



中国工商银行股份有限公司 卡拉奇分行

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED KARACHI BRANCH

ICBC/F&A/2017/65

19th October 2017

Mr. Irfan Ismail
Director – Offsite Supervision & Enforcement Department
State Bank of Pakistan
11 Chundrigar Road
Karachi

Dear Sir

**FINANCIAL STATEMENT OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

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 statement to the State Bank of Pakistan within one month from the period end.

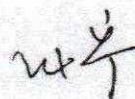
In view of the above, kindly find enclosed a copy of our approved quarterly financial statement. We thank you for the continued support extended to the bank.

Kindly let us know if any additional information is required.

Yours sincerely



He Shenghu
Chief Executive Officer




Lynn Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Financial Position
As at September 30, 2017

	Note	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
ASSETS			
Cash and balances with treasury banks		6,533,388	8,377,564
Balances with other banks		713,170	3,685,177
Lendings to financial institutions	7	141,286,576	8,687,263
Investments	8	243,386,536	209,336,742
Advances	9	7,531,422	6,096,727
Operating fixed assets	10	586,653	642,046
Deferred tax assets	13	-	2,328
Other assets		3,221,041	7,150,891
		403,258,786	243,978,738
LIABILITIES			
Bills payable		551,361	831,033
Borrowings from financial institutions	11	307,947,555	169,531,176
Deposits and other accounts	12	51,328,115	52,779,401
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	13	3,344	-
Other liabilities	14	32,762,454	13,052,499
		392,592,829	236,194,109
NET ASSETS		10,665,957	7,784,629
REPRESENTED BY			
Head office capital account	15	3,805,069	3,775,797
Unremitted profit		6,882,606	4,047,374
		10,687,675	7,823,171
Deficit on revaluation of investments - net of tax	16	(21,718)	(38,542)
		10,665,957	7,784,629
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 25 form an integral part of the condensed interim financial information.


He Shenghu
Chief Executive Officer


Ye Ning
Head of Finance

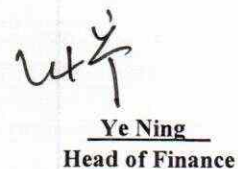
Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and nine months period ended September 30, 2017

	Note	Nine months Period Ended		Quarter Ended	
		September 2017	September 2016	September 2017	September 2016
----- (Rupees in '000) -----					
Mark-up / Return / Interest Earned		13,188,273	7,207,925	5,155,659	3,007,440
Mark-up / Return / Interest Expensed		(8,432,134)	(5,576,269)	(3,606,970)	(2,474,173)
Net mark-up / Interest Income		4,756,139	1,631,656	1,548,689	533,267
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		4,756,139	1,631,656	1,548,689	533,267
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		570,830	544,529	187,278	174,432
Dividend income		-	-	-	-
(Loss) / gain from dealing in foreign currencies	18	(86,625)	252,198	109,572	97,195
Gain / (loss) on sale of securities		-	-	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Other income		419	162	175	-
Total non-mark-up / interest income		484,624	796,889	297,025	271,627
		5,240,763	2,428,545	1,845,714	804,894
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(738,935)	(664,760)	(250,773)	(237,325)
Other provisions / write-offs		-	-	-	-
Other charges		-	-	-	-
Total non-mark-up / interest expense		(738,935)	(664,760)	(250,773)	(237,325)
		4,501,828	1,763,785	1,594,941	567,569
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		4,501,828	1,763,785	1,594,941	567,569
Taxation - Current		1,579,023	600,199	557,789	201,161
- Prior	21.1	90,959	82,394	-	-
- Deferred	13	(3,386)	52,380	194	(1,235)
		1,666,596	734,973	557,983	199,926
PROFIT AFTER TAXATION		2,835,232	1,028,812	1,036,958	367,643

The annexed notes 1 to 25 form an integral part of the condensed interim financial information.


He Shenghu
Chief Executive Officer



Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and nine months period ended September 30, 2017

	Note	Nine Months Period Ended		Quarter Ended	
		September 2017	September 2016	September 2017	September 2016
(Rupees in '000)					
Profit for the period after taxation		2,835,232	1,028,812	1,036,958	367,643
Other comprehensive income					
Items that will not be reclassified to profit and loss account					
Exchange adjustments on revaluation of capital	15	29,272	(4,318)	20,346	(4,816)
Comprehensive income - transferred to statement of changes in equity		2,864,504	1,024,494	1,057,304	362,827
Components of comprehensive income not reflected in Head Office account					
Surplus/(Deficit) on revaluation of available for sale securities	8	25,883	(55,706)	17,023	(50,075)
Related tax	13	(9,059)	19,497	(5,958)	17,526
		16,824	(36,209)	11,065	(32,549)
Total comprehensive income		2,881,328	988,285	1,068,369	330,278

