Statement on Risk Management

The Bank is committed to maintaining a robust risk management framework to ensure the safety and soundness of its operations, align with regulatory requirements, and protect the interests of our stakeholders. We are dedicated to managing risks effectively to achieve our strategic objectives while safeguarding our reputation and financial stability.

The Bank's Risk Management Framework is designed to provide a comprehensive approach to identifying, assessing, and managing risks. It aligns with the guidelines set by the State Bank of Pakistan and incorporates international best practices to ensure the safety and soundness of the Bank's operations. We recognize that effective risk management is fundamental to safeguarding stakeholder interests and ensuring sustainable growth in a dynamic operating environment. Our risk management framework aligns with the State Bank of Pakistan (SBP) regulations, international best practices, and ICBC group-wide risk policies of our parent institution.

Enterprise Risk Management

The Bank's Enterprise Risk Management (ERM) framework is a systematic process designed to identify, assess, measure, monitor, mitigate, and report risks. This ensures the realization of operational and strategic objectives through robust risk governance structure, prudent risk-aware culture, unified risk management strategies and risk appetite statements, and implementation of risk limits and policies.

The guiding principles of ERM include:
- Full Coverage: Holistic identification of risks across all business lines.
- Matching: Alignment of risk tolerance with strategic goals.
- Independence: Clear segregation of duties in risk oversight.
- Perspectiveness: Forward-looking risk identification and mitigation.
- Effectiveness: Continuous improvement of risk management practices.

Three Lines of Defense

The Bank employs a structured "Three Lines of Defense" model, supplemented by external oversight, to ensure effective risk governance. This model ensures that risks are managed effectively at different levels within an organization.

- First Line of Defense (Business Units):

Responsible for revenue generation and risk-taking activities (e.g., lending, trading, investment banking). Business units are accountable for identifying and managing

ICBC 中国工商银行

Pakistan Branches

Annual Financial Statements for the Year Ended December 31, 2024

risks as an integral part of daily operations.

- Second Line of Defense (Risk Management Function):
Comprises specialized departments managing material risks including credit risk, market risk, operational risk, liquidity risk, IT and cybersecurity risk, etc. Their key responsibilities include formulating institution-wide risk policies, procedures, and systems, conducting enterprise-level risk management activities, supervise and support the first line's risk management practices.

- Third Line of Defense (Internal Audit):
The Internal Audit Department independently evaluates the effectiveness of risk management frameworks, ensures compliance with regulations and internal policies, and reports directly to the CEO and ICBC Head Office.

- External Oversight:
External auditors and regulatory bodies provide additional assurance to validate adherence to statutory requirements and industry standards.

Performance highlight*

NPL ratio of 0%.
Capital adequacy ratio of 44.36%.
Leverage ratio is 8.42%.
LCR and NSFR are 197.2%, 603.4% respectively.
Maintain regulatory rating of "low risk".
No material risk instance and loss occurred during the year.

Forward-looking Focus

We remain committed to strengthening risk analytics capabilities and integrating ESG factors into risk assessments, ensuring alignment with Pakistan's national development priorities and global standards. To further enhance our risk resilience in an evolving landscape, the Bank will prioritize the following areas:

- Information Technology and Cybersecurity Risks
As digital transformation accelerates, the Bank will invest in advanced cybersecurity infrastructure, threat detection systems, and employee training to mitigate risks associated with data breaches, ransomware attacks, and operational disruptions.regulatory bodies to ensure robust safeguards for customer data and critical financial systems. The Bank will enhance customer privacy protection by implementing data minimization practices, anonymization techniques, and

* Sovereign loan to Ministry of Finance, Government of Pakistan is excluded as per of regulatory exemption.

compliance with local data protection regulations.

- Environmental and Social Risk Management
ESRM: Beyond ESG integration, we will develop frameworks to assess environmental risks and social risks . This includes adopting sector-specific guidelines for high-risk industries and aligning with Pakistan ESRM guidelines.

- Interest Rate Risk
In response to prolonged low-interest-rate conditions, the Bank will enhance interest rate sensitivity analysis, optimize asset-liability management, and diversify revenue streams to reduce dependency on net interest margins. Stress testing and dynamic hedging strategies will be employed to mitigate adverse impacts on profitability.

By addressing these emerging risks proactively, the Bank aims to sustain financial stability, and maintain its position as a leader in prudent risk management practices.

陈嘉明

Chen Jiaming

Director Risk Management

周波

Zhou Bo

Chief Executive Officer

Statement on Green Banking Implementation

Industrial and Commercial Bank of China Limited - Pakistan Operations (ICBC) recognizes the importance of environmental and social responsibility and adheres to the State Bank of Pakistan's Green Banking Guidelines. ICBC has taken steps to adopt green banking measures to improve environmental impact and social risk management, ensuring that environmental social governance (ESG) principles are embedded in its financial practices.

In alignment with the State Bank of Pakistan's guidelines and the Bank's Green Banking Policy, in FY 2024 we have developed the Environmental & Social Risk Management (ESRM) manual.

The ESRM manual comprises comprehensive procedures to ensure that environmental and social factors, including exclusion criteria and due diligence checklists, are embedded in our financing decisions. This helps us manage risks effectively while promoting sustainable development. By integrating these practices, we uphold regulatory standards and strengthen our commitment to sustainable growth.

Training sessions were conducted on ESRM for staff awareness and capacity building in environmental and social risk assessment, reinforcing a culture of sustainable financing.

The Bank endeavors to reduce its operational impact and is committed to integrating sustainability into its operations and financing. We have engaged a consultant firm to review our existing policies & procedures, conduct a gap analysis with proposed resolutions, and support the implementation of sustainable finance procedures, including the reduction of our own impact within the existing portfolio.

陈嘉明	周波
Chen Jiaming	Zhou Bo
Director Risk Management	Chief Executive Officer

Statement of Internal Control

It is 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 Banks, 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 perform reasonable assurance against material misstatement or loss.

The Bank is under process of completing the cycle of Internal Control over Financial Reporting exercises for the Year 2024.

Shamwail Sohail
Head of IC&CD

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 the overseas customers compliant. The Branch Compliant Handling Policy and Grievance Redressal Mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their compliant at the Banks branches and contact center or via email.

A total of three compliants were received by the bank in 2024 (2023 : 2) and the average time taken to resolve these compliants was within three 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.

Shamwail Sohail
Head of IC&CD

Zhou Bo
Chief Executive Officer

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INDEPENDENT AUDITORS' REPORT

To the Directors 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 31 December 2024, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, along with notes to the financial statements including a summary of material accounting policy information 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, the statement of 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 Branch's affairs as at 31 December 2024 and of the income, other comprehensive income, 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 Bank (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.

Responsibilities of Management 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 Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branches or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

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 Branch 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, statement of changes in equity and statement of cash flow (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 and returns;

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

d) No 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 per cent of the total loans and advances of the Branches.

Other Matters

The financial statements of the Branches for the year ended 31 December 2023 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 March 2024.

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 28 March 2025

UDIN Number: AR202410120pJSGRex3s

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	6	76,916,819	63,902,407
Balances with other banks	7	47,033,228	16,633,161
Lendings to financial institutions	8	478,661,524	469,012,808
Investments	9	729,107,823	471,336,787
Advances	10	365,624,885	372,240,334
Property and Equipment	11	583,270	484,970
Right of use assets	12	396,657	278,217
Intangible assets	13	23,839	37,036
Deferred tax assets	14	660,672	1,590,839
Other assets	15	16,432,020	13,704,971
		1,715,440,737	1,409,221,530
LIABILITIES			
Bills payable	16	1,889,296	1,740,735
Borrowings	17	941,477,718	955,797,554
Deposits and other accounts	18	510,453,097	251,874,893
Lease liabilities	19	271,876	133,017
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	20	109,986,064	78,281,720
		1,564,078,051	1,287,827,919
NET ASSETS		151,362,686	121,393,611
REPRESENTED BY			
Head office capital account - net	21	41,782,500	42,279,105
Surplus/ (deficit) on revaluation of assets	22	1,633,933	(120,167)
Unremitted profit		107,946,253	79,234,673
		151,362,686	121,393,611
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		------- (Rupees in '000)	--------
Mark-up / return / interest earned	24	234,401,187	199,978,689
Mark-up / return / interest expensed	25	172,572,686	132,005,688
Net mark-up / interest income		61,828,501	67,973,001
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	3,293,513	3,003,025
Foreign exchange income		649,941	5,021,544
Loss on sale of securities	27	-	(3,783)
Other Income	28	2,776	2,791
Total non-markup / interest income		3,946,230	8,023,577
Total income		65,774,731	75,996,578
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	3,284,522	3,123,771
Workers welfare fund	30	1,246,122	1,467,146
Other charges		-	-
Total non-markup / interest expenses		4,530,644	4,590,917
Profit before provisions		61,244,087	71,405,661
Credit loss allowance and write offs / (reversal of provision) - net	31	51,388	(483,674)
PROFIT BEFORE TAXATION		61,192,699	71,889,335
Taxation	32	(27,935,516)	(32,874,273)
PROFIT AFTER TAXATION		33,257,183	39,015,062

The annexed notes 1 to 46 form an integral part of these financial statements.

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, 2024

	2024	2023
	(Rupees in '000)	
Profit after taxation for the year	33,257,183	39,015,062
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent year:		
Movement in surplus on revaluation of investments - net of deferred tax - FVOCI	1,754,100	394,001
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain/(loss) on defined benefit obligations - net of tax	16,233	(7,982)
Total comprehensive income	35,027,516	39,401,081

The annexed notes 1 to 46 form an integral part of these financial statements.

