



Industrial and Commercial Bank of China Limited -  
Pakistan Branches

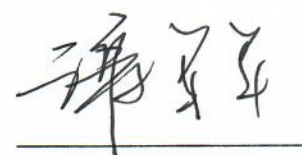
Condensed Interim Financial Statements  
for the Nine Months Period Ended  
September 30, 2022

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**

(Un-audited) September 30, 2022	(Audited) December 31, 2021		Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
----- (USD in '000) -----				----- (Rupees in '000) -----	
<b>ASSETS</b>					
217,571	165,039	Cash and balances with treasury banks	7	49,704,443	37,703,444
99,820	102,131	Balances with other banks	8	22,804,069	23,331,975
54,520	193,866	Lendings to financial institutions	9	12,455,172	44,289,040
2,666,753	1,951,296	Investments	10	609,225,144	445,777,512
251,678	215,416	Advances	11	57,496,397	49,212,164
2,514	2,636	Fixed assets	12	574,282	602,096
40	41	Intangible assets	13	9,078	9,455
-	3,797	Deferred tax assets	14	-	867,391
321,242	38,323	Other assets	15	73,388,391	8,754,924
3,614,138	2,672,545			825,656,976	610,548,001
<b>LIABILITIES</b>					
11,268	6,383	Bills payable	16	2,574,085	1,458,127
2,347,000	1,711,420	Borrowings	17	536,176,844	390,977,403
806,341	679,802	Deposits and other accounts	18	184,210,311	155,302,046
-	-	Liabilities against assets subject to finance lease		-	-
-	-	Subordinated debt		-	-
435	-	Deferred tax liabilities	14	99,360	-
144,536	38,735	Other liabilities	19	33,019,519	8,849,150
3,309,580	2,436,340			756,080,119	556,586,726
304,558	236,205	<b>NET ASSETS</b>		69,576,857	53,961,275
<b>REPRESENTED BY</b>					
150,000	115,898	Head office capital account - net		34,267,800	26,477,025
269	(7,228)	Surplus / (deficit) on revaluation of assets	20	61,340	(1,651,302)
154,289	127,535	Unremitted profit		35,247,717	29,135,552
304,558	236,205			69,576,857	53,961,275
<b>CONTINGENCIES AND COMMITMENTS</b>					
			21		

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**

  
**Head of Finance**



**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

		Un-audited		Un-audited	
		Quarter ended		Nine months period ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		(Rupees in '000)			
Note					
22	Mark-up / return / interest earned	22,489,855	9,451,255	50,996,915	27,012,070
23	Mark-up / return / interest expensed	16,145,297	7,258,464	42,215,932	23,217,757
	Net mark-up / interest income	6,344,558	2,192,791	8,780,983	3,794,313
<b>NON MARK-UP / INTEREST INCOME</b>					
24	Fee and commission income	272,856	337,088	1,045,054	1,080,345
25	Foreign exchange income	1,072,952	503,368	3,762,697	1,222,253
26	Gain / (loss) on securities	-	-	44,243	(115)
	Other income	204	638	1,573	3,310
	Total non-markup / interest income	1,346,012	841,094	4,853,567	2,305,793
	Total income	7,690,570	3,033,885	13,634,550	6,100,106
<b>NON MARK-UP / INTEREST EXPENSES</b>					
27	Operating expenses	434,388	336,358	1,168,450	1,079,547
28	Workers welfare fund	147,198	52,627	249,599	97,940
	Other charges	-	13,542	150	14,854
	Total non-markup / interest expenses	581,586	402,527	1,418,199	1,192,341
29	Profit before provisions	7,108,984	2,631,358	12,216,351	4,907,765
	Provisions / (reversals) / and write offs - net	91,968	(12,646)	85,215	15,556
	<b>PROFIT BEFORE TAXATION</b>	7,017,016	2,644,004	12,131,136	4,892,209
30	Taxation	2,935,228	1,046,800	6,018,971	1,946,269
	<b>PROFIT AFTER TAXATION</b>	4,081,788	1,597,204	6,112,165	2,945,940