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Chief Executive Officer

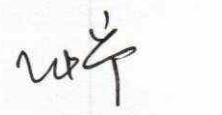

Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2017

	Note	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,501,828	1,763,785
Adjustments for non-cash charges			
Depreciation & amortization		60,314	56,365
Gain on disposal of fixed assets		(44)	-
		<u>4,562,098</u>	<u>1,820,150</u>
Decrease / (Increase) in operating assets			
Lendings to financial institutions		-	-
Advances		(1,434,695)	1,624,433
Other assets		<u>3,932,178</u>	<u>(16,037)</u>
		2,497,483	1,608,396
(Decrease) / Increase in operating liabilities			
Bills payable		(279,672)	151,915
Borrowings from financial institutions		180,929,228	(99,262,962)
Deposits		(1,451,286)	7,512,567
Other liabilities		<u>19,367,437</u>	<u>(1,092,088)</u>
		<u>198,565,707</u>	<u>(92,690,568)</u>
		205,625,288	(89,262,022)
Income tax paid		<u>(1,320,733)</u>	<u>(585,000)</u>
Net cash flow from operating activities		<u>204,304,555</u>	<u>(89,847,022)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in operating fixed assets	10.1	(4,926)	(62,360)
Sale proceeds of property and equipment disposed - off		48	-
Net investments in available for sale securities		<u>(34,032,970)</u>	<u>(75,514,243)</u>
Net cash flow from investing activities		<u>(34,037,848)</u>	<u>(75,576,603)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Exchange adjustments on revaluation of capital	15	29,272	(4,318)
Net cash flow from financing activities		<u>29,272</u>	<u>(4,318)</u>
Net decrease in cash and cash equivalents		170,295,979	(165,427,943)
Cash and cash equivalents at beginning of the period		(148,781,172)	5,510,134
Cash and cash equivalents at end of the period	19	<u>21,514,807</u>	<u>(159,917,809)</u>

The annexed notes 1 to 25 form an integral part of the condensed interim financial information.


He Shenghu
Chief Executive Officer


Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2017

	Note	Head office capital account	Unappropriated profit (Rupees in '000)	Total
Balance as at January 01, 2016		3,780,941	2,620,351	6,401,292
Total comprehensive income for the nine months period ended September 30, 2016				
Profit for period		-	1,028,812	1,028,812
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital		(4,318)	-	(4,318)
Balance as at September 30, 2016		3,776,623	3,649,163	7,425,786
Total comprehensive income for quarter ended December 31, 2016				
Profit for the quarter ended December 31, 2016		-	398,504	398,504
Exchange adjustment on revaluation of capital		(826)	-	(826)
Remeasurement of defined benefit plan - net of tax		-	(293)	(293)
		(826)	398,211	397,385
Balance as at December 31, 2016		3,775,797	4,047,374	7,823,171
Total comprehensive income for the nine months period ended September 30, 2017				
Profit for nine months period ended September 30, 2017		-	2,835,232	2,835,232
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital	15	29,272	-	29,272
		29,272	2,835,232	2,864,504
Balance as at September 30, 2017		3,805,069	6,882,606	10,687,675

The annexed notes 1 to 25 form an integral part of the condensed interim financial information.


He Shenghu
Chief Executive Officer


Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

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.

The Bank presently operates through three branches (December 31, 2016: 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, 2016.

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 Repealed Companies Ordinance, 1984, 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 Repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2 The Companies Ordinance, 1984 was repealed by enactment of the Companies Act 2017 on May 30, 2017. SECP vide its Circular No. 23 of 2017 dated October 04, 2017, has clarified that all those companies whose financial year, closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. The Companies Act 2017 requires enhanced disclosures and has also enhanced the definition of related parties.
- 3.3 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, SECP vide its S.R.O 1007(I)/2017 superseded IAS 11 "Construction Contracts" and IAS 18 "Revenue" with new International Financial Reporting Standards (IFRS) 15 "Revenue From Contracts with Customers". Further IAS 39 "Financial Instrument: Recognition and Measurement" is also superseded under the said notification and new IFRS 9 "Financial Instrument" will be adopted. The effective date for implementation of new standards is for annual reporting periods beginning on or after July 01, 2018. Accordingly, the requirements of these standards have not been considered in the preparation of the condensed interim financial information. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars.

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, 2016.

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, 2016.

