



Mr. Irfan Ismail
Director – OSED
State Bank of Pakistan
II Chundrigar Road
Karachi

ICBC/F&A/2018/28
24th April, 2018

Dear Sir

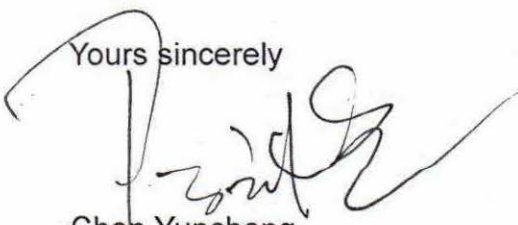
**FINANCIAL STATEMENT OF INDUSTRIAL AND COMMERCIAL BANK OF
CHINA LIMITED FOR THE QUARTER ENDED MARCH 31, 2018**

We are writing with reference to the Section 34 and Section 36 of the Banking Companies Ordinance, 1962 requiring all banks to submit their approved quarterly financial statements to the State Bank of Pakistan within one month from the quarter end.

In view of the above, kindly find enclosed a copy of our approved quarterly financial statements. We thank you for the continued support extended to the bank.

Kindly let us know if any additional information is required.

Yours sincerely


Chen Yuncheng
Chief Executive Officer


Xie JunJun
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Financial Position
As at March 31, 2018

	<i>Note</i>	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
ASSETS			
Cash and balances with treasury banks		14,973,463	15,585,904
Balances with other banks		1,291,788	1,461,579
Lendings to financial institutions	7	162,108,620	118,285,067
Investments	8	188,003,181	235,089,040
Advances	9	6,268,731	8,164,082
Operating fixed assets	10	577,402	581,047
Deferred tax assets	13	2,799	633
Other assets		15,867,337	12,034,886
		389,093,321	391,202,238
LIABILITIES			
Bills payable		1,810,315	4,573,858
Borrowings	11	292,561,247	303,724,827
Deposits and other accounts	12	65,032,321	57,698,198
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	14	11,317,240	8,365,292
		370,721,123	374,362,175
NET ASSETS		18,372,198	16,840,063
REPRESENTED BY			
Head office capital account	15	9,944,310	9,506,699
Unremitted profit		8,465,852	7,365,414
		18,410,162	16,872,113
Deficit on revaluation of investments - net of tax	16	(37,964)	(32,050)
		18,372,198	16,840,063
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

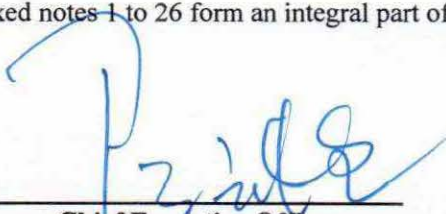

Chief Executive Officer

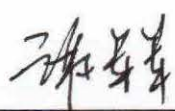

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter ended March 31, 2018

	Note	Quarter Ended	
		March 2018	March 2017
----- (Rupees in '000) -----			
Mark-up / Return / Interest Earned		5,158,045	3,673,165
Mark-up / Return / Interest Expensed		(3,773,004)	(2,258,418)
Net mark-up / Interest Income		1,385,041	1,414,747
Provision against non-performing loans and advances		-	-
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		-	-
Net Mark-up / Interest Income after provisions		1,385,041	1,414,747
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		261,614	159,791
Dividend income		-	-
Gain / (loss) from dealing in foreign currencies	18	333,648	(225,633)
Gain / (loss) on sale of securities		-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading		-	-
Other income		-	209
Total non-mark-up / interest income		595,262	(65,633)
		1,980,303	1,349,114
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		(268,892)	(231,933)
Other provisions / write-offs		-	-
Other charges		-	-
Total non-mark-up / interest expense		(268,892)	(231,933)
		1,711,411	1,117,181
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,711,411	1,117,181
Taxation - Current		609,955	(392,597)
- Prior		-	-
- Deferred	13	1,018	1,585
		610,973	(391,012)
PROFIT AFTER TAXATION		1,100,438	726,169

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.



