



Pakistan Branches

Third Quarter Report
for the Period Ended
September 30, 2023

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

		Un-audited September 30, 2023 ----- (Rupees in '000) -----	Audited December 31, 2022
ASSETS			
Cash and balances with treasury banks	8	70,998,039	42,170,309
Balances with other banks	9	15,220,901	6,434,681
Lendings to financial institutions	10	335,000,000	80,542,850
Investments	11	596,710,973	576,201,472
Advances	12	389,266,150	53,813,083
Fixed assets	13	496,405	551,805
Intangible assets	14	37,900	37,921
Deferred tax assets	15	1,278,926	1,061,835
Other assets	16	15,098,498	21,930,831
		1,424,107,792	782,744,787
LIABILITIES			
Bills payable	17	2,733,697	1,973,793
Borrowings	18	987,891,140	499,959,427
Deposits and other accounts	19	236,159,234	176,543,182
Lease liabilities	20	-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	20	87,971,176	30,590,325
		1,314,755,247	709,066,727
NET ASSETS		109,352,545	73,678,060
REPRESENTED BY			
Head office capital account - net	21	43,160,760	33,964,635
Deficit on revaluation of assets	22	(55,630)	(514,168)
Unremitted profit		66,247,415	40,227,593
		109,352,545	73,678,060
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Deputy Chief Executive Officer

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Quarter ended		Nine months period ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(Rupees in '000)					
Mark-up / return / interest earned	24	58,180,327	22,489,855	139,859,825	50,996,915
Mark-up / return / interest expensed	25	40,426,281	16,619,322	89,433,119	39,387,816
Net mark-up / interest income		17,754,046	5,870,533	50,426,706	11,609,099
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	707,534	272,856	2,127,185	1,045,055
Foreign exchange (loss) / income	27	(11,184,184)	1,546,977	(4,638,861)	934,581
(Loss) / gain on securities	28	-	-	(3,783)	44,243
Other income	29	-	204	1,011	1,573
Total non-markup / interest income		(10,476,650)	1,820,037	(2,514,448)	2,025,452
Total income		7,277,396	7,690,570	47,912,258	13,634,551
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	514,754	434,388	1,578,326	1,168,450
Workers welfare fund	31	138,236	147,198	934,478	249,599
Other charges		-	-	-	150
Total non-markup / interest expenses		652,990	581,586	2,512,804	1,418,199
Profit before provisions		6,624,406	7,108,984	45,399,454	12,216,352
(Reversals) / provisions and write off	33	(149,155)	91,968	(389,968)	85,215
PROFIT BEFORE TAXATION		6,773,561	7,017,016	45,789,422	12,131,137
Taxation	34	2,113,611	2,935,228	19,769,600	6,018,971
PROFIT / (LOSS) AFTER TAXATION		4,659,950	4,081,788	26,019,822	6,112,166

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Deputy Chief Executive Officer

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	<u>Quarter ended</u>		<u>Nine months period ended</u>	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- (Rupees in '000) -----			
Profit / (loss) after taxation for the year	4,659,950	4,081,788	26,019,822	6,112,166
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net of deferred tax	1,602,566	1,124,023	458,538	1,712,642
Total comprehensive income	<u>6,262,516</u>	<u>5,205,811</u>	<u>26,478,360</u>	<u>7,824,808</u>

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Deputy Chief Executive Officer

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
----- (Rupees in '000) -----				
Balance as at January 01, 2022	26,477,025	(1,651,302)	29,135,552	53,961,275
Total comprehensive income for the nine months period ended September 30, 2022 - un-audited				
Profit after taxation for the nine months period ended September 30, 2022	-	-	6,112,166	6,112,166
Other comprehensive income - net of tax	-	1,712,642	-	1,712,642
	-	1,712,642	6,112,166	7,824,808
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	7,790,775	-	-	7,790,775
Balance as at September 30, 2022 (un-audited)	34,267,800	61,340	35,247,718	69,576,858
Total comprehensive income for the six months period ended December 31, 2022 - un-audited				
Profit after taxation for the three months period ended December 31, 2022	-	-	4,980,748	4,980,748
Other comprehensive income - net of tax	-	(575,508)	(873)	(576,381)
	-	(575,508)	4,979,875	4,404,367
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	(303,165)	-	-	(303,165)
Balance as at December 31, 2022 - audited	33,964,635	(514,168)	40,227,593	73,678,060
Total comprehensive income for the nine months period ended September 30, 2023 - un-audited				
Profit after taxation for the nine months ended September 30, 2023	-	-	26,019,822	26,019,822
Other comprehensive income - net of tax	-	458,538	-	458,538
	-	458,538	26,019,822	26,478,360
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	9,196,125	-	-	9,196,125
Balance as at September 30, 2023 (un-audited)	43,160,760	(55,630)	66,247,415	109,352,545