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, 2016.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Call money lendings	7.1	22,581,880	1,209,910
Repurchase agreement lendings (reverse repo)	7.2	118,704,696	7,477,353
		<u>141,286,576</u>	<u>8,687,263</u>

7.1 These represent call lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 1.2% to 5.45% per annum (December 31, 2016: 5.70% to 9% per annum) with maturities upto October 2017 (December 31, 2016: January 2017).

7.2 These represent repurchase agreement lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 5.48% to 5.78% per annum (December 31, 2016: 5.55% to 5.80%) with maturities upto October 2017 (December 31, 2016: January 2017).

8 INVESTMENTS

	Note	September 30, 2017 (Un-Audited)			December 31, 2016 (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	1,091,067	-	1,091,067	1,124,140	-	1,124,140
Market Treasury Bills - at cost	8.2	242,328,881		242,328,881	208,271,897	-	208,271,897
Deficit on revaluation of available for sale securities		(33,412)		(33,412)	(59,295)	-	(59,295)
Total investments at market value		<u>243,386,536</u>	-	<u>243,386,536</u>	<u>209,336,742</u>	-	<u>209,336,742</u>

8.1 This Pakistan Investment Bond will mature upto July 2019 (December 2016: upto July 2019) and carry interest rate at 11.50% per annum (December 2016: at 11.50% per annum).

8.2 These Market Treasury Bills will mature upto December 2017 (December 2016: upto March 2017) and interest rate at 5.99% per annum (December 2016: from 5.78% to 6.17% per annum).

9 ADVANCES

	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Loans, cash credits, running finances, etc. In Pakistan	4,217,131	3,252,834
Bills discounted and purchased (excluding market treasury bills) Payable in Pakistan	<u>3,314,291</u>	<u>2,843,893</u>
	<u>7,531,422</u>	<u>6,096,727</u>

9.1 No advances have been placed under non-performing status (December 31, 2016: Nil).

10 OPERATING FIXED ASSETS

	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Property and equipment	586,653	641,995
Intangible assets	-	51
	<u>586,653</u>	<u>642,046</u>

		Nine months ended		
		September 30, 2017 (Un-audited) (Rupees in '000)	September 30, 2016 (Audited)	
10.1	Additions during the period	4,926	62,360	
10.2	During the period, fixed assets having written down value of Rs. 3,912 were disposed off.			
11	BORROWINGS FROM FINANCIAL INSTITUTIONS	<i>Note</i>	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
	In Pakistan	11.3	4,581,951	500,000
	Outside Pakistan	11.3	303,365,604	169,031,176
			307,947,555	169,531,176
11.1	Particulars of borrowings with respect to currencies			
	In local currency		4,581,951	500,000
	In foreign currency		303,365,604	169,031,176
			307,947,555	169,531,176
11.2	Details of borrowings			
	Secured			
	Repurchase agreement borrowings (repo)		-	-
	Unsecured			
	Call borrowings		307,947,555	169,531,176
			307,947,555	169,531,176
11.3	These represent borrowings from financial institutions and other ICBC branches at mark-up rates ranging from 0.49% to 5.80% per annum (December 31, 2016: 0.78% to 5.85% per annum) maturing by February 2018 (December 31, 2016: February 2017).			
12	DEPOSITS AND OTHER ACCOUNTS	<i>Note</i>	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
	Customers			
	Fixed deposits		19,912,500	13,765,238
	Savings deposits		24,265,599	33,258,027
	Current accounts - non-remunerative		7,043,131	5,734,486
			51,221,230	52,757,751
	Financial institutions			
	Remunerative deposits		-	-
	Non-remunerative deposits		106,885	21,650
		12.1	51,328,115	52,779,401
12.1	Particulars of deposits			
	In local currency		40,974,137	33,336,647
	In foreign currency		10,353,978	19,442,754
			51,328,115	52,779,401
13	DEFERRED TAX (LIABILITY) / ASSET			
	Deferred debits arising in respect of			
	- Investments - available for sale		(11,696)	20,753
	- Remeasurement of defined benefit liability		(106)	106
			(11,802)	20,859
	Deferred credits arising in respect of			
	- Accelerated tax depreciation		15,146	(18,531)
			3,344	2,328

14 OTHER LIABILITIES

This includes interest free advance of USD 13.9 million (December 31, 2016: 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

September 30,
2017
(Un-audited)
(Rupees in '000)

December 31,
2016
(Audited)

*Capital held as interest free deposit in approved foreign exchange
USD 36.098 million (December 31, 2016: USD 36.098 million)*