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, 2024

	Head office capital account	Surplus / (Deficit) on revaluation of assets	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 01, 2023	33,964,635	(514,168)	40,227,593	73,678,060
Total comprehensive income for the year ended December 31, 2023				
Profit after taxation	-	-	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
Expected Credit Loss adjustment under IFRS 9 on adoption of IFRS 9 adoption	-	-	(27,840)	(27,840)
Balance as at January 01, 2024	**42,279,105**	**(120,167)**	**79,206,833**	**121,365,771**
Total comprehensive income for the year ended December 31, 2024				
Profit after taxation	-	-	**33,257,183**	**33,257,183**
Other comprehensive income - net of tax	-	**1,754,100**	**16,233**	**1,770,333**
	-	**1,754,100**	**33,273,416**	**35,027,516**
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	**(496,605)**	-	-	**(496,605)**
Profit Remittances made to head office	-	-	**(4,533,996)**	**(4,533,996)**
Balance as at December 31, 2024	**41,782,500**	**1,633,933**	**107,946,253**	**151,362,686**

The annexed notes 1 to 46 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, 2024

	Note	2024	2023
		--------- (Rupees in '000) ---------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		61,192,699	71,889,335
Adjustments:			
Depreciation on Property and Equipment	29	88,494	65,215
Depreciation on right of use assets	29	163,134	47,416
Amortisation	29	13,197	2,072
Financial charges on leased assets	25	38,505	8,599
Charge for defined benefit plan		7,841	4,824
Credit loss allowance and write offs	31	51,388	(483,674)
Provision for workers' welfare fund	30	1,246,122	1,467,146
Gain on termination of leased asets/ sale of fixed assets	28	-	(703)
		1,608,681	1,110,895
		62,801,380	73,000,230
(Increase) / decrease in operating assets			
Lendings to financial institutions		(9,648,716)	(388,469,958)
Advances		6,595,106	(317,943,577)
Others assets		(2,706,312)	8,222,023
		(5,759,922)	(698,191,512)
Increase / (decrease) in operating liabilities			
Bills payable		148,561	(233,058)
Borrowings from financial institutions		(14,319,836)	455,838,127
Deposits		258,578,204	75,331,711
Other liabilities		32,403,368	44,823,645
		276,810,297	575,760,425
		333,851,755	(49,430,857)
Contribution in gratuity fund		(28,504)	(8,969)
Income tax paid		(30,678,534)	(32,194,609)
Net cash generated from / (used in) operating activities		303,144,717	(81,634,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities classified as FVOCI		(258,976,044)	105,961,061
Net investments in amortized cost securities		4,644,421	(429,947)
Investments in Property and Equipment	11.1	(186,794)	(108,971)
Investment in intangible assets		-	(1,188)
Net cash (used in) / generated from investing activities		(254,518,417)	105,420,955
CASH FLOWS FROM FINANCING ACTIVITIES			
Translation gain on revaluation of capital		(496,605)	8,314,470
Payment of lease liability against right of use assets	19	(181,220)	(170,412)
Profit Remittances made to head office		(4,533,996)	-
Net cash (used in) / generated from financing activities		(5,211,821)	8,144,058
Increase in cash and cash equivalents		43,414,479	31,930,578
Cash and cash equivalents at beginning of the year		80,535,568	48,604,990
Cash and cash equivalents at end of the year	33	123,950,047	80,535,568

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN B
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR END ENDED DECEMBER 31, 2024

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 Pakistan branches presently operate through three branches (December 31, 2023: 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.

The credit rating provided by Moody's Investor Services Inc. to ICBC branches is A1 (2023: A1) for long-term and P1 (2023: P1) for short-term with stable outlook.

2 BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide its BPRD Circular No. 13 dated July 01, 2024.

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 the Securities and Exchange Commission of Pakistan (SECP).

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017;

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) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 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 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

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

The Branch has adopted the following amendments to the approved accounting and reporting standards which became effective for the current year:

- IFRS 9 Financial instruments - Accounting and reporting standard
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Branch's financial statements except for IFRS 9. The impact of adoption of IFRS 9 is described below:

3.2.1 IFRS 9 - Financial Instruments

As per SBP BPRD Circular no 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after 01 January 2024 along with IFRS 9 Application Instructions for ensuring smooth and consistent implementation of the standard in the banks. The Branch has adopted IFRS 9 (read with IFRS 9 application instructions issued by SBP) with date of initial application as January 01, 2024, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. Further, the State Bank of Pakistan has clarified through its BPRD Circular letter no 16 of 2024 and BPRD Circular letter no 01 of 2025, the accounting practices relating to such areas which are applied for the purposes of preparation of these financial statements In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening unappropriated profit and other reserves at the beginning of the current year without restating the comparative figures (modified retrospective approach as per IFRS 9). The impact on carrying amounts of the financial assets and liabilities is disclosed in Note 3.2.4.

3.2.2 Classification and measurement

The classification and measurement of financial assets depends on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal & Interest (SPPI) criteria are measured at Fair Value through Profit & Loss (FVTPL) regardless of the business model. The Bank'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 (FVTPL).

3.2.3 Impairment of debt investments and loans and advances

The new IFRS 9 impairment requirements eliminate the previous threshold for the recognition of credit losses, i.e., it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for Expected Credit loss (ECL), and updates the loss allowance for changes in these ECLs at each reporting date to reflect changes in credit risk since initial recognition. Consequently, the holder of the financial asset needs to take into account more timely and forward-looking information in order to provide users of financial statements with useful information about the ECLs on financial instruments that are in the scope of these impairment requirements. The previous impairment requirements were based solely on Prudential regulations of SBP as disclosed in Note 5.7 to the financial statements.

3.2.4 Impact of adoption of IFRS 9

The Branch has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative negative impact of initial application of Rs. 27.841 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Balances as of January 01, 2024	IFRS 9 Category
ASSETS										
Cash and balances with treasury banks	63,902,407	-	-	-	-	-	-	-	63,902,407	Amortised cost
Balances with other banks	16,633,161	(4,098)	-	-	-	-	(4,098)	-	16,629,063	Amortised cost
Lending to financial institutions	469,012,808	-	-	-	-	-	-	-	469,012,808	Amortised cost
Investments										
- Classified as available for sale	461,798,079	-	(461,798,079)	-	-	-	(461,798,079)	-	-	
- Classified as fair value through other comprehensive income	-	-	461,798,079	-	-	-	461,798,079	-	461,798,079	FVOCI
- Classified as held to maturity	9,538,708	-	(9,538,708)	-	-	-	(9,538,708)	-	-	
- Classified as amortized cost.	-	-	9,538,708	-	-	-	9,538,708	-	9,538,708	Amortised cost
	471,336,787	-	-	-	-	-	-	-	471,336,787	
Advances										
- Gross amount	372,299,137	-	-	-	-	-	-	-	372,299,137	
- Provisions	(58,803)	(14,715)	-	-	-	58,803	44,088	-	(14,715)	
	372,240,334	(14,715)	-	-	-	58,803	44,088	-	372,284,422	
Property and equipment	484,970	-	-	-	-	-	-	-	484,970	Outside the scope of IFRS 9
Right-of-use assets	278,217	-	-	-	-	-	-	-	278,217	Outside the scope of IFRS 9
Intangible assets	37,036	-	-	-	-	-	-	-	37,036	Outside the scope of IFRS 9
Deferred tax asset	1,590,839	-	-	-	-	-	-	26,749	1,590,839	Outside the scope of IFRS 9
Other assets - financial assets	13,704,971	(316)	-	-	-	-	(316)	-	13,704,655	Amortised cost
Other assets - non financial assets	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
	1,409,221,530	(19,129)	-	-	-	58,803	43,772	26,749	388,380,139	
LIABILITIES										
Bills payable	1,740,735	-	-	-	-	-	-	-	1,740,735	Amortised cost
Borrowings	955,797,554	-	-	-	-	-	-	-	955,797,554	Amortised cost
Deposits and other accounts	251,874,893	-	-	-	-	-	-	-	251,874,893	Amortised cost
Lease liability against right-of-use assets	133,017	-	-	-	-	-	-	-	133,017	Amortised cost
Subordinated debt	-	-	-	-	-	-	-	-	-	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - financial liabilities	78,281,720	94,263	-	-	-	-	-	-	78,375,983	Amortised cost
	1,287,827,919	94,263	-	-	-	-	94,263	-	1,287,922,182	
NET ASSETS	121,393,611	(113,392)	-	-	-	58,803	(54,589)	26,749	121,365,771	
REPRESENTED BY										
Share capital	42,279,105	-	-	-	-	-	-	-	42,279,105	Outside the scope of IFRS 9
Reserves	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Surplus on revaluation of assets - net of tax	(120,167)	-	-	-	-	-	-	-	120,167	Outside the scope of IFRS 9
Unappropriated profit	79,234,673	(113,392)	-	-	-	58,803	(54,589)	26,749	79,206,833	Outside the scope of IFRS 9
	121,393,611	(113,392)	-	-	-	58,803	(54,589)	26,749	121,365,771	

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3.3 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2025:

Amendments	Effective date (annual periods beginning on or after)
Lack of exchangeability – Amendments to IAS 21	01 January 2025
Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7	01 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	01 January 2026
IFRS 17 - Insurance Contracts	01 January 2026
Annual improvements to IFRS Accounting Standards -Volume 11	01 January 2026
IFRS 18 - Presentation and Disclosures in the financial statements	01 January 2026
IFRS 19 - Subsidiares without Public Accountability: Disclosures	01 January 2026

The above standards and amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	July 01, 2009

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 property and equipment (note 5.8.2)
- Classification and expected credit loss / provisioning against advances (note 5.2.9)
- Defined benefit plan (note 5.13)
- Contingencies and commitments (note 5.17)

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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except for note 5.2 on financial instruments below:

5.1 Change in reporting format

The SBP vide BPRD Circular No. 13 dated July 01, 2024 specified the new format for preparation of financial statements of banking companies. The new format has revised the disclosure requirements of the Branch for the year ended December 31, 2024 which has resulted in additional disclosures relating to IFRS 9 and reclassification of Lease liabilities and Right of use assets on the face of Statement of Financial Position out of Property and equipment and Other Liabilities, respectively in these financial statements.