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**

  
**Head of Finance**

Head of Finance

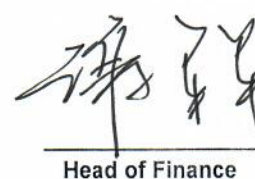


**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Head office capital account	Surplus /(deficit) on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
<b>Balance as at January 01, 2021</b>	23,975,160	(603,210)	24,941,897	48,313,847
Profit after taxation for the nine months period ended September 30, 2021 - un-audited	-	-	2,945,940	2,945,940
Other comprehensive income - net of tax	-	(140,163)	-	(140,163)
	-	(140,163)	2,945,940	2,805,777
<b>Transactions with owners, recorded directly in equity</b>				
Translation gain on revaluation of capital	1,623,480	-	-	1,623,480
<b>Balance as at September 30, 2021 - un-audited</b>	<b>25,598,640</b>	<b>(743,373)</b>	<b>27,887,837</b>	<b>52,743,104</b>
Profit after taxation for the three months period ended December 31, 2021	-	-	1,248,173	1,248,173
Other comprehensive loss - net of tax	-	(907,929)	(458)	(908,387)
	-	(907,929)	1,247,715	339,786
<b>Transactions with owners, recorded directly in equity</b>				
Translation loss on revaluation of capital	878,385	-	-	878,385
<b>Balance as at December 31, 2021 - audited</b>	<b>26,477,025</b>	<b>(1,651,302)</b>	<b>29,135,552</b>	<b>53,961,275</b>
<b>Total comprehensive income for the nine months period ended September 30, 2022 - un-audited</b>				
Profit after taxation for the nine months period ended September 30, 2022	-	-	6,112,165	6,112,165
Other comprehensive income - net of tax	-	1,712,642	-	1,712,642
	-	1,712,642	6,112,165	7,824,807
<b>Transactions with owners, recorded directly in equity</b>				
Exchange adjustments on revaluation of capital	7,790,775	-	-	7,790,775
<b>Balance as at September 30, 2022 - un-audited</b>	<b>34,267,800</b>	<b>61,340</b>	<b>35,247,717</b>	<b>69,576,857</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**

  
**Head of Finance**

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

(Un-audited)  
September 30, September 30,  
2022 2021  
----- (USD in '000) -----

(Un-audited)  
September 30, September 30,  
2022 2021  
Note ----- (Rupees in '000) -----

		<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
53,101	21,414	Profit before taxation		12,131,136	4,892,209
Adjustments:					
216	222	Depreciation on fixed assets	27	49,332	50,626
215	202	Depreciation on ROUA assets		49,078	46,185
2	8	Amortisation		377	1,805
373	68	Provision and write-offs	29	85,215	15,556
32	24	Financial charges on leased assets	23	7,378	5,566
1,093	429	Provision for workers' welfare fund		249,599	97,940
-	-	Unrealised (Gain) / loss on revaluation of			
(232,548)	(70,554)	forward foreign exchange contracts - net		(53,125,972)	(16,118,259)
-	(1)	Loss on sale of fixed assets		-	(237)
(230,617)	(69,602)			(52,684,993)	(15,900,818)
(177,516)	(48,188)			(40,553,857)	(11,008,609)
<b>(Increase) / decrease in operating assets</b>					
139,346	356,576	Lendings to financial institutions		31,833,868	81,460,441
(36,635)	(6,327)	Advances		(8,369,448)	(1,445,510)
28,062	21,339	Others assets		6,410,719	4,874,979
130,773	371,588			29,875,139	84,889,910
<b>Increase / (decrease) in operating liabilities</b>					
4,885	(4,111)	Bills payable		1,115,958	(939,119)
635,580	172,049	Borrowings from financial institutions		145,199,441	39,304,922
126,540	157,507	Deposits		28,908,265	35,982,779
10,351	(60,832)	Other liabilities		2,364,648	(13,897,129)
777,356	264,613			177,588,312	60,451,453
730,613	588,013			166,909,594	134,332,754
(10,491)	(9,065)	Income tax paid		(2,396,602)	(2,070,862)
720,122	578,948	<b>Net cash generated from operating activities</b>		164,512,992	132,261,892
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(681,522)	(646,637)	Net investments in available-for-sale securities		(155,695,011)	(147,725,468)
(22,344)	93,251	Net investments in held-to-maturity securities		(5,104,543)	21,303,429
(49)	(83)	Investments in fixed assets	12.1	(11,164)	(18,980)
-	(39)	Investment in intangible assets		-	(8,934)
-	1	Proceeds from sale of fixed assets		-	237
(703,915)	(553,507)	<b>Net cash flow used in investing activities</b>		(160,810,718)	(126,449,716)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
34,102	7,106	Translation gain on revaluation of capital		7,790,775	1,623,480
(87)	(141)	Payment of lease liability against right of use assets		(19,956)	(32,218)
34,015	6,965	<b>Net cash flow generated from financing activities</b>		7,770,819	1,591,262
50,222	32,406	<b>Increase in cash and cash equivalents</b>		11,473,093	7,403,438
267,170	147,616	Cash and cash equivalents at beginning of the period		61,035,419	33,723,195
317,392	180,022	Cash and cash equivalents at end of the period	31	72,508,512	41,126,633