Balance at beginning of the period

3,775,797

3,780,941

Revaluation advised by the State Bank of Pakistan during the period

29,272

(5,144)

3,805,069

3,775,797

16 DEFICIT ON REVALUATION OF INVESTMENTS - NET OF TAX

Deficit on revaluation of government securities

(33,412)

(59,295)

Related deferred tax asset

11,694

20,753

(21,718)

(38,542)

17 CONTINGENCIES AND COMMITMENTS

17.1 Transaction related contingent liabilities

Government

92,880,445

201,386,741

Others

125,582,958

15,915,727

218,463,403

217,302,468

17.2 Trade related contingent liabilities

Letters of credit

540,990

1,911,198

Acceptance

2,730,140

1,900,931

2,730,140

1,900,931

17.3 Commitments in respect of forward exchange contracts

Purchase

459,581,318

412,175,951

Sale

461,457,354

415,711,771

461,457,354

415,711,771

17.4 Commitments in respect of repo transactions

Repurchase

118,704,697

7,477,353

Resale

-

-

-

-

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

18 (LOSS) / GAIN FROM DEALING IN FOREIGN CURRENCIES

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

19 CASH AND CASH EQUIVALENTS

Note

September 30,
2017
(Un-audited)
(Rupees in '000)

December 31
2016
(Audited)

Cash and balances with treasury banks

6,533,388

8,377,564

Balances with other banks

713,170

3,685,177

Lendings to financial institutions

141,286,576

8,687,263

Borrowings from financial institutions

(127,018,327)

(169,531,176)

21,514,807

(148,781,172)

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 as at September 30, 2017 are as follows:

	Staff Retirement Benefits	Key Management Personnel	Other ICBC branches	Head Office	Total
September 30, 2017 (Un-audited)					
(Rupees in '000)					
Balance sheet					
Balances with other banks	-	-	418,024	295,146	713,170
Lendings to financial institutions	-	-	21,081,880	-	21,081,880
Borrowings from financial institutions	-	-	261,201,844	42,163,760	303,365,604
Nine months ended September 30, 2017 (Un-audited)					
(Rupees in '000)					
Profit and loss					
Interest / other income	-	-	18,725	3,428	22,153
Interest / other expense	3,649	384,118	2,346,231	542,279	2,888,510
Contingencies & commitment					
Letter of guarantee	-	-	-	-	-
Forward exchange contract sale	-	-	139,755,604	-	139,755,604
Forward exchange contract purchase	-	-	140,717,883	-	140,717,883
	Staff Retirement Benefits	Key Management Personnel	Other ICBC branches	Head Office	Total
December 31, 2016 (Audited)					
(Rupees in '000)					
Balance sheet					
Balances with other banks	-	-	2,522,569	1,162,227	3,684,796
Lendings to financial institutions	-	-	209,910	-	209,910
Borrowings	-	-	79,390,261	89,640,915	169,031,176
Nine months Ended September 30, 2016 (Un-audited)					
(Rupees in '000)					
Profit and loss					
Interest / other income	-	-	17,803	1,891	19,694
Interest / other expense	3,535	460,327	468,343	308,850	1,241,055
Contingencies & commitment					
Letter of guarantee	-	-	-	-	-
Forward exchange contract sale	-	-	200,310,308	-	200,310,308
Forward exchange contract purchase	-	-	200,118,651	-	200,118,651

21 TAXATION

21.1 The Finance Act, 2017 has introduced certain amendments relating to taxation of banking companies. As per these amendments, one-time super tax at the rate of 4 percent of the taxable income has also been levied consistent with prior year. These amendments have been applied retrospectively for the tax year 2017, (i.e. year ended December 31, 2016). The effects of above amendments have been incorporated as a prior year tax charge in this condensed interim financial information.

21.2 In the current period, the tax authorities have passed assessment orders for the tax year 2012 to 2014 and raised an additional demand of Rs. 45 million on account of minimum tax under section 113 of Income Tax Ordinance 2001. The branch has filed appeals before the appellate forum against these amendments. The management of the branch 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:

		September 30, 2017 (Un-audited)							
Note		Carrying Amount			Total	Fair value			Total
		Held for trading	Available for sale	Loans and Receivables		Level 1	Level 2	Level 3	
(Rupees in '000)									
On balance sheet financial instruments									
Financial assets measured at fair value									
	Other assets - forward foreign exchange contracts	2,718,030	-	-	2,718,030	-	2,718,030	-	2,718,030
	- Investments	8	-	243,386,536	-	243,386,536	-	-	243,386,536
Financial assets not measured at fair value									
	- Cash and bank balances with treasury bank	-	-	6,533,388	6,533,388				
	- Balances with other banks	-	-	713,170	713,170				
	- Lendings to financial institutions	7	-	141,286,576	141,286,576				
	- Advances	9	-	7,531,422	7,531,422				
	- Other assets	-	-	406,057	406,057				
		2,718,030	243,386,536	156,470,613	402,575,179				
Financial liabilities measured at fair value									
	Other liabilities - forward foreign exchange contracts	2,467,533	-	-	2,467,533	-	2,467,533	-	2,467,533
Financial liabilities not measured at fair value									
	- Bills payable	-	-	551,361	551,361				
	- Borrowings from financial institutions	11	-	307,947,555	307,947,555				
	- Deposits and other accounts	12	-	51,328,115	51,328,115				
	- Other liabilities	-	-	29,871,165	29,871,165				
		2,467,533	-	389,698,196	392,165,729				
Off balance sheet financial instruments									
	- Forward purchase of foreign exchange contracts	17.3	459,581,318	-	459,581,318	-	459,581,318	-	459,581,318
	- Forward sale of foreign exchange contracts	17.3	461,457,354	-	461,457,354	-	461,457,354	-	461,457,354
December 31, 2016 (Audited)									
Note		Carrying Amount			Total	Fair value			Total
		Held for trading	Available for sale	Loans and Receivables		Level 1	Level 2	Level 3	
(Rupees in '000)									
On balance sheet financial instruments									
Financial assets measured at fair value									
	Other assets - forward foreign exchange contracts	6,925,216	-	-	6,925,216	-	6,925,216	-	6,925,216
	- Investments	8	-	209,336,742	-	209,336,742	-	-	209,336,742
Financial assets not measured at fair value									
	- Cash and bank balances with treasury bank	-	-	8,377,564	8,377,564				
	- Balances with other banks	-	-	3,685,177	3,685,177				
	- Lending to financial institutions	7	-	8,687,263	8,687,263				
	- Advances	9	-	6,096,727	6,096,727				
	- Other assets	-	-	188,184	188,184				
		6,925,216	209,336,742	27,034,915	243,296,873				
Financial liabilities measured at fair value									
	Other liabilities - forward foreign exchange contracts	9,569,180	-	-	9,569,180	-	9,569,180	-	9,569,180
Financial liabilities not measured at fair value									
	- Bills payable	-	-	831,033	831,033				
	- Borrowings from financial institutions	11	-	169,531,176	169,531,176				
	- Deposits and other accounts	12	-	52,779,401	52,779,401				
	- Other liabilities	-	-	2,749,512	2,749,512				
		9,569,180	-	225,891,122	235,460,302				
Off balance sheet financial instruments									
	- Forward purchase of foreign exchange contracts	17.3	412,175,951	-	412,175,951	-	412,175,951	-	412,175,951
	- Forward sale of foreign exchange contracts	17.3	415,711,771	-	415,711,771	-	415,711,771	-	415,711,771

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
Nine months period ended September 30, 2017 (Un-audited)				
----- (Rupees in '000) -----				
Total income	316,405	13,356,492	-	13,672,897
Total expenses	(175,602)	(8,934,776)	(60,314)	(9,170,692)
Net income	140,803	4,421,716	(60,314)	4,502,205
As at September 30, 2017 (Un-audited)				
----- (Rupees in '000) -----				
Segment assets (gross)	7,531,422	391,919,670	3,807,694	403,258,786
Segment liabilities	6,773,937	352,501,733	33,317,159	392,592,829
----- (%) -----				
Segment return on assets (ROA)	4.64%	4.29%	0.00%	
Segment cost of funds	2.81%	3.14%	0.26%	
Nine months period ended September 30, 2016 (Un-audited)				
----- (Rupees in '000) -----				
Total income	245,326	7,759,488	-	8,004,814
Total expenses	(215,877)	(5,968,787)	(56,365)	(6,241,029)
Net income	29,449	1,790,701	(56,365)	1,763,785
As at September 30, 2016 (Un-audited)				
----- (Rupees in '000) -----				
Segment assets (gross)	5,374,973	206,740,873	2,144,125	214,259,971
Segment liabilities	5,090,529	195,800,143	5,982,040	206,872,712
----- (%) -----				
Segment return on assets (ROA)	3.97%	4.59%	0.00%	
Segment cost of funds	3.74%	3.77%	0.88%	


24 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 October 18, 2017.

25 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.


He Shenghu
Chief Executive Officer


Lynn Ye Ning
Head of Finance