5.2 IFRS 9 - 'Financial Instruments - Policy applicable from January 01, 2024

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

5.2.1 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial and other institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposit accounts and other payables.

5.2.2 Classification

Financial Assets

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Financial Liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortized cost except for derivaties which are being measured at FVTPL.

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

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets

5.2.4 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

5.2.5 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

a. These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Bank assesses whether and how the sales are consistent with the HTC objective.

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.

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

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies did not have any impact on measurements of investments due to no change in classification of under new application standard

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

	Before adoption of IFRS 9		**After adoption of IFRS 9**	
Financial assets	Measurement Category	Carrying amount as at December 31, 2023	**Measurement category**	**Carrying amount as at January 01, 2024**
	Rupees in '000		**Rupees in '000**	
Cash and balances with treasury banks	Loans and receivables	63,902,407	Amortised cost	**63,902,407**
Balances with other banks	Loans and receivables	16,633,161	Amortised cost	**16,633,161**
Lending to financial institutions	Loans and receivables	469,012,808	Amortised cost	**469,012,808**
Investments - net	Available-for-sale	461,798,079	FVOCI	**461,798,079**
	Held-to-maturity	9,538,708	Amortised cost	**9,538,708**
Advances - net	Loans and receivables	372,240,334	Amortised cost	**372,240,334**
Other assets (financial assets only)	Loans and receivables	-	Amortised cost	**-**
		1,393,125,497		**1,393,125,497**

5.2.6 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. **'Amortised cost (AC)**
Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss. Interest income / profit / expense on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit or loss account.

b. **Fair value through other comprehensive income (FVOCI)**
Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit or loss account. Interest / profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit or loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to retained earnings.

c. **Fair value through profit or loss (FVTPL)**
Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

5.2.7 Derecognition

Financial Assets

The Branch derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- It transfers the rights to receive the contractual cash flows in a transaction in which either:
  substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  the Branch neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities

The Branch derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

5.2.8 Modification

The Branch sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Branch recalculates the gross carrying amount of the financial asset to recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

5.2.9 Expected Credit Loss (ECL)

The Branch assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". the Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at transactional / facility level.

The Branch has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Branch considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Branch also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Branch considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Branch applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Branch groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:
When financial instruments are first recognised, the Branch recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Branch calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2:
When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cashflows are discounted by an approximation to the original EIR.

Stage 3
For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. the Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments
When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financing is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.

Guarantee and letters of credit contracts
The Branch estimates ECLs based on the BASEL driven & Internally developed credit conversion factor (CCF) for Guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs
The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

PD

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.

EAD

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD

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

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Branch seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Branch's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

Forward looking information

In its ECL models, the Branch relies on range of following forward looking information as economic inputs, such

- GDP growth
- Consumer price index (Inflation rate)
- Unemployment rate
- USD currency fluctuation risk
- Balance of trade to its GDP

Definition of default
The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

The Bank has defined that an exposure will be treated as having defaulted if it becomes 90+ days past due (DPDs) in repaying its contractual dues or as defined in Prudential Regulations from State Bank of Pakistan (SBP) issued from time to time. Accordingly, such exposures will be classified under Stage 3 under the Standard.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs
The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

5.3 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.

5.4 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:

5.4.1 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.

5.4.2 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.

5.5 Investments - Policy applicable for the period ended on or before December 31, 2023

5.5.1 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.

5.5.2 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.

5.6 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.

5.7 Advances

Advances are stated net of credit loss allowance, for policy applicable to credit loss allowance is outlined in note 10 to these financial statements.

Provision against Advances - Policy applicable for the period ended on or before December 31, 2023

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.

5.8 Property and Equipment

5.8.1 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.

5.8.2 Property and equipment and depreciation

Property and Equipment 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.

5.9 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.

5.10 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 13 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

5.16 Foreign currency translation

15.16.1 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.

5.17 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.

5.18 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.

5.19 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.

5.19.1 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.

5.19.2 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.

5.19.3 Provisions

Provision for guarantee claims and other off balance sheet obligations is recognised when intimated and reasonable certainity 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.

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.

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.

5.20 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:

5.20.1 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.

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

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		(Rupees in '000)	
In hand			
Local currency		239,062	145,797
Foreign currency		112,720	122,295
		351,782	268,092
With State Bank of Pakistan in			
Local currency current account	6.1	33,667,897	20,272,858
Foreign currency current account	6.2	42,131,243	42,610,415
Foreign currency deposit account (non-remunerative)	6.3	201,949	204,349
Foreign currency deposit account (remunerative)	6.4	563,948	546,693
Cash and bank with treasury banks		76,916,819	63,902,407

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, 2023: USD 150 million) and US $ settlement account maintained with the State Bank of Pakistan.

6.3 This represents cash reserve of 6% required to be maintained with the SBP on FE-25 deposits as specified in DMMD 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 DMMD 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 3.53% (December 31, 2023: 4.35%).

7. BALANCES WITH OTHER BANKS

	Note	2024	2023
		(Rupees in '000)	
In Pakistan			
In current accounts		397	93
Outside Pakistan			
In current accounts	7.1 & 7.2	47,043,631	16,633,068
		47,044,028	16,633,161
Less: Credit loss allowance held against balances with other banks		(10,800)	-
Cash and balances with treasury banks - net of credit loss allowance		47,033,228	16,633,161

7.1 This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount

7.2 This includes balance of Rs 32,958 Million (2023: Rs 13,727 Million) held with ICBC branches and Head Office outside Pakistan.

		Note	2024	2023
			(Rupees in '000)	
8.	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Repurchase agreement lendings (Reverse Repo)	8.1	478,661,524	469,012,808

8.1 This represent repurchase agreement lendings with SBP and local banks at a mark-up rate ranging from 12.95% to 13.6% per annum (December 31, 2023: 21% to 22.5% per annum) with maturity in January 2025 (December 31, 2023: January 2024).

8.2 **Particulars of lending**

	2024	2023
In local currency	478,661,524	469,012,808

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

	2024				2023			
	Held by Bank	Credit Loss Allowance/ Provision	Further given as collateral	Total	Held by Bank	Credit Loss Allowance/ Provision	Further given as collateral	Total
	(Rupees in '000)							
Market Treasury Bills	30,426,336	-	-	30,426,336	57,229,216	-	-	57,229,216
Pakistan Investment Bonds	300,716,685	-	-	300,716,685	221,166,956	-	-	221,166,956
Total	331,143,021	-	-	331,143,021	278,396,172	-	-	278,396,172

8.4 There is no credit loss allowance in lending as at December 31, 2024.

9. **INVESTMENTS**

9.1 **Investments by type:**

	2024				2023			
	Cost / Amortised cost	Credit Loss Allowance/ Provision	Surplus/ (Deficit)	Carrying Value	Cost / Amortised cost	Credit Loss Allowance/ Provision	Surplus/ (Deficit)	Carrying Value
	(Rupees in '000)							
	FVOCI				Available For Sale			
Federal Government Securities	721,009,744	-	3,203,792	724,213,536	462,033,700	-	(235,621)	461,798,079
	Amortised Cost				Held to Maturity			
Federal Government Securities	4,894,287	-	-	4,894,287	9,538,708	-	-	9,538,708
Total Investments	725,904,031	-	3,203,792	729,107,823	471,572,408	-	(235,621)	471,336,787

9.2 **Investments by segments**

	Cost / Amortised cost	Credit Loss Allowance/ Provision	Surplus/ (Deficit)	Carrying Value	Cost / Amortised cost	Credit Loss Allowance/ Provision	Surplus/ (Deficit)	Carrying Value
Federal Government Securities								
Market Treasury Bills	721,009,744	-	3,203,792	724,213,536	462,033,700	-	(235,621)	461,798,079
Pakistan Investment Bonds	4,894,287	-	-	4,894,287	9,538,708	-	-	9,538,708
Total investments	725,904,031	-	3,203,792	729,107,823	471,572,408	-	(235,621)	471,336,787

9.3 There is no credit loss allowance in value of investments as at December 31, 2024.

9.4 The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs. 4,669 million (December 31, 2023: Rs.8,253 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.

9.6 **Quality of securities**

	2024	2023
	(Rupees in '000)	
Details regarding quality of securities held under "Held to Collect and Sell" model		
Federal government securities - Government guaranteed		
Market Treasury Bills	724,213,536	461,798,079
Pakistan Investment Bonds	-	-
	724,213,536	461,798,079

10. **ADVANCES**

	NOTE	Performing 2024	Performing 2023	Non Performing 2024	Non Performing 2023	Total 2024	Total 2023
		(Rupees in '000)				(Rupees in '000)	
Loans, cash credits, running finances, etc.		365,704,032	372,299,137	-	-	365,704,032	372,299,137
Advances - gross		365,704,032	372,299,137	-	-	365,704,032	372,299,137
Credit loss allowance against advances							
-Stage 1		(76,095)	-	-	-	(76,095)	-
-Stage 2		(3,052)	-	-	-	(3,052)	-
-Stage 3		-	-	-	-	-	-
		(79,147)	-	-	-	(79,147)	-
Provision against advances - General	10.3	-	(58,803)	-	-	-	(58,803)
Advances - net of credit loss allowance		365,624,885	372,240,334	-	-	365,624,885	372,240,334

10.1 Particulars of advances (gross)

	2024	2023
	(Rupees in '000)	
In local currency	3,589,032	5,880,227
In foreign currency	362,115,000	366,418,910
	365,704,032	372,299,137

10.2 No advances have been placed under non-performing / Stage 3 status as at December 31, 2024 (December 31, 2023: Nil).