Chief Executive Officer

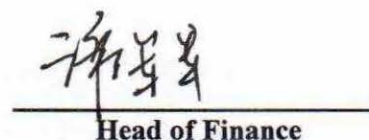

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter ended March 31, 2018

	Note	Quarter Ended	
		March 2018	March 2017
		----- (Rupees in '000) -----	
Profit for the period after taxation		1,100,438	726,169
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Exchange adjustments on revaluation of capital	15	437,611	8,926
Comprehensive income - transferred to statement of changes in equity		1,538,049	735,095
Components of comprehensive income not reflected in Head Office account			
(Deficit) /Surplus on revaluation of available for sale securities	8	(9,098)	8,860
Related tax	13	3,184	(3,101)
		(5,914)	5,759
Total comprehensive income		1,532,135	740,854

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

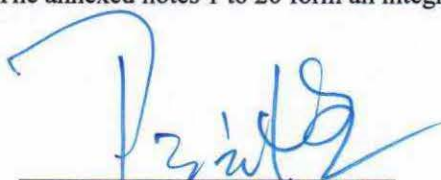

Chief Executive Officer



Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Cash Flow Statement (Un-audited)
For the quarter ended March 31, 2018

	Note	Quarter Ended ended March 31, 2018	Quarter Ended ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,711,411	1,117,181
Adjustments for non-cash charges			
Depreciation & amortization		12,858	21,802
		<u>1,724,269</u>	<u>1,138,983</u>
Decrease / (Increase) in operating assets			
Lendings to financial institutions		-	-
Advances		1,895,351	923,910
Other assets		(3,832,451)	4,314,510
		<u>(1,937,100)</u>	<u>5,238,420</u>
(Decrease) / Increase in operating liabilities			
Bills payable		(2,763,543)	(35,458)
Borrowings		-	-
Deposits		7,334,123	11,819,016
Other liabilities		2,772,318	(6,836,321)
		<u>7,342,898</u>	<u>4,947,237</u>
		<u>7,130,067</u>	<u>11,324,640</u>
Income tax paid		<u>(430,325)</u>	<u>(95,000)</u>
<i>Net cash flow from operating activities</i>		<u>6,699,742</u>	<u>11,229,640</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in operating fixed assets	10.1	(9,213)	(1,650)
Net investments in available for sale securities		47,076,761	(20,067,410)
<i>Net cash flow from investing activities</i>		<u>47,067,548</u>	<u>(20,069,060)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Exchange adjustments on revaluation of capital	15	437,611	8,926
<i>Net cash flow from financing activities</i>		<u>437,611</u>	<u>8,926</u>
Net Increase/ (decrease) in cash and cash equivalents		<u>54,204,901</u>	<u>(8,830,494)</u>
Cash and cash equivalents at beginning of the period		(168,392,277)	(148,781,172)
Cash and cash equivalents at end of the period	19	<u>(114,187,376)</u>	<u>(157,611,666)</u>

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.


Chief Executive Officer

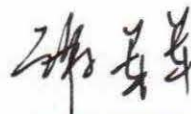

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended March 31, 2018

	Note	Head office capital account	Unremitted profit (Rupees in '000)	Total
Balance as at January 01, 2017		3,775,797	4,047,374	7,823,171
Total comprehensive income for the quarter ended March 31, 2017				
Profit for period		-	726,169	726,169
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital		8,926	-	8,926
Balance as at March 31, 2017		3,784,723	4,773,543	8,558,266
Remittance received from Head Office		5,273,260	-	5,273,260
Total comprehensive income for the nine month ended December 31, 2017				
Profit for the period		-	2,592,497	2,592,497
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital		448,716		448,716
Re-measurement of defined benefit plan - net of tax		-	(626)	(626)
Balance as at December 31, 2017		9,506,699	7,365,414	16,872,113
Total comprehensive income for the quarter ended March 30, 2018				
Profit for the quarter ended March 31, 2018		-	1,100,438	1,100,438
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital	15	437,611	-	437,611
Balance as at March 31, 2018		9,944,310	8,465,852	18,410,162

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.


Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2018

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 is incorporated in the People's Republic of China. ICBC Group operates principally in Mainland China, with branches and subsidiaries operating outside of Mainland China.

The Bank presently operates through three branches (December 31, 2017: three branches) in Pakistan and is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Bank is located at 16th Floor, Ocean Tower, Block 9, Clifton, Karachi.

Credit ratings assigned to the Head Office of the Bank by Moody's Investor Services Inc. are as follows:

Long Term Rating	A1
Short Term Issuer Level Rating	P-1

2 BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible form of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in the condensed interim financial information as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2** The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and the condensed interim financial information should be read in conjunction with the financial statements of the branches for the year ended December 31, 2017.