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Deputy Chief Executive Officer

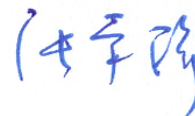
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
Note	----- (Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	45,789,422	12,131,136
Adjustments:		
Depreciation on fixed assets	30 45,821	49,332
Depreciation on right of use assets	30 32,235	49,078
Amortisation	30 20	377
Financial charges on leased assets	25 4,828	7,378
Charge for defined benefit plan	4,824	7,432
(Reversal) / Provision and write-offs	33 (389,968)	85,215
Provision for workers' welfare fund	31 934,478	249,599
	632,238	448,411
	46,421,660	12,579,547
(Increase) / decrease in operating assets		
Lendings to financial institutions	(254,457,150)	31,833,868
Advances	(335,063,099)	(8,369,448)
Others assets	6,835,918	(64,633,468)
	(582,684,331)	(41,169,048)
Increase / (decrease) in operating liabilities		
Bills payable	759,904	1,115,958
Borrowings from financial institutions	487,931,713	145,199,441
Deposits	59,616,052	28,908,265
Other liabilities	48,355,756	20,282,863
	596,663,425	195,506,527
	60,400,754	166,917,026
Contribution in gratuity fund	(8,409)	(7,432)
Income tax paid	(12,194,167)	(2,396,602)
	48,198,178	164,512,992
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(19,401,413)	(155,695,011)
Net investments in held-to-maturity securities	(315,117)	(5,104,543)
Investments in fixed assets	(22,655)	(11,164)
	(19,739,185)	(160,810,718)
CASH FLOWS FROM FINANCING ACTIVITIES		
Translation gain on revaluation of capital	9,196,125	7,790,775
Payment of lease liability against right of use assets	(41,168)	(19,956)
	9,154,957	7,770,819
Increased in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	37,613,950	11,473,093
	48,604,990	61,035,419
Cash and cash equivalents at end of the period	35 86,218,940	72,508,512

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Deputy Chief Executive Officer

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

1. STATUS AND NATURE OF BUSINESS

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

The Branches presently operate through three branches (December 31, 2022: three branches) in Pakistan and are engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 15th Floor, Ocean Tower, Block 9, Clifton, Karachi.

2 BASIS OF PRESENTATION

These condensed interim financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well.

3 STATEMENT OF COMPLIANCE

3.1 These condensed interim financial statements have been prepared on the format prescribed by the SBP under Second Schedule of the Banking Companies Ordinance, 1962 as defined under Section 34 of the said Ordinance which has been revised vide BPRD Circular Letter No. 05 dated March 22, 2019 and in accordance with the accounting and reporting standards as applicable in Pakistan. These comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP) from time to time.

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

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

The application of the IFRS 9 'Financial Instruments' for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 from January 01, 2024 through its BPRD Circular Letter No. 07 dated April 13, 2023 in case of banks having assets size of PKR 500 billion or above. The said circular contained application instructions for quarterly, half yearly and annually parallel run reporting of IFRS 9 for year 2022 and 2023 within given timelines.

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

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

The following standards, amendments and interpretations are effective from January 01, 2023. These standards, amendments and interpretations are either not relevant to the Branches' operations or are not expected to have significant impact on the Branches' financial statements other than certain additional disclosures:

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

3.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

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

	Effective from Accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
International Financial Reporting Standard - 9 "Financial Instruments"	January 01, 2024
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

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

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

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These condensed interim 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 obligations 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2022.

6 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2022.

7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended December 31, 2022. These risk management policies continue to remain robust and Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Note	Un-audited September 30, 2023	Audited December 31, 2022
----- (Rupees in '000) -----			
8. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		311,961	245,578
Foreign currency		91,695	99,698
		403,656	345,276
With State Bank of Pakistan in			
Local currency current account	8.1&8.2	26,418,195	7,163,427
Foreign currency current account		43,624,145	34,239,621
Foreign currency deposit account	8.3	552,043	421,985
		70,594,383	41,825,033
		70,998,039	42,170,309

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

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

8.3 This represents special cash reserve of 10% required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 08 dated April 20, 2020. Profit rates on these deposits are fixed by SBP on a monthly basis. These carry mark-up at rate ranging from 4.33% (2022: 3.39%). It also includes capital maintained with SBP in accordance with the requirements of Section 13 of Banking Companies Ordinance, 1962 amounting to USD 150 million (December 31, 2022: USD 150 million).