10.4 Particlurs of credit loss allowance

10.4.1 Advances - Exposure

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Gross Carrying Amount Current Year	370,749,152	1,719,985	-	372,469,137
New advances	1,273	-	-	1,273
Advances derecognised or repaid	(6,289,656)	(952,722)	-	(7,242,378)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	364,460,768	767,263	-	365,228,032
Changes	476,000	-	-	476,000
Closing balance - Current year	364,936,768	767,263	-	365,704,032

10.4.2 Advances - Credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance	58,803	-	-	58,803
Impact of adoption of IFRS 9:				
Reversal of general provision	(58,803)	-	-	(58,803)
Recognition of expected credit losses (ECL)	6,075	8,640	-	14,715
Opening balance - restated	6,075	8,640	-	14,715
New Advances	-	-	-	-
Advances derecognised or repaid	(2,613)	(4,455)	-	(7,068)
Transfer to stage 1	49,039	(1,134)	-	47,905
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	52,500	3,051	-	55,552
Changes in risk parameters (PDs/LGDs/EADs)	23,594	-	-	23,594
Closing balance	76,094	3,051	-	79,146

10.4.3 Advances - Credit loss allowance details
Internal / Extrernal rating / stage clasification

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Outstanding gross exposure				
Performing - Stage 1	364,936,768	-	-	364,936,768
Under Performing - Stage 2	767,263	-	-	767,263
Non-perfroming - Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	365,704,031	-	-	365,704,031
Corresponding ECL				
Stage 1 and stage 2	79,146	-	-	79,146
Stage 3	-	-	-	-
	79,146	-	-	79,146

10.4.4 Particulars of credit loss allowance against advances

	2024		
	Stage 3	Stage 1 & 2	Total
	Rupees in '000		
Opening balance	-	14,715	14,715
Charge for the year	-	64,431	64,431
Closing balance	-	79,146	79,146

10.4.5 Particulars of credit loss allowance against advances

	2024		
	Stage 1 & 2	Stage 3	Total
	Rupees in '000		
In local currency	79,146	-	79,146
In foreign currency	-	-	-
	79,146	-	79,146

11 Property and equipment

2024

	Leasehold buildings	Leasehold Improvements	Furniture and fixtures	Vehicles	Electrical, office and computer equipments	Total
	(Rupees in '000)					
At January 1, 2024						
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
Year ended December 2024						
Opening net book value	324,944	38,921	16,419	74,416	30,270	484,970
Additions	-	-	6,654	114,300	65,841	186,795
Disposals - cost	-	-	(2,571)	-	(17,217)	-
Disposals - accumulated depreciation	-	-	2,571	-	17,217	19,788
Depreciation charge	(14,800)	(15,728)	(8,475)	(21,371)	(28,121)	(88,495)
Closing net book value	310,144	23,193	14,598	167,345	67,990	603,058
At December 31, 2024						
Cost	443,100	288,810	128,268	248,787	219,238	1,328,203
Accumulated depreciation	(132,956)	(265,617)	(113,670)	(81,442)	(151,248)	(744,933)
Net book value	310,144	23,193	14,598	167,345	67,990	583,270
Rate of depreciation (percentage)	3.33	10-33	20.00	16.70	33.00	

2023

	Leasehold 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)
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 (percentage)	3.33	10-33	20.00	16.70	33.00	

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

	2024	2023
	(Rupees in '000)	
Leasehold improvements	95,873	131,926
Electrical, office and computer equipments	118,615	115,497
Furniture and fixtures	-	77,908
Vehicles	64,100	21,153
	278,589	346,484

12 Right-of-use assets

	2024			2023		
	Property	Vehicles	Total	Property	Vehicles	Total
	(Rupees in '000)					
At January 1,						
Cost	403,931	6,691	410,622	187,058	8,523	195,581
Accumulated Depreciation	(125,714)	(6,691)	(132,405)	(80,378)	(4,611)	(84,989)
Net book value	278,217	-	278,217	106,680	3,912	110,592
Additions during the year	281,574	-	281,574	216,873	-	216,873
Deletions during the year	-	-	-	-	(1,832)	(1,832)
Depreciation for the year	(163,134)	-	(163,134)	(45,336)	(2,080)	(47,416)
Cost	685,505	6,691	692,196	403,931	6,691	410,622
Accumulated Depreciation	(288,848)	(6,691)	(295,539)	(125,714)	(6,691)	(132,405)
Net Carrying amount at December 31	396,657	-	396,657	278,217	-	278,217

	Note	2024	2023
		(Rupees in '000)	
13 INTANGIBLE ASSETS			
Computer software	13.1	23,839	37,036
		23,839	37,036

13.1 Computer Software

	2024	2023
At January 1		
Cost	49,085	18,929
Accumulated amortisation	(12,049)	(9,977)
Net book value	37,036	8,952
Year ended December		
Opening net book value	37,036	8,952
Additions		
directly purchased	-	30,156
Amortisation charge	(13,197)	(2,072)
Closing net book value	23,839	37,036
At December 31		
Cost	49,085	49,085
Accumulated amortisation	(25,246)	(12,049)
Net book value	23,839	37,036
Rate of amortisation (percentage)	20-33	20-33
Useful life	3-5 years	3-5 years

14. Movement of deferred tax during the year

	2024				
	At January 1, 2024	Impact of adoption of IFRS 9	Recognised in profit and (loss)	Recognised in SOCI/ SOCE	At December 31, 2024
	(Rupees in '000)				
Deductible Temporary Differences on:					
Workers welfare fund	1,518,598	-	610,600	-	2,129,198
Credit loss allowance/ provision held against financial	-	26,749	117,583	-	144,332
	1,518,598	26,749	728,183	-	2,273,530
Taxable Temporary Differences on					
Property and Equipment	(32,081)	-	(8,408)	-	(40,489)
Intangible	(11,132)	-	8,622	-	(2,510)
(Surplus) / deficit on revaluation of investments	115,454	-	-	(1,685,313)	(1,569,859)
	72,241	-	214	(1,685,313)	(1,612,858)
	1,590,839	26,749	728,397	(1,685,313)	660,672

	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				
Property and Equipment	(25,475)	(6,606)	-	(32,081)
Intangible	(2,346)	(8,786)	-	(11,132)
	(27,821)	(15,392)	-	(43,213)
	1,061,835	801,432	(272,428)	1,590,839

15. OTHER ASSETS

	Note	2024	2023
		(Rupees in '000)	
Income / mark-up accrued in local currency		529,499	1,724,487
Income / mark-up accrued in foreign currencies		2,656,137	2,855,656
Advances, deposits, advance rent and other prepayments		71,112	107,246
Mark to market gain on forward foreign exchange contracts		13,128,301	7,448,685
Acceptances		22,284	1,565,176
Receivable from defined benefit plan		24,881	4,218
Others		597	593
		16,432,811	13,706,061
Less: Credit loss allowance / provision held against other assets	15.1	(791)	(1,090)
		16,432,020	13,704,971

15.1 Credit loss allowance held against other assets

	2024	2023
Opening balance	(1,090)	-
Impact of adoption of IFRS 9	(316)	-
Opening balances - restated	(1,406)	-
Reversal	-	-
Closing Balance	(1,406)	-
Advances, deposits, advance rent and other prepayments		
Charge for the year	(1,154)	(1,090)
Reversals for the year	1,461	-
	307	(1,090)
Acceptances		
Charge for the year	(53)	-
Reversals for the year	361	-
	308	-
Closing balance	(791)	(1,090)

16. BILLS PAYABLE

		2024	2023
In Pakistan		1,889,296	1,740,735

17. BORROWINGS

	Note	2024	2023
Unsecured			
Call borrowings	17.1	941,477,718	955,797,554

17.1 This represents foreign currency borrowings from ICBC branches outside Pakistan at mark-up rates ranging from 1.5% to 6.3% per annum (December 31, 2023: 1.8% to 6.3% per annum) maturing upto September 12, 2025 (December 31, 2023: upto April 14, 2025).

17.2 Particulars of borrowings with respect to currencies

	2024	2023
In foreign currencies	941,477,718	955,797,554

18. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	45,874,516	4,093,685	49,968,201	11,261,949	3,222,491	14,484,440
Savings deposits	443,981,648	1,193,051	445,174,699	225,609,205	1,179,067	226,788,272
Term deposits	10,931,861	-	10,931,861	6,710,608	-	6,710,608
	500,788,025	5,286,736	506,074,761	243,581,762	4,401,558	247,983,320
Financial Institutions						
Current deposits	32,745	4,339,386	4,372,131	30,183	3,856,468	3,886,651
Savings deposits	6,205	-	6,205	4,922	-	4,922
	38,950	4,339,386	4,378,336	35,105	3,856,468	3,891,573
	500,826,975	9,626,122	510,453,097	243,616,867	8,258,026	251,874,893

18.1 Composition of deposits

	2024	2023
	------------- (Rupees in '000) -------------	
Individuals	974,858	834,153
Public Sector Entities	1,341,132	-
Banking Companies	4,348,086	3,865,390
Private Sector	503,789,021	247,175,350
	510,453,097	251,874,893

18.2 This includes deposits amounting to PKR. 1,086.774 million as at December 31, 2024 , 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.