3 STATEMENT OF COMPLIANCE

- 3.1** The condensed interim financial information has been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, according to the notification of the SECP issued vide SRO 411(1)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS 7), Financial Instrument: Disclosures has not been made applicable for banks. Accordingly the requirements of these standards have not been considered in the preparation of these interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP. Further, segment information is being disclosed in accordance with SBP's prescribed format as per BSD circular 4 dated February 17, 2006 which prevails over the requirements specified in IFRS 8.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are same as those applied in the preparation of annual financial statements of the branches for the year ended December 31, 2017.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The significant judgements made by management in applying the branches accounting policies and key sources of estimation uncertainty were the same as those applied to the annual financial statements of the branches for the year ended December 31, 2017.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the branches for the year ended December 31, 2017.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Call money lendings	7.1	737,012	-
Repurchase agreement lendings (reverse repo)	7.2	161,371,608	118,285,067
		<u>162,108,620</u>	<u>118,285,067</u>

7.1 These represent call lendings to financial institutions and other branches of ICBC at mark-up rates of 2.6% per annum with maturities upto April 2018.

7.2 These represent repurchase agreement lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 4.5% to 6.02% per annum (December 31, 2017: 5.75% to 5.90%) with maturities upto April 2018 (December 31, 2017: March 2018).

8 INVESTMENTS

	Note	March 31, 2018 (Un-Audited)			December 31, 2017 (Audited)		
		Held by the branches	Given as Collateral	Total	Held by the branches	Given as Collateral	Total
		(Rupees in '000)			(Rupees in '000)		
Investments by type -							
available-for-sale securities							
Pakistan Investment Bond	8.1	1,067,515	-	1,067,515	1,079,320	-	1,079,320
Market Treasury Bills - at cost	8.2	186,994,072	-	186,994,072	234,059,028	-	234,059,028
Deficit on revaluation of available for sale securities		(58,406)	-	(58,406)	(49,308)	-	(49,308)
Total investments at market value		<u>188,003,181</u>	<u>-</u>	<u>188,003,181</u>	<u>235,089,040</u>	<u>-</u>	<u>235,089,040</u>

8.1 This Pakistan Investment Bond will mature upto July 2019 (December 2017: upto July 2019) and carry interest rate at 11.50% per annum (December 2017: at 11.50% per annum).

8.2 These Market Treasury Bills will mature upto May 2018 (December 2017: upto March 2018) and interest rate at 5.99% to 6.33% per annum (December 2017: from 5.90% to 6.01% per annum).

9 ADVANCES

	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Loans, cash credits, running finances, etc.		
In Pakistan	4,250,994	3,678,734
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	2,100,202	4,567,813
Advances - gross	<u>6,351,196</u>	<u>8,246,547</u>
Provision against advances		
- Specific	-	-
- General	(82,465)	(82,465)
Advances - net of provisions	<u>6,268,731</u>	<u>8,164,082</u>

9.1 No advances have been placed under non-performing status.

10 OPERATING FIXED ASSETS

	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Property and equipment	574,911	581,047
Intangible assets	2,491	-
	<u>577,402</u>	<u>581,047</u>

		Quarter ended	
		March 31, 2018	March 31, 2017
		(Un-audited)	(Un-audited)
		(Rupees in '000)	(Rupees in '000)
10.1	Additions during the period	9,213	1,650
11	BORROWINGS FROM FINANCIAL INSTITUTIONS	March 31, 2018	December 31, 2017
	Note	(Un-audited)	(Audited)
		(Rupees in '000)	
	In Pakistan	-	4,803,323
	Outside Pakistan	292,561,247	298,921,504
	11.3	292,561,247	303,724,827
11.1	Particulars of borrowings with respect to currencies		
	In local currency	-	4,803,323
	In foreign currency	292,561,247	298,921,504
		292,561,247	303,724,827
11.2	Details of borrowings		
	Secured		
	Repurchase agreement borrowings (repo)	-	-
	Unsecured		
	Call borrowings	292,561,247	303,724,827
		292,561,247	303,724,827
11.3	These represent borrowings from financial institutions and other ICBC branches at mark-up rates ranging from 1.95% to 2.8% per annum (December 31, 2017: 0.55% to 4.8% per annum) maturing by June 2018 (December 31, 2017: March 2018).		
12	DEPOSITS AND OTHER ACCOUNTS	March 31, 2018	December 31, 2017
	Note	(Un-audited)	(Audited)
		(Rupees in '000)	
	Customers		
	Fixed deposits	31,290,168	29,258,065
	Savings deposits	17,991,254	18,966,178
	Current accounts - non-remunerative	15,669,883	9,391,916
		64,951,305	57,616,159
	Financial institutions		
	Remunerative deposits	-	-
	Non-remunerative deposits	81,016	82,039
	12.1	65,032,321	57,698,198
12.1	Particulars of deposits		
	In local currency	60,084,341	49,791,139
	In foreign currency	4,947,980	7,907,059
		65,032,321	57,698,198
13	DEFERRED TAX ASSET		
	Deferred debits arising in respect of		
	- Investments - available for sale	20,442	17,258
	- Remeasurement of defined benefit liability	443	443
		20,885	17,701
	Deferred credits arising in respect of		
	- Accelerated tax depreciation	(18,086)	(17,068)
		2,799	633