	Note	Un-audited September 30, 2023	Audited December 31, 2022
----- (Rupees in '000) -----			
9. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		93	13
Outside Pakistan			
In current accounts		15,220,808	6,434,668
		15,220,901	6,434,681

10. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	10.2	335,000,000	80,542,850
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10.1 Particulars of lending

In local currency		335,000,000	80,542,850
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10.2 This represent repurchase agreement lendings with SBP (December 31, 2022: with various local banks) at a mark-up rate of 21.95% per annum (December 31, 2022: 15% to 16.15% per annum) with maturity in October 2023 (December 31, 2022: January 2023).

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

	Un-audited			Audited		
	September 30, 2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	-	-	-	63,572,880	-	63,572,880
Pakistan Investment Bonds	333,995,335	-	333,995,335	16,796,000	-	16,796,000
Total	333,995,335	-	333,995,335	80,368,880	-	80,368,880

11. INVESTMENTS

	Un-audited September 30, 2023				Audited December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
11.1 Investments by type:	(Rupees in '000)							
Available-for-sale securities								
Federal Government Securities	587,396,174	-	(109,079)	587,287,095	567,994,761	-	(902,050)	567,092,711
Held-to-maturity securities								
Federal Government Securities	9,423,878	-	-	9,423,878	9,108,761	-	-	9,108,761
Total Investments	596,820,052	-	(109,079)	596,710,973	577,103,522	-	(902,050)	576,201,472

11.2 Investments by segments

Available-for-sale securities

Federal Government Securities

Market Treasury Bills	587,396,174	-	(109,079)	587,287,095	567,994,761	-	(902,050)	567,092,711
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Held-to-maturity securities

Federal Government Securities

Pakistan Investment Bonds	9,423,878	-	-	9,423,878	9,108,761	-	-	9,108,761
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Total investments	596,820,052	-	(109,079)	596,710,973	577,103,522	-	(902,050)	576,201,472
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11.3 There is no provision for diminution in value of investments as at September 30, 2023.

11.4 The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs. 9,556 million (December 31, 2022: Rs.8,740.500 million).

11.5 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.

12. ADVANCES

	Performing		Non Performing		Total	
	Un-audited September 30, 2023	Audited December 31, 2022	Un-audited September 30, 2023	Audited December 31, 2022	Un-audited September 30, 2023	Audited December 31, 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	389,419,749	52,833,245	-	-	389,419,749	52,833,245
Bills discounted and purchased	-	1,523,405	-	-	-	1,523,405
Advances - gross	389,419,749	54,356,650	-	-	389,419,749	54,356,650
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(153,599)	(543,567)	-	-	(153,599)	(543,567)
	(153,599)	(543,567)	-	-	(153,599)	(543,567)
Advances - net of provision	389,266,150	53,813,083	-	-	389,266,150	53,813,083

12.1 Particulars of advances (gross)

In local currency	15,359,829	54,356,650
In foreign currency	374,059,920	-
	389,419,749	54,356,650

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

12.3 No advances have been placed under non-performing status as at September 30, 2023 (December 31, 2022: Nil).

12.4 Particulars of provision against advances

	Un-audited September 30, 2023			Audited December 31, 2022		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	543,567	543,567	-	495,557	495,557
Charge for the year	-	-	-	-	48,010	48,010
Reversals	-	(389,968)	(389,968)	-	-	-
	-	(389,968)	(389,968)	-	48,010	48,010
Closing balance	-	153,599	153,599	-	543,567	543,567

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

	Note	Un-audited September 30, 2023 ----- (Rupees in '000) -----	Audited December 31, 2022
13. FIXED ASSETS			
Property and equipment	13.1.1	418,048	441,213
Right-of-use assets	13.2	78,357	110,592
		496,405	551,805
		Un-audited September 30, 2023	Un-audited September 30, 2022
13.1 Additions to fixed assets		----- (Rupees in '000) -----	
Furniture and fixture		811	3,663
Electrical office and computer equipment		21,845	6,160
Total		22,656	9,823

13.1.1 There were no deletions have been made during the period ended September 30, 2023.

13.2 Right-of-use assets

	Un-audited September 30, 2023			Audited December 31, 2022		
	Property	Vehicles	Total	Property	Vehicles	Total
	----- (Rupees in '000) -----					
At January 1,						
Cost	187,058	8,523	195,581	179,443	11,695	191,138
Accumulated Depreciation	(80,378)	(4,611)	(84,989)	(71,055)	(8,425)	(79,480)
Net book value	106,680	3,912	110,592	108,388	3,270	111,658
Additions during the period / year	-	-	-	53,934	5,497	59,431
Depreciation Charge for the period / y	(30,615)	(1,620)	(32,235)	(55,642)	(4,855)	(60,497)
Adjustments						
Cost	-	-	-	(46,319)	(8,669)	(54,988)
Accumulated Depreciation	-	-	-	46,319	8,669	54,988
At September 30 / December 31,						
Cost	187,058	8,523	195,581	187,058	8,523.00	195,581
Accumulated Depreciation	(110,993)	(6,231)	(117,224)	(80,378)	(4,611.00)	(84,989)
Net book value	76,065	2,292	78,357	106,680	3,912	110,592