19. Lease Liabilities

	Note	2024	2023
		------------- (Rupees in '000) -------------	
Outstanding amount at the start of the year		133,017	80,492
Additions during the year		281,573	214,338
Payment made during the year		(181,219)	(170,412)
Interest expense		38,505	8,599
Outstanding amount at the end of the year	19.1	271,876	133,017

19.1 Contractual maturity of lease liabilities

	2024	2023
Short-term lease liabilities - within one year	148,368	19,703
Long-term lease liabilities		
- 1 to 5 years	123,508	113,314
Total lease liabilities	271,876	133,017
Interest Rate	7.52% to 16.34%	7.27% to 16.13%
Renewal Options	No	No
Escalation clauses	Yes	Yes

20. OTHER LIABILITIES

	Note	2024	2023
		------------- (Rupees in '000) -------------	
Mark-up / return / interest payable in local currency		35,956,945	23,502,621
Mark-up / return / interest payable in foreign currency		14,602,199	11,219,237
Performance bonus payable		1,361,207	1,117,428
Unearned commission income		513,627	2,463,687
Accrued expenses		21,479	38,421
Current taxation (provisions less payments)		3,174,915	5,189,537
Acceptances		22,284	1,565,176
Mark to market loss on forward foreign exchange contracts		48,460,640	28,855,308
Workers' welfare fund	30.1	4,345,302	3,099,180
Withholding tax payable		283,765	36,876
Clearing and settlements		1,167,022	1,192,495
Credit loss allowance against off-balance sheet obligations	20.1	74,908	-
Others		1,771	1,754
		109,986,064	78,281,720

20.1 Credit loss allowance against off-balance sheet obligations

	2024
Opening balance	-
Impact of adoption of IFRS 9	94,263
Opening balances - restated	94,263
Charge for the year	994
Reversals	(20,349)
	(19,355)
Closing balance	74,908

21. HEAD OFFICE CAPITAL ACCOUNT

	Note	2024	2023
		(Rupees in '000)	
Capital held as:			
Interest free deposit in approved foreign exchange			
i) Remitted from Head Office (USD 150 million)	6.2	**42,279,105**	33,964,635
ii) Revaluation surplus / (deficit) allowed by the State Bank of Pakistan		**(496,605)**	8,314,470
		41,782,500	42,279,105

22. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2024	2023
Surplus / (deficit) on revaluation of Investment at FVOCI / AFS - Debt	9	**3,203,792**	(235,621)
Deferred tax on (surplus) / deficit on revaluation of Investment at FVOCI / AFS -Debt	14	**(1,569,859)**	115,454
		1,633,933	(120,167)

23. CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
Guarantees	23.1	**365,400,497**	429,980,351
Commitments	23.2	**3,272,291,324**	3,330,159,704
		3,637,691,821	3,760,140,055

23.1 Guarantees:

	2024	2023
Financial guarantees	**563,251**	563,251
Performance guarantees	**159,859,090**	185,916,462
Other guarantees	**204,978,156**	243,500,638
	365,400,497	429,980,351

23.2 Commitments:

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- Letters of credit (including LC confirmations)		**19,435,176**	9,390,606
Commitments in respect of:			
- Forward foreign exchange contracts	23.2.1	**3,252,856,148**	3,320,769,098
		3,272,291,324	3,330,159,704

23.2.1 Commitments in respect of forward foreign exchange contracts

	2024	2023
Purchase	**1,606,753,805**	1,644,331,162
Sale	**1,646,102,343**	1,676,437,936
	3,252,856,148	3,320,769,098

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.

24. MARK-UP / RETURN / INTEREST EARNED

	Note	2024	2023
		--------- (Rupees in '000) --------	
On:			
Loans and advances	24.1	**31,571,379**	30,508,116
Investments		**139,382,450**	139,922,149
Lendings to financial institutions		**62,911,301**	29,125,075
Balances with other banks		**536,057**	423,349
	24.3	**234,401,187**	199,978,689

24.1 This includes PKR 29.864 billion (December 31, 2023: PKR 24.154 billion) interest earned from loan to Ministry of Finance, Pakistan.

24.2 Interest income calculated using effective interest rate recognised on:

	2024	2023
	--------- (Rupees in '000) --------	
Financial assets measured at amortised cost	**96,082,603**	61,336,486
Financial assets measured at FVOCI	**138,318,584**	138,642,203
	234,401,187	199,978,689

25. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2024	2023
On:			
Deposits		**67,697,807**	39,586,772
Borrowings	25.1	**55,009,158**	53,225,167
Cost of foreign currency swaps against foreign currency deposits / borrowings		**49,827,216**	39,185,150
Finance charges on lease liability against right of use asset		**38,505**	8,599
		172,572,686	132,005,688

25.1 Borrowings

	Note	2024	2023
Call Borrowings from ICBC Head office and branches	25.1.1	**55,009,158**	53,146,705
Securities sold under repurchase agreements		**-**	78,462
		55,009,158	53,225,167

25.1.1 This includes PKR 22,283 Million (December 31, 2023: PKR 18,028 Million) interest expense on loan to Ministry of Finance, Pakistan.

		2024	2023
		--------- (Rupees in '000) --------	
25.2	Interest expense calculated using effective interest rate method	**122,745,470**	132,005,688
	Other financial liabilities	**49,827,216**	39,185,150
		172,572,686	171,190,838

26 FEE & COMMISSION INCOME

	Note	2024	2023
Branch banking customer fees		**13,121**	8,736
Card related fees (debit cards)		**168**	272
Investment banking fees		**200,387**	286,821
Commission on trade		**219,614**	144,134
Commission on guarantees		**1,000,961**	982,970
Commission on remittances including home remittances		**48,963**	62,639
Credit related fees	26.1	**1,810,299**	1,517,453
		3,293,513	3,003,025

26.1 This relates to arrangement fee on loan to Ministry of Finance, Pakistan.

		Note	2024	2023
			-------- (Rupees in '000) ------	
27.	**Loss on sale of securities**			
	Realised		-	(3,783)
	Realised (loss) / gain on:			
	Federal Government securities		-	(3,783)
28.	**OTHER INCOME**			
	Recovered from employees against waiver of notice period		1,231	2,088
	Gain on Termination of Leases under IFRS 16		-	703
	Gain on sale of Property and Equipment		1,545	-
			2,776	2,791
29.	**OPERATING EXPENSES**			
	Total compensation expense	29.1	2,501,622	2,573,947
	Property expense			
	Rent & taxes		20,041	6,125
	Insurance		133	415
	Utilities cost		19,983	13,945
	Security (including guards)		34,436	27,896
	Repair & maintenance (including janitorial charges)		40,950	34,750
	Depreciation		48,321	29,855
	Depreciation on right-of-use assets		163,134	45,796
			326,998	158,782
	Information technology expenses			
	Software maintenance		27,510	12,924
	Hardware maintenance		2,659	8,637
	Depreciation		8,110	7,450
	Amortisation		13,197	2,072
	Insurance		7	22
	Network and connectivity charges		20,532	20,236
			72,015	51,341
	Other operating expenses			
	Legal & professional charges		34,024	27,263
	Outsourced services costs		63,854	12,154
	Travelling & conveyance		41,919	64,191
	Insurance		11,018	5,026
	NIFT clearing charges		2,983	2,742
	Fees and subscription		121,209	97,366
	Repair & maintenance		13,908	12,548
	Depreciation		32,063	27,910
	Depreciation on right-of-use assets		-	1,620
	Training & development		6,588	14,856
	Postage & courier charges		3,979	1,867
	Communication		5,709	4,211
	Stationery, printing and low value consumables		16,897	12,545
	Marketing, advertisement & publicity		3,197	29,012
	Donations		-	965
	Commission expense		8,595	11,145
	Deposit protection premium		1,285	975
	Auditor remuneration	29.4	4,545	3,208
	Entertainment expense		7,638	7,385
	Others		4,476	2,712
			383,887	339,701
			3,284,522	3,123,771

		2024	2023
		-------- (Rupees in '000) --------	
29.1	**Total compensation expense**		
	Managerial Remuneration		
	i) Fixed	1,363,815	1,364,475
	ii) Variable of which:		
	(a) Cash bonus / awards etc.	987,778	987,865
	(b) Charge for defined benefit plan	7,841	6,153
	Contribution to defined contribution plan	5,145	5,163
	Rent & house maintenance	-	84,012
	Utilities	-	28,797
	Medical	2,228	7,519
	Conveyance	-	34,626
	Others		
	a) Staff canteen allowances	122,772	32,569
	f) Health & Life Insurance	9,907	18,000
	g) Staff festival event allowances	2,136	4,768
		2,501,621	2,573,947

Total cost for the year relating to outsourcing activities included in other operating activities is 63.8 million (December 31, 2023: Rs. 9.927 million) being paid to companies incorporated in Pakistan. The material outsourcing arrangements service are as follows:

29.2	Name of Service Provider	Type of Services	Note	2024	2023
				-------- (Rupees in '000) --------	
	Fulcrum Private Limited	Support Staff		16,740	11,115
	Phoenix Security Services Private Limited	Security Service		22,431	1,039

		2024	2023
29.3	**Donations above Rs.0.1 million**		
	Pakistan - China Institute	-	965
29.4	**Auditors' remuneration**		
	Annual audit and Half yearly review fee	2,884	2,693
	Sales tax on services and Out-of-pocket expenses	1,661	515
		4,545	3,208

30. WORKERS' WELFARE FUND

	Note	2024	2023
Charge during the year	30.1	1,246,122	1,467,146

30.1 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.

31. CREDIT LOSS ALLOWANCE AND WRITE OFFS / (REVERSAL OF PROVISION)

	Note	2024	2023
		------------ (Rupees in '000) ---------	
Balances with other banks		**6,702**	-
Loans & advances	**10.4.4**	**64,431**	-
Other assets		**(390)**	-
Off balance sheet items	**20.1**	**(19,355)**	-
Reversals of provision against loans & advances		**-**	(483,674)
		51,388	(483,674)

32. TAXATION

	2024	2023
Current	**28,663,912**	32,195,604
Prior years	**-**	1,480,101
Deferred	**(728,396)**	(801,432)
	27,935,516	32,874,273

32.1 Relationship between tax expense and accounting profit

	2024	2023
Profit before taxation	**61,192,699**	71,889,335
Tax at the applicable rate of 44% (December 31, 2023: 39%)	**26,924,788**	28,036,841
Effect of:		
Super tax	**5,308,132**	6,570,531
Exempt Income	**(4,132,054)**	(2,980,758)
Prior year charge/ (income)	**-**	1,480,101
Effect of change in rate	**(165,349)**	(232,442)
	27,935,516	32,874,273

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 2024. The return for the year 2024 (tax year 2025) will be due for filing by September 30,2025.