14 OTHER LIABILITIES

This includes interest free advance of USD 13.9 million (December 31, 2017: USD 13.9 million) provided by the head office for purpose of the initial set up of Branches' operations. The terms of repayment have not yet been agreed and is repayable on demand.

15 HEAD OFFICE CAPITAL ACCOUNT

March 31,
2018
(Un-audited)
(Rupees in '000)

December 31,
2017
(Audited)

*Capital held as interest free deposit in approved foreign exchange
USD 86.098 million (December 31, 2017: USD 86.098 million)*

Balance at beginning of the period	9,506,699	3,775,797
Remittances received from head office	-	5,273,260
Revaluation advised by the State Bank of Pakistan during the period	437,611	457,642
	<u>9,944,310</u>	<u>9,506,699</u>

16 DEFICIT ON REVALUATION OF INVESTMENTS - NET OF TAX

Deficit on revaluation of government securities	(58,406)	(49,308)
Related deferred tax asset	20,442	17,258
	<u>(37,964)</u>	<u>(32,050)</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Transaction related contingent liabilities

Government	88,949,482	88,082,464
Others	126,735,584	133,973,210
	<u>215,685,066</u>	<u>222,055,674</u>

17.2 Trade related contingent liabilities

Letters of credit	6,912,792	1,434,228
Acceptance	2,117,632	646,625

17.3 Commitments in respect of forward exchange contracts

Purchase	498,887,475	537,532,562
Sale	490,492,351	530,373,631

17.4 Commitments in respect of repo transactions

Repurchase	115,362,301	118,285,067
Resale	-	-

17.5 Tax related contingencies are disclosed in note 21 to the condensed interim financial information.

18 GAIN/ (LOSS) FROM DEALING IN FOREIGN CURRENCIES

This represents exchange differences on forward contracts, foreign currency transactions and balances.

19 CASH AND CASH EQUIVALENTS

March 31,
2018
(Un-audited)
(Rupees in '000)

December 31,
2017
(Audited)

Cash and balances with treasury banks	14,973,463	15,585,904
Balances with other banks	1,291,788	1,461,579
Lendings to financial institutions	162,108,620	118,285,067
Borrowings from financial institutions	(292,561,247)	(303,724,827)
	<u>(114,187,376)</u>	<u>(168,392,277)</u>

20 RELATED PARTY TRANSACTIONS

Related parties comprise of head office, other branches of Industrial and Commercial bank of China (ICBC), Key Management personnel and staff retirement benefit funds. The transactions with related parties are conducted under normal course of business. The branches also provide advances to employees at reduced rate in accordance with their terms of employment. Details of the transactions with related parties during the period and balances with them is given below.