	Note	Un-audited September 30, 2023 ----- (Rupees in '000) -----	Audited December 31, 2022
14. INTANGIBLE ASSETS			
Capital work-in-progress		13,291	28,969
Computer software	14.1	24,609	8,952
		37,900	37,921

14.1 There were no additions and deletions have been made during the period ended September 30, 2023.

15. DEFERRED TAX ASSETS

Deductible Temporary Differences on

Workers welfare fund	1,257,591	701,774
Deficit on revaluation of investments	53,449	387,882
	1,311,040	1,089,656

Taxable Temporary Differences on

Fixed assets	(28,048)	(25,475)
Intangible	(4,066)	(2,346)
	(32,114)	(27,821)
	1,278,926	1,061,835

Un-audited Audited
September 30, December 31,
2023 2022
----- (Rupees in '000) -----

16. OTHER ASSETS

Income / mark-up accrued in local currency	2,225,939	1,818,296
Income / mark-up accrued in foreign currencies	2,837,860	-
Advances, deposits, advance rent and other prepayments	246,088	58,090
Mark to market gain on forward foreign exchange contracts	8,400,746	19,808,180
Acceptances	1,375,632	237,617
Receivable from defined benefit plan	11,640	8,055
Others	593	593
	15,098,498	21,930,831

17. BILLS PAYABLE

In Pakistan	2,733,697	1,973,793
	2,733,697	1,973,793

18. BORROWINGS

Secured				
Repurchase agreement borrowings	18.1	17,924,994	-	
Unsecured				
Call borrowings	18.2	969,966,146	499,959,427	
		987,891,140	499,959,427	

18.1 This represent repurchase agreement borrowing with local banks at a mark-up rate ranging from 22% to 22.75% per annum (December 31, 2022: Nil) with maturity in October 02,2023 (December 31, 2022 : Nil).

18.2 This represents foreign currency borrowings from ICBC branches outside Pakistan at mark-up rates ranging from 5.45% to 6.2% per annum (December 31, 2022: 2.88% to 6.2% per annum) maturing upto April 14, 2025 (December 31, 2022: upto December 08, 2023).

Un-audited Audited
September 30, December 31,
2023 2022
----- (Rupees in '000) -----

18.3 Particulars of borrowings with respect to currencies

In foreign currencies		987,891,140	499,959,427
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19. DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	9,540,662	3,587,238	13,127,900	17,014,886	2,699,851	19,714,737
Savings deposits	211,199,707	1,713,759	212,913,466	140,079,417	1,677,000	141,756,417
Term deposits	6,819,478	-	6,819,478	12,714,670	-	12,714,670
	227,559,847	5,300,997	232,860,844	169,808,973	4,376,851	174,185,824
Financial Institutions						
Current deposits	30,074	3,263,164	3,293,238	19,717	2,334,414	2,354,131
Savings deposits	5,152	-	5,152	3,227	-	3,227
	35,226	3,263,164	3,298,390	22,944	2,334,414	2,357,358
	227,595,073	8,564,161	236,159,234	169,831,917	6,711,265	176,543,182

19.1 This includes deposits amounting to Rs. 609.078 million as at December 31, 2022, 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.

		Un-audited	Audited
		September 30,	December 31,
		2023	2022
	Note	----- (Rupees in '000) -----	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		11,204,321	8,706,676
Mark-up / return / interest payable in foreign currency		11,161,188	5,105,332
Performance bonus payable		493,320	880,147
Unearned commission income		2,971,024	188,844
Accrued expenses		26,713	38,811
Current taxation (provisions less payments)		11,835,398	3,708,441
Acceptances		1,375,632	237,617
Mark to market loss on forward foreign exchange contracts		30,079,750	9,355,093
Workers' welfare fund		2,566,512	1,632,034
Withholding tax payable		25,650	44,892
Clearing and settlements		16,185,042	610,671
Lease Liabilities	20.1	44,152	80,492
Others		2,474	1,275
		<u>87,971,176</u>	<u>30,590,325</u>
20.1 LEASE LIABILITIES			
Outstanding amount at the start of the period/year		80,492	56,387
Additions during the period / year		-	59,432
Payment made during the period / year		(41,168)	(44,647)
Interest expense		4,828	9,320
Outstanding amount at the end of the period / year	20.1.1	<u>44,152</u>	<u>80,492</u>
20.1.1 Liabilities Outstanding			
Not later than one year		22,688	41,595
Later than one year and upto five years		21,464	38,897
Total at the period / year end		<u>44,152</u>	<u>80,492</u>
Interest Rate		7.27% to 12.41%	7.27% to 12.41%
Renewal Options		No	No
Escalation clauses		Yes	Yes
21. HEAD OFFICE CAPITAL ACCOUNT			
Capital held as:			
Interest free deposit in approved foreign exchange			
i) Remitted from Head Office (USD 150 million)		33,964,635	26,477,025
ii) Revaluation surplus allowed by the State Bank of Pakistan		9,196,125	7,487,610
		<u>43,160,760</u>	<u>33,964,635</u>