32.4 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.

32.5 Based on the ordinance promulgated on 28th December, 2024 by the President , the ordinance called, Income Tax (Amendement) Ordinance, 2024, from tax year 2025 and onwards, profits and gains of a banking company shall be subjected to tax rates under Division II of Part I to the First Schedule where standard rate of tax was increased to 44% for tax year 2025 and abolished 15% ADR tax.

33. CASH AND CASH EQUIVALENTS

	2024	2023
	(Rupees in '000)	
Cash and balances with treasury banks	**76,916,819**	63,902,407
Balances with other banks	**47,033,228**	16,633,161
	123,950,047	80,535,568

34 STAFF STRENGTH

	2024	2023
	(Number)	
Permanent	**92**	94
On third partys' contract	**22**	22
Branches' own staff strength at the end of the year	**114**	116

In addition to the above, 12 employees of outsourcing services companies were assigned to the Branches as at the end of the year to perform services other than guarding and janitorial services.

MS Fulcrum Private Limited an outsourcing service company, were assigned to the Branches to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 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.

35.2 Number of Employees under the scheme

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

	2024	2023
	(Number)	
Gratuity fund	**57**	60

35.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2024 using the following significant assumptions:

	2024	2023
	(Per annum)	
Discount rate	**12.25%**	16.00%
Expected rate of salary increase	**10.25%**	15.50%
Mortality rates	70% of EFU (61-66) table	70% of EFU (61-66) table
Withdrawal rates	20%	20%

35.4 Reconciliation of receivable from defined benefit plans

	2024	2023
	(Rupees in '000)	
Present value of defined benefit obligations	**58,492**	(51,728)
Fair value of plan assets	**(83,374)**	55,946
Receivable from defined benefit plan	**(24,881)**	4,218

35.5 Movement in defined benefit obligations

	2024	2023
Obligations at the beginning of the year	**51,728**	39,282
Interest cost	**8,050**	5,127
Current service costs	**9,490**	8,068
Benefits paid	**(2,827)**	(7,842)
Re-measurement loss / (gain) - Experience	**(7,949)**	7,093
Obligations at the end of the year	**58,492**	51,728

35.6 Movement in fair value of plan assets

	2024	2023
Fair value at the beginning of the year	**55,946**	47,337
Interest income on plan assets	**9,706**	7,042
Contribution paid in the fund	**12,264**	10,298
Investment return	**8,284**	-
Benefits paid from the fund	**(2,827)**	(7,842)
Re-measurements Actuarial gain / (loss) on plan assets	**-**	(889)
Fair value at the end of the year	**83,374**	55,946

35.7 Movement in receivable from defined benefit plan

	2024	2023
Opening balance	**(4,218)**	(8,055)
Charge for the year in profit and loss account	**7,834**	6,153
Re-measurement loss/(gain) recognised in OCI during the year	**(16,233)**	7,982
Contribution by the Branches	**(12,264)**	(10,298)
Closing balance	**(24,881)**	(4,218)

35.8 Charge for defined benefit plan

	2024	2023
Cost recognised in profit and loss		
Current service costs	**9,490**	8,068
Net interest expense on defined benefit asset / liability	**(1,656)**	(1,915)
	7,834	6,153
Re-measurements recognised in OCI during the year		
Loss / (gain) on obligation		
Experience adjustment	**(4,376)**	7,093
Financial assumptions	**(3,573)**	-
Return on plan assets over interest income	**-**	889
Investment return	**(8,284)**	-
Total re-measurements recognised in OCI	**(16,233)**	7,982

35.9 Components of plan assets

	2024	2023
Cash and cash equivalents	**83,374**	55,946

35.10 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, 2024	**12,923**	**13,320**	**44,338**	**66,726**	**137,307**
Balance as at December 31, 2023	7,860	9,180	34,402	67,676	119,118

35.11 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 year

	% age	2024 Increase	2024 Decrease	2023 Increase	2023 Decrease
		(Rupees in '000)			
Discount rate	1%	(2,122,254)	2,296,362	(1,932)	2,094
Salary increase rate	1%	2,317,869	(2,178,258)	2,085	(1,957)

	2024	2023
	(Rupees in '000)	
35.12 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.	12,922	8,646
35.13 Expected charge for the next financial year		
Service cost	9,073	9,490
Net interest	(3,048)	(1,366)
	6,025	8,124
35.14 Maturity profile		
The weighted average duration of the obligation (in years)	4.3	4.6

35.15 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.

35.16 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.

36. DEFINED CONTRIBUTION PLAN

36.1 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 3.55 million (2023: Rs.5.163 million) to the recognised Provident Fund.

COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2024	2023	**2024**	2023
	(Rupees in '000)			
Managerial remuneration & bonus	**74,104**	98,182	**506,399**	550,671
Charge for defined benefit plan	**-**	-	**640**	593
Contribution to defined contribution plan	**-**	-	**312**	287
Rent and house maintenance	**550**	1,376	**9,098**	24,672
Utilities	**891**	635	**12,790**	11,079
Medical	**115**	143	**1,120**	1,006
Conveyance	**4,110**	1,981	**13,007**	8,516
Others	**-**	-	**24**	36
	79,770	102,317	**543,389**	596,860
Number of persons	**1**	1	**14**	17

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.

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

37. 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.

37.1 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).

37.2 The table below analysis 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:

	2024			
	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 (FVOCI)	-	**724,213,536**	-	**724,213,536**
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (Amortised Cost)	-	**4,668,990**	-	**4,668,990**
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	-	**(74,680,877)**	-	**(74,680,877)**

	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 (FVOCI)	-	461,798,079	-	461,798,079
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (Amortised Cost)	-	8,253,375	-	8,253,375
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	-	(53,513,397)	-	(53,513,397)

37.3 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.

38. SEGMENT INFORMATION

38.1 Segment details with respect to business activities

	2024				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
December 31, 2024					
Profit & Loss					
Net mark-up / return / profit	13,273,384	48,593,622	-	(38,505)	61,828,501
Inter segment revenue - net	2,376,532	(2,376,532)	-	-	-
Non mark-up / return / interest income	8,733,430	(4,852,228)	62,252	2,776	3,946,230
Total Income	24,383,346	41,364,862	62,252	(35,729)	65,774,731
Segment direct expenses	1,678,643	2,847,714	4,287	-	4,530,644
Total expenses	1,678,643	2,847,714	4,287	-	4,530,644
Provision	44,686	6,702	-	-	51,388
Profit before tax	22,749,389	38,523,850	57,965	(35,729)	61,192,699
December 31, 2024					
Statement of financial position					
Cash & Bank balances	-	123,950,047	-	-	123,950,047
Investments	-	729,107,823	-	-	729,107,823
Net inter segment lending	488,151,902	-	-	-	488,151,902
Lendings to financial institutions	-	478,661,524	-	-	478,661,524
Advances - performing	365,624,885	-	-	-	365,624,885
- non-performing	-	-	-	-	-
Others	2,789,817	13,546,404	-	1,760,237	18,096,458
Total Assets	856,566,604	1,345,265,798	-	1,760,237	2,203,592,639
Borrowings	362,115,000	579,362,718	-	-	941,477,718
Deposits & other accounts	491,661,787	-	-	-	491,661,787
Net inter segment borrowing	-	488,151,902	-	-	488,151,902
Others	38,595,437	61,035,166	3,056,318	9,460,315	112,147,236
Total liabilities	892,372,224	1,128,549,786	3,056,318	9,460,315	2,033,438,643
Equity	-	-	-	151,362,686	151,362,686
Total Equity & liabilities	892,372,224	1,128,549,786	3,056,318	160,823,001	2,184,801,329
Contingencies & Commitments	384,835,673	3,252,856,148	-	-	3,637,691,821

	2023				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
December 31, 2023					
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
December 31, 2023					
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

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

39. RELATED PARTY TRANSACTIONS

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

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

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

	2024				2023			
	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	-	32,169,234	788,901	-	-	13,328,801	123,781	-
Advances								
Opening balance	-	-	-	-	180	-	-	-
Repaid during the year	-	-	-	-	(180)	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Other Assets								
Defined benefit asset	-	-	-	8,641	-	-	-	4,218
Mark to market loss on forward foreign exchange contract	-	-	152,352	-	-	-	15,823	-
Mark to market lgain on Swap forward exchange contracts	-	-	26,165	-	-	-	7,005,718	-
Closing balance	-	-	178,517	8,641	-	-	7,021,541	4,218
Borrowings								
Opening balance	-	-	955,797,554	-	-	-	499,959,427	-
Borrowings during the year	-	29,809,164	2,615,549,644	-	-	-	2,242,954,318	-
Settled during the year	-	(26,712,108)	(2,621,643,597)	-	-	-	(1,787,116,191)	-
Transfer in / (out) - net	-	(54,288)	(11,268,651)	-	-	-	-	-
Closing balance	-	3,042,768	938,434,950	-	-	-	955,797,554	-
Deposits and other accounts								
Opening balance	2,791	1,789	-	97,345	5,178	1,789	-	83,339
Received during the year	585,769	-	-	47,575	700,903	-	-	32,706
Withdrawn during the year	(584,828)	-	-	(11,822)	(702,785)	-	-	(16,999)
Transfer in / (out) - net	2,087	-	-	-	(505)	-	-	-
Closing balance	5,819	1,789	-	133,098	2,791	1,789	-	99,046
Other Liabilities								
Interest / mark-up payable	2	861	14,599,728	11,121	35	-	11,217,401	-
Mark to market loss on forward foreign exchange contracts	-	-	-	-	-	-	267	-
Mark to market loss on Swap forward exchange contracts	-	-	12,902,171	-	-	-	273,087	-
Commission received in advance against unfunded exposure	-	73,194	-	-	-	179,756	-	-
Closing balance	2	74,055	27,501,899	11,121	35	179,756	11,490,755	-
Contingencies and Commitments								
Letter of guarantee	-	186,296,991	-	-	-	234,305,011.00	-	-
Forward exchange contract purchase	-	-	517,888,936	-	-	-	530,552,365.00	-
Forward exchange contract sale	-	-	531,395,643	-	-	-	525,996,089.00	-