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Head of Chief Executive Officer

Head of Finance



**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, 2022**

**1. STATUS AND NATURE OF BUSINESS**

Industrial and Commercial Bank of China Limited – Pakistan Branches (the Bank or the Branches) operates as branches of Industrial and Commercial Bank of China Limited (Head office), which is a foreign banking company incorporated in People's Republic of China.

The Bank is engaged in banking business as permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 16th Floor, Ocean Tower, Block 9, Clifton, Karachi. The Bank presently operates through **3 branches** (December 31, 2021: 3 branches) in Pakistan.

Moody's Investor Services Inc. has assigned a long term credit rating of A2 and a short term credit rating of P-1 to the head office of the Branches as at August 17, 2021 (November 24, 2020: A1 for long term and P-1 for short term).

**2. BASIS OF PRESENTATION**

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

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of PKR 228.4520 to 1 US Dollar has been used for September 30, 2022, December 31, 2021 and September 30, 2021 as it was the prevalent rate as on September 30, 2022.

**2.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Approved accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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, the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** 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 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 prepared of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.3** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No.5 dated 22 March 2019 and the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and do not include all of the information and disclosures required for annual financial statements. Accordingly these interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended December 31, 2021.

**3. Application of new and revised International Financial Reporting Standards (IFRSs)**

**3.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period.**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for the accounting periods beginning on or after January 01, 2022. These are either considered not to be relevant or do not have any significant impact on these condensed interim financial statements.



### 3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

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, 2023 through its BPRD Circular No. 03 dated July 05, 2022 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.

There are certain other new amendments that are mandatory for the Bank's accounting periods on or after January 01, 2023, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these condensed interim financial statements.

### 4. 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, 2021.

### 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, 2021.

### 6. 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, 2021. 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.

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Note	----- (Rupees in '000) -----	
<b>7. CASH AND BALANCES WITH TREASURY BANK</b>		
In hand		
Local currency	281,805	246,775
Foreign currency	129,813	86,116
	411,618	332,891
With State Bank of Pakistan in		
Local currency current account	14,209,926	10,207,981
Foreign currency current account	226,039	127,972
Foreign currency deposit account	34,856,860	27,034,600
	49,292,825	37,370,553
	49,704,443	37,703,444
<b>8. BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	30	3
Outside Pakistan		
In current accounts	2,536,918	596,653
In deposit accounts	20,267,121	22,735,319
	22,804,039	23,331,972
	22,804,069	23,331,975



(Un-audited) (Audited)  
September 30, December 31,  
2022 2021  
Note  
----- (Rupees in '000) -----

9. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)

9.1 12,455,172 44,289,040

9.1 This represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 15% to 15.05% per annum (2021: 9.75% to 10.7% per annum) with maturity in October 2022 (December 31, 2021 : January 2022).

10. INVESTMENTS

10.1 Investments by type:

Available-for-sale securities  
Federal Government Securities

Held-to-maturity securities  
Federal Government Securities

Total Investments

10.2 Investments by type:

Available-for-sale securities

Federal Government Securities  
Market Treasury Bills  
Pakistan Investment Bonds

Held-to-maturity securities

Federal Government Securities  
Pakistan Investment Bonds

Total investments

10.2 There is no provision for diminution in value of investments as at September 30, 2022.

10.3 The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 9,072 million (December 31, 2021: Rs.3,936 million).

10.4 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.