21.1 Interest free deposit in approved foreign exchange capital account amounts to USD 150 million as at September 30, 2023 (December 31, 2022: USD 150 million).

	Note	Un-audited September 30, 2023	Audited December 31, 2022
----- (Rupees in '000) -----			
22. DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of available for sale securities	11.1	109,079	902,050
Deferred tax on deficit on revaluation of available for sale securities		(53,449)	(387,882)
		55,630	514,168

23. CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	441,988,003	397,368,070
Commitments	23.2	3,414,488,810	2,794,474,990
		3,856,476,813	3,191,843,060

23.1 Guarantees:

Financial guarantees		563,251	563,251
Performance guarantees		197,296,900	180,761,385
Other guarantees		244,127,852	216,043,434
		441,988,003	397,368,070

23.2 Commitments:

Documentary credits and short-term trade-related transactions - Letters of credit (including LC confirmations)		10,486,325	16,811,574
Commitments in respect of: - Forward foreign exchange contracts	23.2.1	3,404,002,485	2,777,663,416
		3,414,488,810	2,794,474,990

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		1,688,274,538	1,392,806,548
Sale		1,715,727,947	1,384,856,868
		3,404,002,485	2,777,663,416

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

		Un-audited September 30, 2023	Un-audited September 30, 2022
	Note	----- (Rupees in '000) -----	
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		22,027,723	4,611,853
Investments		101,415,638	43,089,846
Lendings to financial institutions		16,112,165	3,246,299
Balances with other banks		304,299	48,917
		<u>139,859,825</u>	<u>50,996,915</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		26,696,202	10,144,444
Borrowings	25.1	38,342,322	4,579,995
Cost of foreign currency swaps against foreign currency deposits / borrowings		24,389,767	24,655,999
Finance charges on lease liability against right of use asset		4,828	7,378
		<u>89,433,119</u>	<u>39,387,816</u>
25.1 Borrowings			
Call Borrowings from ICBC Head office and branches		38,274,834	4,480,939
Securities sold under repurchase agreements		67,488	98,658
		<u>38,342,322</u>	<u>4,579,597</u>
26. FEE & COMMISSION INCOME			
Branch banking customer fees		6,067	6,412
Card related fees (debit cards)		229	179
Investment banking fees		177,102	220,809
Commission on trade		77,893	189,484
Commission on guarantees		758,601	600,449
Commission on remittances including home remittances		49,384	26,106
Credit related fees		1,057,909	1,616
		<u>2,127,185</u>	<u>1,045,055</u>

		Un-audited September 30, 2023	Un-audited September 30, 2022
Note		----- (Rupees in '000) -----	
27. FOREIGN EXCHANGE INCOME / (LOSS)			
On:			
	Purchase and sale of forward foreign exchange contracts with Inter Banks - net	27.1 892,031	(28,671)
	Foreign Exchange revaluation of swaps - net	27.2 (7,447,689)	(2,819,385)
	Ready purchase and sale of foreign currencies	27.3 2,994,168	4,500,072
	Foreign exchange revaluation of others - net	(1,077,371)	(717,435)
		<u>(4,638,861)</u>	<u>934,581</u>
27.1 Purchase and sale of forward foreign exchange contracts with Inter Banks - net			
	Realised gain on foreign exchange contracts with Inter Bank - net	917,805	636,054
	Unrealised loss on foreign exchange contracts with Inter Bank - net	(25,774)	(664,725)
		<u>892,031</u>	<u>(28,671)</u>
27.2 Foreign Exchange revaluation of swaps - net			
	Foreign exchange loss on ready swap revaluation - net	24,658,628	(52,419,130)
	Unrealised (loss) / gain on forward swap contract	(32,106,317)	49,599,745
		<u>(7,447,689)</u>	<u>(2,819,385)</u>
27.3 Ready purchase and sale of foreign currencies			
	Ready purchase and sale of foreign currencies with customers	2,846,143	4,500,072
	Ready purchase and sale of foreign currencies with Financial Institutions	148,025	-
		<u>2,994,168</u>	<u>4,500,072</u>
28. (LOSS) / GAIN ON SECURITIES			
	Realised	<u>(3,783)</u>	<u>44,243</u>
	Realised (loss) / gain on:		
	Federal Government securities	<u>(3,783)</u>	<u>44,243</u>
29. OTHER INCOME			
	Recovered from employees against waiver of notice period	<u>1,011</u>	<u>1,573</u>