	2024				2023			
	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)							
Income								
Mark-up / return / interest earned	-	110,988	1,423	-	-	102,436	1,339	-
Fee & commission income	-	240,441	-	-	621	217,760	-	-
Expense								
Mark-up / return / interest paid	16	11,664	54,997,494	22,587	213	-	53,146,704	17,573
Compensation expense	623,160	-	-	-	699,178	-	-	-
Contribution to gratuity fund	-	-	-	5,145	-	-	-	10,326
Contribution to provident fund	-	-	-	7,841	-	-	-	10,326

40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	41,782,500	42,279,105
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	149,704,914	121,356,575
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	149,704,914	121,356,575
Eligible Tier 2 Capital	1,724,671	59,893
Total Eligible Capital (Tier 1 + Tier 2)	151,429,585	121,416,468
Risk Weighted Assets (RWAs):		
Credit Risk	180,602,246	194,326,328
Market Risk	45,164,163	33,062,640
Operational Risk	105,071,739	70,213,336
Total	330,838,148	297,602,304
Common Equity Tier 1 Capital Adequacy Ratio	45.25%	40.78%
Tier 1 Capital Adequacy Ratio	45.25%	40.78%
Total Capital Adequacy Ratio	45.77%	40.80%

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:

With effect from December 31, 2019 an additional Capital Conversation Buffer of 2.50% was required to be maintained over and above the minimum required level. However, from March 26, 2020 Capital Conservation Buffer requirement has been reduced from its existing level of 2.50% to 1.50% to reduce the effects of COVID-19.

As at December 31, 2024 the SBP requires to maintain a ratio of total regulatory capital to the risk - weighted assets at or above the required minimum level of 11.5% and maintain Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5% respectively.

For capital adequacy calculation, Branches have adopted Simple approach for Credit & Market Risk related exposures and Basic Indicator Approach for Operational Risk.

	2024	2023
	(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	149,704,914	121,356,575
Total Exposure	1,773,796,132	1,515,728,877
Leverage Ratio	8.44%	8.01%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,112,304,967	853,112,003
Total Net Cash Outflow	539,641,227	493,896,619
Liquidity Coverage Ratio	206%	172.73%
Minimum Requirement (%)	100%	100.00%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	692,717,546	415,767,770
Total Required Stable Funding	109,554,038	103,978,764
Net Stable Funding Ratio	632%	399.86%
Minimum Requirement (%)	100%	100.00%

40.1 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 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/.

41. 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.

41.1 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 Rating

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.

Disclosures with respect to Credit Risk Mitigation for

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, 2020, 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, Property and Equets 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.

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 recognized 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.

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP Prudential Regulations. Details of the credit loss allowance against advances are provided in Note 31.

Details of the methodologies and models used for measuring Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD), ECL principles, and staging criteria are provided in Note 5.2.9.

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

41.1.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Credit loss allowance held				Provision held
					2024				
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	Total	2023
	(Rupees in '000)								
Public/ Government	423,249,000	412,000,000	-	-	-	-	-	-	-
Private	55,412,524	57,012,808	-	-	-	-	-	-	-
	478,661,524	469,012,808	-	-	-	-	-	-	-

41.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Credit loss allowance held				Provision held
					2024				
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	Total	2023
	(Rupees in '000)								
Financial	729,107,823	471,336,787	-	-	-	-	-	-	-

Credit risk by Public/ Private sector	Gross investments		Non-performing investments		Credit loss allowance held				Provision held
					2024				
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	Total	2023
	(Rupees in '000)								
Public/ Government	729,107,823	471,336,787	-	-	-	-	-	-	-
Private	-	-	-	-	-	-	-	-	-

41.1.3 Advances

Credit risk by industry sector	Gross investments		Non-performing investments		Credit loss allowance held				Provision held
					2024				
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	Total	2023
	(Rupees in '000)								
Government of Pakistan	362,115,000	366,418,910	-	-	-	-	-	-	-
Chemical and Pharmaceuticals	-	600,000	-	-	-	-	-	-	136
Construction	40,000	120,000	-	-	-	1,559	-	1,559	5,178
Automobile and transportation equipment	476,000	680,000	-	-	24,552	-	-	24,552	958
Power (electricity), gas, water, sanitary	993,122	1,615,786	-	-	40,403	-	-	40,403	796
Services	1,284,398	1,637,158	-	-	1,909	-	-	1,909	4,035
Individuals	68,248	84,441	-	-	9,231	-	-	9,231	2,136
Others	727,264	1,142,842	-	-	-	1,492	-	1,492	1,476
	365,704,032	372,299,137	-	-	76,095	3,051	-	79,146	14,715

Credit risk by public / private sector	Gross investments		Non-performing investments		Credit loss allowance held				Provision held
					2024				
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	Total	2023
	(Rupees in '000)								
Public/ Government	362,115,000	366,418,910	-	-	-	-	-	-	-
Private	3,589,032	5,880,227	-	-	76,095	3,052	-	79,146	14,715
	365,704,032	372,299,137	-	-	76,095	3,052	-	79,146	14,715

41.1.4 *Contingencies and commitments*

Credit risk by industry sector	**2024**	2023
	Rupees in '000	
Automobile and transportation equipment	**8,731**	531,959
Electronics and electrical appliances	**1,521,491**	2,683,343
Construction	**85,107,773**	48,451,657
Power (electricity), gas, water, sanitary	**6,581,577**	159,813,402
Wholesale and retail trade	**21,963**	-
Financial	**291,187,534**	219,192,649
Others	**406,605**	8,697,947
	384,835,674	439,370,957

Credit risk by public / private sector		
Public/ Government	**-**	-
Private	**384,835,674**	439,370,957
	384,835,674	439,370,957

41.1.5 Concentration of advances

The bank top 10 exposures on the basis of total (funded and non-funded expsoures) aggregated to Rs 448,294 million (2023: 462,042 million) are as following:

	2024	**2023**
	Rupees in '000	
Funded	**362,115,000**	366,418,910
Non Funded	**86,178,656**	95,623,041
Total Exposure	**448,293,656**	462,041,951

The sanctioned limits against these top 10 expsoures aggregated to Rs 448,293,656 (prior year: Nil).

41.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2024						
		Utilization					
Province/Region	**Disbursements**	**Punjab**	**Sindh**	**KPK including FATA**	**Balochistan**	**Islamabad**	**AJK including Gilgit-Baltistan**
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	4,835,000	-	-	-	4,835,000	-	-
Islamabad	1,500	-	-	-	-	1,500	-
Total	4,836,500	-	-	-	4,835,000	1,500	-

	2023						
		Utilization					
Province/Region	Disbursements	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	-

41.2 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.

41.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)			(Rupees in '000)		
Cash and balances with treasury banks	76,916,819	-	76,916,819	63,902,407	-	63,902,407
Balances with other banks	47,033,228	-	47,033,228	16,633,161	-	16,633,161
Lendings to financial institutions	478,661,524	-	478,661,524	469,012,808	-	469,012,808
Investments	729,107,823	-	729,107,823	471,336,787	-	471,336,787
Advances	365,624,885	-	365,624,885	372,240,334	-	372,240,334
Property and Equipment	583,270	-	583,270	484,970	-	484,970
Right of use assets	396,657	-	396,657	278,217	-	278,217
Intangible assets	23,839	-	23,839	37,036	-	37,036
Deferred tax assets	660,672	-	660,672	1,590,839	-	1,590,839
Other assets	3,303,719	13,128,301	16,432,020	6,256,286	7,448,685	13,704,971
	1,702,312,436	13,128,301	1,715,440,737	1,401,772,845	7,448,685	1,409,221,530

41.2.2 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:

	2024				2023			
	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	448,899,329	1,004,142,711	564,390,043	9,146,661	416,916,856	1,015,834,022	596,195,259	(2,721,907)
Great Britain Pound Sterling	1,809	-	-	1,809	381	-	-	381
Euro	43,653	8,735	-	34,918	37,092	-	-	37,092
Japanese Yen	914	-	-	914	1,018	-	-	1,018
Chinese Yuan	5,460,773	6,931,368	(6,667,476)	(8,138,070)	12,398,714	7,812,162	(4,236,007)	350,545
Hong Kong Dollar	3,208	-	-	3,208	3,099	-	-	3,099
	454,409,687	1,011,082,813	557,722,567	1,049,441	429,357,160	1,023,646,184	591,959,252	(2,329,772)

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	-- (Rupees in '000) --		-- (Rupees in '000) --	
Impact of 1% change in foreign exchange rates on - Profit and loss account	22,749	-	27,219	-

41.2.3 *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.