	(Un-audited)			(Audited)		
	Cost / Amortised cost	Provision for diminution	September 30, 2022 Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution
	(Rupees in '000)				(Rupees in '000)	
Available-for-sale securities	600,107,707	-	107,613	600,215,320	444,412,696	-
Federal Government Securities						(2,540,465)
441,872,231						
Held-to-maturity securities	9,009,824	-	-	9,009,824	3,905,281	-
Federal Government Securities						3,905,281
3,905,281						
Total Investments	609,117,531	-	107,613	609,225,144	448,317,977	(2,540,465)
445,777,512						
Investments by type:						
Available-for-sale securities	600,107,707	-	107,613	600,215,320	378,353,683	-
Federal Government Securities						(855,352)
Market Treasury Bills	-	-	-	-	66,059,013	(1,685,113)
Pakistan Investment Bonds	-	-	-	-	444,412,696	(2,540,465)
377,498,331						
Held-to-maturity securities	600,107,707	-	107,613	600,215,320	-	-
Federal Government Securities						-
Pakistan Investment Bonds	9,009,824	-	-	9,009,824	3,905,281	-
3,905,281						
Total investments	609,117,531	-	107,613	609,225,144	448,317,977	(2,540,465)
445,777,512						

# 11. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	55,877,667	45,410,138	-	-	55,877,667	45,410,138
Bills discounted and purchased	2,199,502	4,297,583	-	-	2,199,502	4,297,583
Advances - gross	58,077,169	49,707,721	-	-	58,077,169	49,707,721
Provision against advances	-	-	-	-	-	-
- Specific	(580,772)	(495,557)	-	-	(580,772)	(495,557)
- General	(580,772)	(495,557)	-	-	(580,772)	(495,557)
Advances - net of provision	57,496,397	49,212,164	-	-	57,496,397	49,212,164
	(Un-audited) September 30, 2022					(Audited) December 31, 2021
	----- (Rupees in '000) -----					
In local currency	58,077,169				58,077,169	49,707,721
In foreign currency	-				-	-
	58,077,169				58,077,169	49,707,721

11.1 No advances have been placed under non-performing status (December 31, 2021: Nil).

## 11.2 Particulars of provision against advances

	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
	Specific	General	Specific	General
	(Rupees in '000)			
	----- (Rupees in '000) -----			
Opening balance	-	495,557	-	337,607
Charge for the period / year	-	85,215	-	157,950
Reversals	-	-	-	-
	-	85,215	-	157,950
	580,772		495,557	
Closing balance	580,772		495,557	

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



	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>12. FIXED ASSETS</b>		
Property and equipment	452,271	490,439
Right-of-use assets	122,011	111,657
	<u>574,282</u>	<u>602,096</u>

**12.1** The following additions and book value of disposals have been made to fixed assets during the period:

	(Un-audited) Additions	
	September 30, 2022	September 30, 2021
	----- (Rupees in '000) -----	
<b>Property and equipment</b>		
Furniture and fixture	-	5,478
Electrical office and computer equipment	11,163	13,502
Total	<u>11,163</u>	<u>18,980</u>

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>13. INTANGIBLE ASSETS</b>		
Computer Software	<u>9,078</u>	<u>9,455</u>
<b>14. Deferred Tax Assets</b>		
<b>Deductible Temporary Differences on</b>		
Remeasurement of defined benefit liability	1,022	1,022
<b>Taxable Temporary Differences on</b>		
(Surplus) / deficit on revaluation of investments	(46,273)	889,163
Fixed assets	(52,226)	(22,794)
Intangible	(1,883)	-
	<u>(100,382)</u>	<u>866,369</u>
	<u>(99,360)</u>	<u>867,391</u>

<b>15. OTHER ASSETS</b>		
Income / mark-up accrued in local currency	1,491,944	2,971,778
Advances, deposits, advance rent and other prepayments	124,984	74,672
Mark to market gain on forward foreign exchange contracts	71,044,187	5,251,268
Acceptances	255,439	446,674
Local clearing account	466,273	341
Receivable from defined benefit plan	4,971	4,971
Others	593	5,220
	<u>73,388,391</u>	<u>8,754,924</u>

16. **BILLS PAYABLE**

In Pakistan

(Un-audited)  
September 30,  
2022  
----- (Rupees in '000) -----

(Audited)  
December 31,  
2021

2,574,085 1,458,127

2,574,085 1,458,127

17. **BORROWINGS**

Unsecured

Call borrowings

536,176,844 390,977,403

536,176,844 390,977,403

18. **DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Current deposits

Savings deposits

Term deposits

September 30, 2022 (Un-audited)