	Un-audited September 30, 2023	Un-audited September 30, 2022
Note	----- (Rupees in '000) -----	
30. OPERATING EXPENSES		
Total compensation expense	1,183,557	874,696
Property expense		
Rent & taxes	4,304	5,496
Insurance	311	331
Utilities cost	7,799	18,885
Security (including guards)	18,672	15,794
Repair & maintenance (including janitorial charges)	26,298	14,291
Depreciation	22,182	31,465
Depreciation on right-of-use assets	30,615	45,437
	110,181	131,699
Information technology expenses		
Software maintenance	9,565	6,390
Hardware maintenance	1,423	165
Depreciation	5,614	12,424
Amortisation	20	377
Insurance	16	17
Network and connectivity charges	16,002	14,200
	32,640	33,573
Other operating expenses		
Legal & professional charges	7,055	2,187
Outsourced services costs	38,397	25,292
Travelling & conveyance	25,520	9,824
Insurance	2,257	3,238
NIFT clearing charges	1,652	47,058
Fees and subscription	100,600	2,827
Repair & maintenance	7,351	1,054
Depreciation	18,025	5,443
Depreciation on right-of-use assets	1,620	3,641
Training & development	4,391	2,561
Postage & courier charges	1,185	1,692
Communication	3,350	3,343
Stationery, printing and low value consumables	8,740	4,062
Marketing, advertisement & publicity	11,497	926
Donations	965	600
Commission expense	9,163	3,727
Deposit protection premium	975	625
Auditor remuneration	1,112	856
Entertainment expense	6,180	1,054
Others	1,913	8,472
	251,948	128,482
	1,578,326	1,168,450
31. WORKERS' WELFARE FUND		
Charge during the period	934,478	249,599
31.1 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.		
32. OTHER CHARGES		
Penalty imposed by the State Bank of Pakistan	-	150

	Un-audited September 30, 2023	Un-audited September 30, 2022
Note	----- (Rupees in '000) -----	
33. (REVERSALS) / PROVISIONS & WRITE OFFS - NET		
(Reversals) / provisions against loans & advances	(389,968)	85,215

34. TAXATION

Current	20,320,945	5,987,656
Prior years	179	-
Deferred	(551,524)	31,315
	19,769,600	6,018,971

34.1 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.

34.2 The returns of income tax have been filed up to tax year 2023. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001.

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

	Un-audited September 30, 2023	Audited December 31, 2022	Un-audited September 30, 2022
	----- (Rupees in '000) -----		
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	70,998,039	42,170,309	49,704,443
Balances with other banks	15,220,901	6,434,681	22,804,069
	86,218,940	48,604,990	72,508,512

36. 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.

Fair value of financial assets

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	Un-audited September 30, 2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
Federal Government Securities (AFS)	-	587,287,095	-	587,287,095
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	-	9,423,878	-	9,423,878
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	-	(21,679,004)	-	(21,679,004)
	Audited December 31, 2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities (AFS)	-	567,092,711	-	567,092,711
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	-	9,108,761	-	9,108,761
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	-	10,453,087	-	10,453,087

36.1 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.

37. RELATED PARTY TRANSACTIONS

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

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

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

	Un-audited September 30, 2023				Audited December 31, 2022			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
----- (Rupees in '000) -----								
Balances with other banks								
In current accounts	-	6,725,450	1,546,508	-	-	3,355,467	443,803	-
	-	6,725,450	1,546,508	-	-	3,355,467	443,803	-
Advances								
Opening balance	180	-	-	-	481	-	-	-
Repaid during the period / year	(180)	-	-	-	(301)	-	-	-
Closing balance	-	-	-	-	180	-	-	-
Other Assets								
Defined benefit asset	-	-	-	11,640	-	-	-	8,055
Mark to market loss on forward foreign exchange contracts	-	-	41,087	-	-	-	1,923	-
Mark to market loss on Swap forward exchange contracts	-	-	82,450	-	-	-	(6,076,022)	-
Closing balance	-	-	123,537	11,640	-	-	(6,074,099)	8,055
Borrowings								
Opening balance	-	-	499,959,427	-	-	225,937,280	165,040,122	-
Borrowings during the year	-	-	1,732,593,232	-	-	159,913,294	1,528,607,073	-
Settled during the year	-	-	(1,262,586,513)	-	-	(385,850,574)	(1,193,687,768)	-
Closing balance	-	-	969,966,146	-	-	-	499,959,427	-