Impact of 1% change in interest rates on	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
- Profit and loss account				
- 1 % Upward change in interest rates	(1,799,667)	-	485,631	-
- 1 % Downward change in interest rates	1,799,667	-	(485,631)	-
- Other comprehensive income				
- 1 % Upward change in interest rates	(30,432)	-	(6,752)	-
- 1 % Down change in interest rates	30,899	-	6,702	-

41.2.4 *Mismatch of Interest Rate Sensitive Assets and Liabilities*

2024 – Exposed to Yield / Interest risk – (Rupees in '000)

	Effective Yield / Interest rate	Total	Upto 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 instruments
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury	3.53%	76,916,819	912,691	-	-	-	-	-	-	-	-	76,004,128
Balances with other banks	-	47,033,228	-	-	-	-	-	-	-	-	-	47,033,228
Lending to financial institutions	12.24%	478,661,524	478,661,524	-	-	-	-	-	-	-	-	-
Investments	16.46%	729,107,823	248,985,100	97,914,000	1,932,598	380,276,125	-	-	-	-	-	-
Advances	7.76%	365,624,884	362,763,736	1,800,008	992,907	-	-	-	-	-	-	68,233
Other assets		16,432,020	-	-	-	-	-	-	-	-	-	16,432,020
		1,713,776,298	1,091,323,051	99,714,008	2,925,505	380,276,125	-	-	-	-	-	139,537,609
Liabilities												
Bills payable		1,889,296	-	-	-	-	-	-	-	-	-	1,889,296
Borrowings	5.37%	941,477,718	289,134,900	429,224,268	160,166,250	62,952,300	-	-	-	-	-	-
Deposits and other accounts	11.95%	510,453,097	28,398,105	-	-	38,355,564	389,359,096	-	-	-	-	54,340,332
Other liabilities		109,986,065	-	-	-	-	-	-	-	-	-	109,986,065
		1,563,806,177	317,533,005	429,224,268	160,166,250	101,307,864	389,359,096	-	-	-	-	166,215,693
On-balance sheet gap		149,970,122	773,790,045	(329,510,260)	(157,240,745)	278,968,261	(389,359,096)	-	-	-	-	(26,678,084)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign Exchange contracts forward purchase		1,606,753,806	402,921,129	770,611,210	431,331,720	1,889,746	-	-	-	-	-	-
- forward foreign Exchange contracts forward sale		1,646,102,343	412,208,676	780,222,459	451,781,848	1,889,360	-	-	-	-	-	-
Off-balance sheet gap		3,252,856,148	815,129,805	1,550,833,668	883,113,568	3,779,106	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			1,588,919,851	1,221,323,408	725,872,824	282,747,367	-	-	-	-	-	(26,694,315)
Cumulative Yield / Interest Risk Sensitivity Gap			1,588,919,851	2,810,243,259	3,536,116,083	3,818,863,449	3,818,863,449	3,818,863,449	3,818,863,449	3,818,863,449	3,818,863,449	3,792,169,134

2023 – Exposed to Yield / Interest risk – (Rupees in '000)

	Effective Yield / Interest rate	Total	Upto 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 instruments
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury	4.35%	63,902,407	878,003	-	-	-	-	-	-	-	-	63,024,404
Balances with other banks	-	16,633,161	-	-	-	-	-	-	-	-	-	16,633,161
Lending to financial institutions	21.13%	469,012,808	469,012,808	-	-	-	-	-	-	-	-	-
Investments	21.37%	471,336,787	28,578,891	407,524,250	8,226,487	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	5.85%	1,740,735	-	-	-	-	-	-	-	-	-	1,740,735
Borrowings	18.87%	955,797,554	514,121,837	204,349,008	162,633,624	74,693,085	-	-	-	-	-	-
Deposits and other accour	-	251,874,893	233,426,419	-	-	77,383	-	-	-	-	-	18,371,091
Other liabilities	-	69,960,952	-	-	-	-	-	-	-	-	-	69,960,952
On-balance sheet gap		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
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	

41.3 *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 summarizes 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 realized / 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.

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

	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
	2024													
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	76,916,819	1,171,144	7,026,864	8,198,009	16,738,304	-	-	-	-	-	-	-	-	41,782,500
Balances with other banks	47,033,228	1,567,774	8,406,648	10,974,420	25,084,388	-	-	-	-	-	-	-	-	-
Lending to financial institutions	478,661,524	-	478,661,524	-	-	-	-	-	-	-	-	-	-	-
Investments	729,107,823	-	-	199,367,800	49,617,300	-	97,914,000	1,932,598	47,833,337	332,442,789	-	-	-	-
Advances	365,624,885	-	-	-	59	41	278,489,841	83,547,061	49,508	-	1,204,483	1,285,036	2,695	1,047,160
Property and Equets	583,270	-	-	-	127	85	249	43	783	461	30,843	40,741	77,244	432,694
Right of use assets	396,657	14,145	-	-	-	28,290	-	41,345	38,352	36,732	127,300	110,492	-	-
Intangible assets	23,839	-	-	-	-	2,200	1,100	2,200	3,289	4,399	10,642	-	-	-
Deferred tax assets - net	660,672	22,022	132,134	154,157	352,358	-	-	-	-	-	-	-	-	-
Other assets	16,432,020	-	4,065,950	2,174,873	2,868,738	4,800,064	1,879,411	585,538	56,143	1,303	-	-	-	-
	1,715,440,737	2,775,086	499,293,117	220,869,257	96,661,275	4,830,680	378,284,601	86,108,785	47,980,422	332,485,684	1,373,269	1,436,269	79,939	43,262,353
Liabilities														
Bills payable	1,889,296	62,977	377,859	440,836	1,007,625	-	-	-	-	-	-	-	-	-
Borrowings	941,477,718	-	-	13,927,500	275,207,400	147,631,500	281,592,768	160,166,250	62,952,300	-	-	-	-	-
Deposits and other accounts	510,453,097	16,650,708	100,704,247	116,554,955	276,508,187	-	-	35,000	-	-	-	-	-	-
Lease liabilities	271,876	1,371	-	-	-	2,775	-	4,245	23,895	116,092	123,508	-	-	-
Other liabilities	109,986,065	3,847	3,265,079	12,720,673	15,889,660	16,485,008	3,024,462	22,517,269	2,490,253	1,481,593	3,686,163	5,836,148	14,935,696	7,650,214
	1,564,078,052	16,718,903	104,347,185	143,643,964	568,612,872	164,119,283	284,617,230	182,722,764	65,466,448	1,597,676	3,809,670	5,836,148	14,935,696	7,650,214
Net assets	151,362,685	(13,943,817)	394,945,932	77,225,293	(471,951,597)	(159,288,603)	93,667,371	(96,613,979)	(17,486,026)	330,888,009	(2,436,402)	(4,399,878)	(14,855,757)	35,612,139

Represented by:	2024
	(Rupees in '000)
Head office capital account	41,782,500
Reserves	
Unappropriated / Unremitted profit	107,930,020
Deficit on revaluation of assets	1,633,933
	151,346,453

	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
	2023													
	(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	8,671,019	-	-	-	-	-	-	-	-	-
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
Property and Equets	763,187	7,920	-	-	9	8,058	7,958	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	2,851,635	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	-	3,853,970	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	6,172,143	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	6,234,754	55,526,106	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

Represented by:	2023
	(Rupees in '000)
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

41.3.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Branches

	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
	2024									
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	76,916,819	471,760	922,129	1,093,245	4,310,547	5,668,504	7,382,023	10,844,337	4,441,775	41,782,500
Balances with other banks	47,033,228	11,261,718	14,311,355	11,113,360	10,346,795	-	-	-	-	-
Lending to financial institutions	478,661,524	478,661,524	-	-	-	-	-	-	-	-
Investments	729,107,823	248,985,100	97,914,000	1,932,598	380,276,125	-	-	-	-	-
Advances	365,624,885	59	278,489,882	83,547,061	48,508	1,204,483	1,285,037	2,695	995,095	52,064
Property and Equets	583,270	127	334	43	1,244	30,843	40,741	77,244	122,548	310,146
Right of use assets	396,657	14,145	28,290	41,345	75,085	127,300	110,492	-	-	-
Intangible assets	23,839	-	3,299	2,200	7,698	10,642	-	-	-	-
Deferred tax assets - net	660,672	660,672	-	-	-	-	-	-	-	-
Other assets	16,432,020	9,109,560	6,679,475	585,538	57,446	-	-	-	-	-
	1,715,440,738	749,164,665	398,348,765	98,315,390	395,123,448	7,041,772	8,818,292	10,924,277	5,559,418	42,144,710
Liabilities										
Bills payable	1,889,296	1,889,296	-	-	-	-	-	-	-	-
Borrowings	941,477,718	289,134,900	429,224,268	160,166,250	62,952,300	-	-	-	-	-
Deposits and other accounts	510,453,097	12,950,245	6,385,964	9,061,896	38,355,564	53,732,886	80,333,683	204,297,923	52,667,463	52,667,462
Lease liabilities	271,876	1,371	2,775	4,245	139,978	123,508	-	-	-	-
Other liabilities	109,986,065	31,879,260	19,509,470	22,517,269	3,971,946	3,686,163	5,836,148	14,935,696	3,825,107	3,825,107
	1,564,078,052	335,855,072	455,122,476	191,749,660	105,419,688	57,542,556	86,169,841	219,233,619	56,492,570	56,492,569
Net assets	151,362,686	413,309,593	(56,773,711)	(93,434,271)	289,703,760	(50,500,784)	(77,351,548)	(208,309,343)	(50,933,151)	(14,347,859)

Head office capital account	41,782,500
Reserves	
Unappropriated/ Unremitted profit	107,930,020
Deficit on revaluation of assets	1,633,933

	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
	2023									
	(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
Property and Equets	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

Represented by:	2023
	(Rupees in '000)
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

41.4 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.

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.

42 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.

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

43 Customer Satisfaction and Fair Treatment

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A total of three complaints were received by the Bank in 2024 (2023: 2) and the average time taken to resolve these complaints was within three 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.

44 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.

45 GENERAL

45.1 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.

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

46. DATE OF AUTHORISATION FOR ISSUE

28 MAR 2025

These financial statements were authorised for issue on __________ by the Chief Executive Officer and Head of Finance (A).

Chief Executive Officer

Head of Finance (A)