December 31, 2021 (Audited)

In Local  
Currency

In Foreign  
currencies

Total

In Local  
Currency

In Foreign  
currencies

Total

----- (Rupees in '000) -----

18,542,115	10,186,995	28,729,110	12,159,395	20,753,643	32,913,038
134,941,222	1,484,630	136,425,852	82,331,536	1,035,215	83,366,751
16,657,383	-	16,657,383	36,056,208	-	36,056,208
170,140,720	11,671,625	181,812,345	130,547,139	21,788,858	152,335,997

**Financial Institutions**

Current deposits

Savings deposits

18,898	2,360,862	2,379,760	20,745	2,942,322	2,963,067
18,206	-	18,206	2,982	-	2,982
37,104	2,360,862	2,397,966	23,727	2,942,322	2,966,049
170,177,824	14,032,487	184,210,311	130,570,866	24,731,180	155,302,046

19. **OTHER LIABILITIES**

Mark-up / return / interest payable in local currency

Mark-up / return / interest payable in foreign currency

Performance bonus payable

Unearned income on unfunded exposure

Accrued expenses

Current taxation (provisions less payments)

Acceptances

Mark to market loss on forward foreign exchange contracts

Lease liability against right-of-use assets

Workers' welfare fund

Withholding tax payable

Clearing and settlements

Others

(Un-audited)  
September 30,  
2022  
----- (Rupees in '000) -----

(Audited)  
December 31,  
2021

3,905,387 2,423,744

3,056,883 250,292

181,607 743,125

228,977 238,807

19,738 13,493

4,499,399 908,345

255,439 446,674

17,918,215 1,060,316

103,240 56,387

1,402,992 1,153,393

13,420 18,222

1,433,036 1,515,571

1,186 20,781

33,019,519 8,849,150



		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of available for sale securities	10.1	107,613	(2,540,465)
Deferred tax on (surplus) / deficit on revaluation of available for sale securities		(46,273)	889,163
		<u>61,340</u>	<u>(1,651,302)</u>
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	441,859,975	360,092,095
Commitments	21.2	2,705,760,331	1,003,342,210
		<u>3,147,620,306</u>	<u>1,363,434,305</u>
<b>21.1 Guarantees:</b>			
Financial guarantees		563,251	563,251
Performance guarantees		233,830,107	193,257,173
Other guarantees		207,466,617	166,271,671
		<u>441,859,975</u>	<u>360,092,095</u>
<b>21.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions - Letters of credit		19,522,099	21,776,130
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.1	2,673,767,684	937,216,516
- Forward government securities transactions	21.2.2	12,470,548	44,349,564
		<u>2,705,760,331</u>	<u>1,003,342,210</u>
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		1,361,349,543	466,244,897
Sale		1,312,418,141	470,971,619
		<u>2,673,767,684</u>	<u>937,216,516</u>
<b>21.2.2 Commitment in respect of forward government securities transactions - sale</b>		<u>12,470,548</u>	<u>44,349,564</u>
<b>21.3 Tax related contingencies are disclosed in notes 30.2</b>			

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	----- (Rupees in '000) -----	
<b>22. MARK-UP / RETURN / INTEREST EARNED</b>		
On:		
a) Loans and advances	4,611,853	2,090,927
b) Investments	43,089,846	20,825,529
c) Lendings to financial institutions	3,261,258	4,077,802
d) Balances with other banks	33,958	17,812
	<b>50,996,915</b>	<b>27,012,070</b>
<b>23. MARK-UP / RETURN / INTEREST EXPENSED</b>		
On:		
a) Deposits	10,144,444	4,469,505
b) Borrowings	4,579,995	1,394,298
c) Cost of foreign currency swaps against foreign currency deposits / borrowings	27,484,115	17,348,388
d) Finance charges on lease liability against right of use asset	7,378	5,566
	<b>42,215,932</b>	<b>23,217,757</b>
<b>24. FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	6,524	5,822
Card related fees (debit cards)	66	47
Investment banking fees	220,809	323,050
Commission on trade	189,484	141,423
Commission on guarantees	600,449	523,661
Commission on remittances including home remittances	26,106	82,421
Others	1,616	3,921
	<b>1,045,054</b>	<b>1,080,345</b>
<b>25. GAIN ON SECURITIES - NET</b>		
Realised	44,243	(115)
Realised gain / (loss) on:		
Federal Government securities	44,243	(115)
<b>26. OTHER INCOME</b>		
Gain on sale of fixed assets	-	237
Charges recovered	1,573	3,073
	<b>1,573</b>	<b>3,310</b>