Key management personnel	Un-audited September 30, 2023			Key management personnel	Audited December 31, 2022			
	Head office	Overseas branches / associates	Other related parties		Head office	Overseas branches / associates	Other related parties	
----- (Rupees in '000) -----								
Deposits and other accounts								
Opening balance	5,178	1,789	-	83,339	9,116	1,863	-	65,583
Received during the period / year	453,127	-	-	28,862	486,290	3,000	-	22,882
Withdrawn during the period / year	(454,403)	-	-	(11,678)	(489,578)	(3,074)	-	(5,126)
Transfer in / (out) - net	(1,497)	-	-	-	(650)	-	-	-
Closing balance	2,405	1,789	-	100,523	5,178	1,789	-	83,339

Other Liabilities

Interest / mark-up payable	-	-	11,160,217	-	213	-	5,103,076	5,479
Mark to market loss on forward foreign exchange contracts	-	-	1,421	-	-	-	63,871	-
Mark to market loss on Swap forward exchange contracts	-	-	8,283,714	-	-	-	260,857	-
Commission received in advance against unfunded exposure	-	153,965	-	-	-	95,938	-	-
Closing balance	-	153,965	19,445,352	-	213	95,938	5,427,804	5,479

Contingencies and Commitments

Letter of guarantee	-	245,992,055	-	-	-	223,701,475	-	-
Forward exchange contract purchase	-	-	532,166,572	-	-	-	446,252,685	-
Forward exchange contract sale	-	-	541,698,005	-	-	-	442,008,546	-

Key management personnel	Un-audited September 30, 2023			Key management personnel	Un-audited September 30, 2022			
	Head office	Overseas branches / associates	Other related parties		Head office	Overseas branches / associates	Other related parties	
----- (Rupees in '000) -----								
Income								
Mark-up / return / interest earned	-	69,000	979	-	13	26,976	6,160	-
Fee & commission income	372	118,704	-	-	-	158,900	3,589	-
Expense								
Mark-up / return / interest paid	280	-	38,274,834	7,261	-	1,024,430	3,456,509	-
Compensation expense	293,183	-	-	-	382,394	-	-	-
Contribution to gratuity fund	-	-	-	8,409	-	-	-	7,330
Contribution to provident fund	-	-	-	7,724	-	-	-	2,992

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Corporate finance	Treasury	Branch Banking	Others	Total
----- (Rupees in '000) -----					
September 30, 2023 - Un-audited					
Profit & Loss					
Net mark-up / return / profit	4,850,580	45,580,954	-	(4,828)	50,426,706
Inter segment revenue - net	234,317	(234,317)	-	-	-
Non mark-up / return / interest income	4,466,839	(7,037,978)	55,680	1,011	(2,514,448)
Total Income	9,551,736	38,308,659	55,680	(3,817)	47,912,258
Segment direct expenses	500,910	2,008,974	2,920	-	2,512,804
Inter segment expense allocation	-	-	-	-	-
Total expenses	500,910	2,008,974	2,920	-	2,512,804
Provision	(389,968)	-	-	-	(389,968)
Profit before tax	9,440,794	36,299,685	52,760	(3,817)	45,789,422
September 30, 2023 - Un-audited					
Statement of financial position					
Cash & Bank balances	-	86,218,940	-	-	86,218,940
Investments	-	596,710,973	-	-	596,710,973
Net inter segment lending	220,953,004	-	-	-	220,953,004
Lendings to financial institutions	-	335,000,000	-	-	335,000,000
Advances - performing	389,266,150	-	-	-	389,266,150
- non-performing	-	-	-	-	-
Others	5,097,661	9,742,516	-	2,071,552	16,911,729
Total Assets	615,316,815	1,027,672,429	-	2,071,552	1,645,060,796
Borrowings	374,059,920	613,831,220	-	-	987,891,140
Deposits & other accounts	236,159,234	-	-	-	236,159,234
Net inter segment borrowing	-	220,953,004	-	-	220,953,004
Others	17,686,297	39,105,618	18,918,739	14,994,219	90,704,873
Total liabilities	627,905,451	873,889,842	18,918,739	14,994,219	1,535,708,251
Equity	-	-	-	109,352,545	109,352,545
Total Equity & liabilities	627,905,451	873,889,842	18,918,739	124,346,764	1,645,060,796
Contingencies & Commitments	452,474,328	3,404,002,485	-	-	3,856,476,813