	March 31, 2018 (Un-audited)					December 31, 2017 (Audited)				
	Staff Retirement Benefits Fund	Key Management Personnel	Other ICBC branches	Head Office	Total	Staff Retirement Benefits Fund	Key Management Personnel	Other ICBC branches	Head Office	Total
	(Rupees in '000)					(Rupees in '000)				
Balances with other banks										
In current account	-	-	692,131	599,657	1,291,788	-	-	1,004,311	457,268	1,461,579
In Deposit Account	-	-	692,131	599,657	1,291,788	-	-	1,004,311	457,268	1,461,579
Lendings to financial institutions										
Opening Balance	-	-	-	-	-	-	-	209,910	-	209,910
Addition during the period	-	-	11,184,677	-	11,184,677	-	-	130,089,554	-	130,089,554
Repaid during the period	-	-	(10,447,665)	-	(10,447,665)	-	-	(130,299,464)	-	(130,299,464)
Closing Balance	-	-	737,012	-	737,012	-	-	-	-	-
Advances										
Opening Balance	-	44	-	-	44	-	-	-	-	-
Addition during the period	-	-	-	-	-	-	500	-	-	500
Repaid during the period	-	(44)	-	-	(44)	-	(456)	-	-	(456)
Transfer in/(out) - net	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	44	-	-	44
Borrowings from financial institutions										
Opening Balance	-	-	298,921,504	-	298,921,504	-	-	79,390,261	89,640,915	169,031,176
Borrowings during the period	-	-	848,000,266	-	848,000,266	-	-	4,553,850,221	252,303,302	4,806,153,523
Settled during the period	-	-	(854,360,523)	-	(854,360,523)	-	-	(4,334,318,978)	(341,944,217)	(4,676,263,195)
Closing Balance	-	-	292,561,247	-	292,561,247	-	-	298,921,504	-	298,921,504
Deposit & Other Accounts										
Opening Balance	22,343	3,508	-	-	25,851	15,718	7,666	-	-	23,384
Received during the period	3,034	116,922	-	-	119,956	8,454	275,484	-	-	283,938
Withdrawn during the period	(3,023)	(118,223)	-	-	(121,246)	(1,829)	(279,642)	-	-	(281,471)
Closing Balance	22,354	2,207	-	-	24,561	22,343	3,508	-	-	25,851
Other liabilities										
Payable to head office	-	-	-	1,605,680	1,605,680	-	-	-	1,535,020	1,535,020
Payable to employee benefit plan	5,057,405	-	-	-	5,057,405	-	-	-	-	-
	5,057,405	-	-	1,605,680	6,663,085	-	-	-	1,535,020	1,535,020
	Quarter ended March 31, 2018 (Un-audited)					Quarter ended March 31, 2017 (Un-audited)				
	(Rupees in '000)					(Rupees in '000)				
Income										
Mark-up/return/interest earned	-	2	1,749	1,637	3,388	-	21	7,485	449	7,939
Expense										
Mark-up/return/interest paid	568	15	1,701,036	3,075	1,704,694	311	26	414,674	225,971	640,982
Remuneration paid to key management personnel	-	96,569	-	-	96,569	-	72,255	-	-	72,255
Contribution to gratuity fund	1,462	-	-	-	1,462	514	-	-	-	514
Contribution to provident fund	735	-	-	-	735	569	-	-	-	569
Contingencies & commitment										
Letter of guarantee	-	-	71,452,016	-	71,452,016	-	-	57,877,952	-	57,877,952
Forward exchange contract sale	-	-	201,473,301	-	201,473,301	-	-	240,690,714	-	240,690,714
Forward exchange contract purchase	-	-	201,475,233	-	201,475,233	-	-	240,704,948	-	240,704,948

21 TAXATION

- 21.1 The income tax authorities have issued amended assessment orders for the tax year 2012 to 2014, and created additional tax demand of Rs. 45.1 million on account of minimum tax under section 113 of the Income Tax Ordinance, 2001. The branch had filed an appeal before higher forum against these amendments and is confident that the outcome of the appeal will be decided in favour of the branch, therefore, no provision is recognised in the condensed interim financial information.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 equity securities, other than investment in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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.