		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
		----- (Rupees in '000) -----	
<b>27. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		<b>874,696</b>	<b>831,568</b>
<b>Property expense</b>			
Rent & taxes		5,496	1,991
Insurance		2,221	5,592
Utilities cost		18,885	15,955
Security (including guards)		15,794	15,539
Repair & maintenance (including janitorial charges)		14,291	14,371
Depreciation		31,465	22,182
Depreciation on right-of-use assets		45,437	42,061
		<b>133,589</b>	<b>117,691</b>
<b>Information technology expenses</b>			
Software maintenance		6,390	3,551
Hardware maintenance		165	1,596
Depreciation		12,424	12,957
Amortisation		377	1,805
Network and connectivity charges		14,200	14,511
		<b>33,556</b>	<b>34,420</b>
<b>Other operating expenses</b>			
Legal & professional charges		2,187	5,521
Outsourced services costs		25,292	23,043
Travelling & conveyance		9,824	7,654
NIFT clearing charges		1,365	1,462
Fees and subscription		47,058	19,064
Repair & maintenance		2,827	1,603
Entertainment expense		1,054	667
Depreciation		5,443	15,487
Depreciation on right-of-use assets		3,641	4,124
Training & development		2,561	1,140
Postage & courier charges		1,692	1,253
Communication		3,343	1,371
Stationery & printing		4,062	2,442
Marketing, advertisement & publicity		926	2,611
Donations		600	-
Commission expense		3,727	1,822
Auditor remuneration		856	542
Others		10,151	6,062
		<b>126,609</b>	<b>95,868</b>
		<b>1,168,450</b>	<b>1,079,547</b>
<b>28. OTHER CHARGES</b>			
Penalty imposed by the State Bank of Pakistan		150	14,854
<b>29. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions against loans & advances	11.2	<b>85,215</b>	<b>15,556</b>

### 30. TAXATION

Current  
Deferred

(Un-audited)  
September 30,  
2022  
----- (Rupees in '000) -----  
(Un-audited)  
September 30,  
2021

5,987,656	1,948,026
31,315	(1,757)
<b>6,018,971</b>	<b>1,946,269</b>

30.1 The returns of income tax have been filed up to and including tax year 2021. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001.

30.2 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 Banks' 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 favour of the Bank, therefore, no provision is recognised in these condensed interim financial statements.

### 31. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks  
Balances with other banks

(Un-audited) September 30, (Un-audited)	(Audited) December 31, 2021 (Un-audited)	(Un-audited) September 30, 2021 (Un-audited)
49,704,443	37,703,444	35,656,371
22,804,069	23,331,975	5,470,262
<b>72,508,512</b>	<b>61,035,419</b>	<b>41,126,633</b>

### 32. 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.

#### 32.1 Fair value of financial assets

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

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



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

	(Un-audited) September 30, 2022			
	Carrying / Notional value	Level 1	Level 2	Level 3
		(Rupees in '000)		
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
Federal Government Securities (AFS)	600,215,320	-	600,215,320	-
				600,215,320
<b>Financial assets not measured at fair value</b>				
Investments				
Federal Government Securities (HTM)	9,009,824	-	9,009,824	-
				9,009,824
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase and sale of foreign exchange contracts	2,673,767,684	-	53,125,972	-
				53,125,972

	(Audited) December 31, 2021			
	Carrying / Notional value	Level 1	Level 2	Level 3
		(Rupees in '000)		
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities (AFS)	441,872,231	-	441,872,231	-
				441,872,231
<b>Financial assets not measured at fair value</b>				
Investments				
Federal Government Securities (HTM)	3,905,281	-	3,936,483	-
				3,936,483
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase and sale of foreign exchange contracts	937,216,516	-	4,190,952	-
				4,190,952

### 32.2 Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

#### (a) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds and forward foreign exchange co

#### Item

Pakistan Investment Bonds  
Market Treasury Bills  
Forward Foreign Exchange Contracts

#### Valuation technique and input used

Fair values of Pakistan Investment Bonds are derived using the PKRV rates  
Fair values of Treasury Bills are derived using the PKRV rates.  
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.

