121,393,611

	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 - net	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 - net	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

	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

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

	2023									
	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	63,902,407	268,722	502,111	569,537	2,361,710	3,324,463	4,506,770	7,137,055	-	45,232,039
Balances with other banks	16,633,161	6,816,822	9,816,339	-	-	-	-	-	-	-
Lendings to financial institutions	469,012,808	469,012,808	-	-	-	-	-	-	-	-
Investments	471,336,787	28,578,891	407,524,250	8,228,487	22,271,540	4,733,619	-	-	-	-
Advances	372,240,334	-	-	-	1,057,808	366,492,262	1,824,784	1,642,717	1,160,915	61,848
Fixed assets	763,187	7,929	16,014	25,054	59,836	85,444	110,518	57,087	76,359	324,946
Intangible assets	37,036	-	1,367	2,051	4,102	8,204	6,837	14,475	-	-
Deferred tax assets	1,590,839	1,590,839	-	-	-	-	-	-	-	-
Other assets	13,704,971	7,211,761	4,390,570	1,961,262	141,378	-	-	-	-	-
	1,409,221,530	513,487,772	422,250,651	10,786,391	25,896,374	374,643,992	6,448,909	8,851,334	1,237,274	45,618,833
Liabilities										
Bills payable	1,740,735	1,740,735	-	-	-	-	-	-	-	-
Borrowings	955,797,554	147,702,927	204,349,008	162,633,624	74,693,086	366,418,909	-	-	-	-
Deposits and other accounts	251,874,893	7,895,040	3,903,160	5,584,499	23,761,189	33,443,892	47,753,665	91,287,357	19,123,045	19,123,046
Other liabilities	78,414,737	25,420,516	17,946,003	6,651,858	6,016,961	5,399,172	4,655,973	8,782,097	1,771,078	1,771,079
	1,287,827,919	182,759,218	226,198,171	174,869,981	104,471,236	405,261,973	52,409,638	100,069,454	20,894,123	20,894,125
Net assets	121,393,611	330,728,554	196,052,480	(164,083,590)	(78,574,862)	(30,617,981)	(45,960,729)	(91,218,120)	(19,656,849)	24,724,708

	2023
	(Rupees in '000)
Represented by:	
Head office capital account - net	42,279,105
Surplus on revaluation of assets - net of tax	(120,167)
Unremitted profit	79,234,673
	121,393,611

	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 - net	576,201,472	80,424,123	343,918,412	75,178,270	67,571,905	4,512,678	4,596,084	-	-	-
Advances - net	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	551,805	4,132	7,247	10,765	23,578	74,273	35,078	52,026	5,003	339,703
Intangible assets	37,921	12	25	37	12	-	-	-	18,917	18,918
Deferred tax assets	1,061,835	1,061,835	-	-	-	-	-	-	-	-
Other assets	21,930,831	6,310,061	11,791,524	3,786,387	42,859	-	-	-	-	-
	782,744,787	175,514,165	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	73,678,060	147,698,416	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

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 two complaints were received by the Bank in 2023 (2022: Nil) 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 period's financial statements.

	Reclassified December 31, 2023 From	To
	Mark-up / return / interest expensed	**Foreign exchange (loss) / income**
Profit and Loss Account	(2,277,482)	(2,277,482)

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 20, 2024 by the Chief Executive Officer and Deputy Chief Executive Officer.

YA

Chief Executive Officer

Head of Finance (A)