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

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

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

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

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

March 31, 2018 (Un-audited)									
Note	Carrying Amount				Fair value				
	Held for trading	Available for sale	Loans and Receivables	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
On balance sheet financial instruments									
Financial assets measured at fair value									
Other assets - forward foreign exchange contracts	15,448,106	-	-	15,448,106	-	15,448,106	-	15,448,106	
- Investments	8	-	188,003,181	-	-	188,003,181	-	188,003,181	
Financial assets not measured at fair value									
- Cash and bank balances with treasury bank	-	-	14,973,463	14,973,463					
- Balances with other banks	-	-	1,291,788	1,291,788					
- Lendings to financial institutions	7	-	162,108,620	162,108,620					
- Advances	9	-	6,268,731	6,268,731					
- Other assets	-	-	279,666	279,666					
	15,448,106	188,003,181	184,922,268	388,373,555					
Financial liabilities measured at fair value									
Other liabilities - forward foreign exchange contracts	6,627,676	-	-	6,627,676	-	6,627,676	-	6,627,676	
Financial liabilities not measured at fair value									
- Bills payable	-	-	1,810,315	1,810,315					
- Borrowings from financial institutions	11	-	292,561,247	292,561,247					
- Deposits and other accounts	12	-	65,032,321	65,032,321					
- Other liabilities	-	-	4,189,722	4,189,722					
	6,627,676	-	363,593,605	370,221,281					
Off balance sheet financial instruments									
- Forward purchase of foreign exchange contracts	17.3	498,887,475	-	498,887,475	-	498,887,475	-	498,887,475	
- Forward sale of foreign exchange contracts	17.3	490,492,351	-	490,492,351	-	490,492,351	-	490,492,351	
December 31, 2017 (Audited)									
Note	Carrying Amount				Fair value				
	Held for trading	Available for sale	Loans and Receivables	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
On balance sheet financial instruments									
Financial assets measured at fair value									
Other assets - forward foreign exchange contracts	11,554,013	-	-	11,554,013	-	11,554,013	-	11,554,013	
- Investments	8	-	235,089,040	-	-	235,089,040	-	235,089,040	
Financial assets not measured at fair value									
- Cash and bank balances with treasury bank	-	-	15,585,904	15,585,904					
- Balances with other banks	-	-	1,461,579	1,461,579					
- Lending to financial institutions	7	-	118,285,067	118,285,067					
- Advances	9	-	8,164,082	8,164,082					
- Other assets	-	-	480,873	480,873					
	11,554,013	235,089,040	143,977,505	390,620,558					
Financial liabilities measured at fair value									
Other liabilities - forward foreign exchange contracts	3,785,499	-	-	3,785,499	-	3,785,499	-	3,785,499	
Financial liabilities not measured at fair value									
- Bills payable	-	-	4,573,858	4,573,858					
- Borrowings from financial institutions	11	-	303,724,827	303,724,827					
- Deposits and other accounts	12	-	57,698,198	57,698,198					
- Other liabilities	-	-	3,697,387	3,697,387					
	3,785,499	-	369,694,270	373,479,769					
Off balance sheet financial instruments									
- Forward purchase of foreign exchange contracts	17.3	537,532,562	-	537,532,562	-	537,532,562	-	537,532,562	
- Forward sale of foreign exchange contracts	17.3	530,373,631	-	530,373,631	-	530,373,631	-	530,373,631	

22.2 The Branches have not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are reasonable approximation of fair values.

23 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Corporate Finance	Trading and Sales	Others	Total
Quarter ended March 31, 2018 (Un-audited)				
(Rupees in '000)				
Total income	104,226	5,649,081	-	5,753,307
Total expenses	(74,670)	(3,954,509)	(12,717)	(4,041,896)
Net income	29,556	1,694,572	(12,717)	1,711,411
Quarter Ended March 31, 2018 (Un-audited)				
(Rupees in '000)				
Segment assets	6,268,731	366,377,052	16,447,538	389,093,321
Segment liabilities	6,015,519	351,578,049	13,127,555	370,721,123
(%)				
Quarterly segment return on assets (ROA)	1.70%	1.77%	0.00%	
Quarterly segment cost of funds	1.29%	1.32%	0.08%	
Quarter ended March 31, 2017 (Un-audited)				
(Rupees in '000)				
Total income	114,737	3,492,795	-	3,607,532
Total expenses	(69,001)	(2,389,220)	(32,130)	(2,490,351)
Net income	45,736	1,103,575	(32,130)	1,117,181
As at March 31, 2017 (Un-audited)				
(Rupees in '000)				
Segment assets	5,172,817	266,077,512	3,462,188	274,712,517
Segment liabilities	4,936,867	253,940,817	7,309,350	266,187,034
(%)				
Quarterly segment return on assets (ROA)	2.04%	1.41%	0.00%	
Quarterly segment cost of funds	1.29%	1.02%	0.30%	

24 LIQUIDITY RISK

Bank calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity Standards issued under BPRD circular no. 08 dated June 23, 2016. As of March 31, 2018, the Bank's LCR stood at 190.7% (December 2017: 157.2%) and NSFR stood at 123.3% (December 2017: 127.0%) against the SBP's minimum requirement of 90% and 100% respectively.

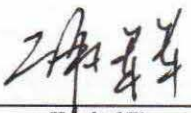
25 DATE OF AUTHORISATION

The condensed interim financial information was authorised for issue by the Chief Executive Officer and Head of Finance of the Branches on April 24, 2018.

26 GENERAL

The condensed interim financial information is presented in Pak Rupees which is the presentation currency of the Branches and rounded off to the nearest thousand rupees.


Chief Executive Officer


Head of Finance