33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

(Rupees in '000)					
	Corporate finance	Treasury	Branch Banking	Others	Total
<b>September 30, 2022 (Un-audited)</b>					
<b>Profit &amp; Loss</b>					
Net mark-up / return / profit	4,611,853	14,286,994	(10,110,486)	(7,378)	8,780,983
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	789,933	44,243	4,017,818	1,573	4,853,567
Total Income	5,401,786	14,331,237	(6,092,668)	(5,805)	13,634,550
Segment direct expenses					
Inter segment expense allocation	97,674	1,317,641	1,508	1,376	1,418,199
Total expenses	97,674	1,317,641	1,508	1,376	1,418,199
(Reversal) / Provision	85,215	-	-	-	85,215
Profit before tax	5,218,897	13,013,596	(6,094,176)	(7,181)	12,131,136
<b>September 30, 2022 (Un-audited)</b>					
<b>Statement of financial position</b>					
Cash & Bank balances	-	72,096,894	411,618	-	72,508,512
Investments	-	609,225,144	-	-	609,225,144
Net inter segment lending					
Lendings to financial institutions	-	12,455,172	-	-	12,455,172
Advances - performing	57,496,397	-	-	-	57,496,397
- non-performing	-	-	-	-	-
Others	(625,936)	73,417,506	466,273	713,908	73,971,751
Total Assets	56,870,461	767,194,716	877,891	713,908	825,656,976
Borrowings					
Deposits & other accounts	-	536,176,844	-	-	536,176,844
Net inter segment borrowing	-	-	184,210,311	-	184,210,311
Others	-	-	-	-	-
Total liabilities	1,611,234	23,723,061	1,463,642	8,895,027	35,692,964
Equity	1,611,234	559,899,905	185,673,953	8,895,027	756,080,119
Total Equity & liabilities	55,259,227	207,294,811	(184,796,062)	(8,181,119)	69,576,857
	56,870,461	767,194,716	877,891	713,908	825,656,976
Contingencies & Commitments	461,382,074	2,686,238,232	-	-	3,147,620,306



**September 30, 2021 (Un-audited)****Profit & Loss**

Net mark-up / return / profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total Income	
Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Provision	
Profit before tax	

**December 31, 2021 (Audited)****Statement of financial position**

Cash & Bank balances					
Investments					
Net inter segment lending					
Lendings to financial institutions					
Advances - performing					
- non-performing					
Others					
Total Assets					
Borrowings					
Deposits & other accounts					
Net inter segment borrowing					
Others					
Total liabilities					
Equity					
Total Equity & liabilities					
Contingencies & Commitments					

Corporate finance	Treasury	Branch Banking	Others	Total
(Rupees in '000)				
2,090,927	6,160,645	(4,451,693)	(5,566)	3,794,313
-	-	-	-	-
665,084	(115)	1,637,514	3,310	2,305,793
2,756,011	6,160,530	(2,814,179)	(2,256)	6,100,106
71,823	1,101,378	972	18,168	1,192,341
-	-	-	-	-
71,823	1,101,378	972	18,168	1,192,341
15,556	-	-	-	15,556
2,668,632	5,059,152	(2,815,151)	(20,424)	4,892,209
-	60,702,528	332,891	-	61,035,419
-	445,777,512	-	-	445,777,512
-	-	-	-	-
-	-	-	-	-
49,212,164	44,289,040	-	-	44,289,040
-	-	-	-	49,212,164
-	-	-	-	-
2,836,841	5,832,879	341	1,563,805	10,233,866
52,049,005	556,601,959	333,232	1,563,805	610,548,001
-	390,977,403	-	-	390,977,403
-	-	155,302,046	-	155,302,046
-	-	-	-	-
685,482	3,721,348	2,986,701	2,913,746	10,307,277
685,482	394,698,751	158,288,747	2,913,746	556,586,726
51,363,523	161,903,208	(157,955,515)	(1,349,941)	53,961,275
52,049,005	556,601,959	333,232	1,563,805	610,548,001
381,868,225	981,566,080	-	-	1,363,434,305

### 34. RELATED PARTY TRANSACTIONS

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

The Bank 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 and balances with them as at period end are as follows:

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	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)								
<b>Balances with other banks</b>								
In deposit accounts	-	1,567,322	-	-	-	19,950,822	2,784,497	-
In current accounts	-	-	2,536,918	-	-	-	596,653	-
	-	1,567,322	2,536,918	-	-	19,950,822	3,381,150	-
<b>Advances</b>								
Opening balance	481	-	-	-	768	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	(224)	-	-	-	(287)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	257	-	-	-	481	-	-	-
<b>Other Assets</b>								
Interest / mark-up receivable	1	-	-	-	1	-	-	-
Defined benefit asset	-	-	-	4,971	-	-	-	4,971
Mark to market gain on forward exchange contract	-	-	270,008	-	-	-	673,251	-
Closing balance	-	-	270,008	4,971	1	-	673,251	4,971
<b>Borrowings</b>								
Opening balance	-	225,937,280	165,040,122	-	-	-	325,902,341	-
Borrowings during the period / year	-	159,780,426	868,594,456	-	-	817,257,505	1,246,908,246	-
Settled during the period / year	-	(344,596,346)	(538,579,094)	-	-	(591,320,225)	(1,407,770,465)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	41,121,360	495,055,484	-	-	225,937,280	165,040,122	-



	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Key manage- ment personnel	Head office	Overseas branches / associates	Other related parties	Key manage- ment personnel	Head office	Overseas branches / associates	Other related parties

(Rupees in '000)

#### Deposits and other accounts

Opening balance	9,116	1,863	-	-	4,737	1,036	-	-
Received during the period / year	438,781	3,000	-	-	457,379	1,001	-	-
Withdrawn during the period / year	(443,110)	(3,074)	-	-	(453,000)	(174)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	4,788	1,789	-	-	9,116	1,863	-	-

#### Other Liabilities

Interest / mark-up payable	191	270,415	2,785,208	-	95	180,273	68,090	-
Mark to market loss on forward exchange contract	-	-	15,650,433	-	-	-	25,723	-
Commission received in advance against unfunded exposure	-	99,975	38	-	-	81,962	3,354	-
Closing balance	191	370,390	18,435,679	-	95	262,235	97,167	-

#### Contingencies and Commitments

Letter of guarantee	-	218,612,130	-	-	-	177,099,897	-	-
Forward exchange contract sale	-	-	422,382,671	-	-	-	34,687,323	-
Forward exchange contract purchase	-	-	406,269,812	-	-	-	35,592,840	-

	September 30, 2022 (Un-audited)				September 30, 2021 (Un-audited)			
	Key manage- ment personnel	Head office	Overseas branches / associates	Other related parties	Key manage- ment personnel	Head office	Overseas branches / associates	Other related parties

(Rupees in '000)

#### Income

Mark-up / return / interest earned	13	26,976	6,160	-	22,733	10,526	7,286	-
Fee & commission income	-	158,900	3,589	-	-	303,498	20,033	-

#### Expense

Mark-up / return / interest paid	-	1,024,430	3,456,509	-	158	232,135	1,157,813	-
Compensation expense	382,394	-	-	-	316,106	-	-	-
Contribution to gratuity fund	-	-	-	7,330	-	-	-	6,202
Contribution to provident fund	-	-	-	2,992	-	-	-	2,951

**35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

September 30,  
2022  
(Un-audited)  
----- (Rupees in '000) -----

December 31,  
2021  
(Audited)

**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

**Risk Weighted Assets (RWAs):**

Credit Risk

Market Risk

Operational Risk

Total

**Common Equity Tier 1 Capital Adequacy Ratio**

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

**Leverage Ratio (LR):**

Eligible Tier-1 Capital

Total Exposure

Leverage Ratio

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

34,267,800	26,477,025
69,506,440	53,951,820
-	-
69,506,440	53,951,820
642,111	495,557
70,148,551	54,447,377
184,101,473	140,088,044
25,523,724	27,958,947
29,530,784	29,530,784
239,155,981	197,577,775
29.06%	27.30%
29.06%	27.30%
29.33%	27.55%
69,506,440	53,951,820
1,274,229,985	985,405,095
5.45%	5.48%
533,652,606	450,477,354
229,808,938	193,332,867
232%	233%
262,941,633	181,613,851
115,324,221	74,898,370
228%	242%



**36. GENERAL**

**36.1** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

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

**37. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 26, 2022 by the Chief Executive Officer and Head of Finance of the Bank.

  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
Head of Finance