	Corporate finance	Treasury	Branch Banking	Others	Total
----- (Rupees in '000) -----					
September 30, 2022 - Un-audited					
Profit & Loss					
Net mark-up / return / profit	1,130,652	10,485,825	-	(7,378)	11,609,099
Inter segment revenue - net	357,831	(357,831)	-	-	-
Non mark-up / return / interest income	4,612,416	(2,621,234)	32,697	1,573	2,025,452
Total Income	6,100,899	7,506,760	32,697	(5,805)	13,634,551
Segment direct expenses	634,248	780,402	3,399	150	1,418,199
Inter segment expense allocation	-	-	-	-	-
Total expenses	634,248	780,402	3,399	150	1,418,199
Provision	85,215	-	-	-	85,215
Profit before tax	5,381,436	6,726,358	29,298	(5,955)	12,131,137
December 31, 2022 - Audited					
Statement of financial position					
Cash & Bank balances	-	48,604,990	-	-	48,604,990
Investments	-	576,201,472	-	-	576,201,472
Net inter segment lending	122,730,099	-	-	-	122,730,099
Lendings to financial institutions	-	80,542,850	-	-	80,542,850
Advances - performing	53,813,083	-	-	-	53,813,083
- non-performing	-	-	-	-	-
Others	1,647,924	20,216,169	-	1,718,299	23,582,392
Total Assets	178,191,106	725,565,481	-	1,718,299	905,474,886
Borrowings	-	499,959,427	-	-	499,959,427
Deposits & other accounts	176,543,182	-	-	-	176,543,182
Net inter segment borrowing	-	122,730,099	-	-	122,730,099
Others	9,133,137	14,460,425	2,584,464	6,386,092	32,564,118
Total liabilities	185,676,319	637,149,951	2,584,464	6,386,092	831,796,826
Equity	-	-	-	73,678,060	73,678,060
Total Equity & liabilities	185,676,319	637,149,951	2,584,464	80,064,152	905,474,886
Contingencies & Commitments	414,179,644	2,777,663,416	-	-	3,191,843,060

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

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY

Un-audited Audited
September 30, December 31,
2023 2022
----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	43,160,760	33,964,635
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	109,314,644	73,642,485
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	109,314,644	73,642,485
Eligible Tier 2 Capital	153,599	543,567
Total Eligible Capital (Tier 1 + Tier 2)	109,468,243	74,186,052

Risk Weighted Assets (RWAs):

Credit Risk	188,845,063	173,586,476
Market Risk	38,530,354	31,755,982
Operational Risk	34,342,583	34,342,583
Total	261,718,000	239,685,041

Common Equity Tier 1 Capital Adequacy Ratio	41.77%	30.72%
Tier 1 Capital Adequacy Ratio	41.77%	30.72%
Total Capital Adequacy Ratio	41.83%	30.95%

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

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

Un-audited Audited
September 30, December 31,
2023 2022
----- (Percentages) -----

Minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)	9.00%	9.00%
Tier 1 minimum ratio (%)	10.50%	10.50%
Total capital minimum ratio (%)	13.00%	13.00%

Leverage Ratio (LR):

Eligible Tier-1 Capital	109,314,644	73,642,485
Total Exposure	1,546,267,708	1,193,680,827
Leverage Ratio	7.07%	6.17%
Minimum Requirement (%)	3.00%	3.00%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	819,284,317	563,569,354
Total Net Cash Outflow	491,633,095	268,688,641
Liquidity Coverage Ratio	166.65%	209.75%
Minimum Requirement (%)	100.00%	100.00%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	354,737,664	261,443,278
Total Required Stable Funding	97,162,509	85,803,037
Net Stable Funding Ratio	365.10%	304.70%
Minimum Requirement (%)	100.00%	100.00%

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

39. GENERAL

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

	Reclassified			
	Quarter ended September 30, 2023		Nine months ended September 30, 2023	
	From	To	From	To
	Foreign exchange (loss) / income	Mark-up / return / interest expensed	Mark-up / return / interest expensed	Foreign exchange (loss) / income
Profit and Loss Account	474,025	474,025	2,838,116	2,838,116

39.2 The figures in these condensed interim financial statements have been rounded off to the nearest thousand.

40. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 30, 2023 by the Chief Executive Officer and Deputy Chief Executive Officer.

Chief Executive Officer

Deputy Chief Executive Officer