



Industrial and Commercial Bank of China Limited -
Pakistan Branches

First Quarter Report
for the Period Ended
March 31, 2023

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

| | Note | Un-audited March 31, 2023 ----- (Rupees in '000) ----- | Audited December 31, 2022 |
|---------------------------------------|------|---|---------------------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 53,737,725 | 42,170,309 |
| Balances with other banks | 8 | 7,881,333 | 6,434,681 |
| Lendings to financial institutions | 9 | 36,943,015 | 80,542,850 |
| Investments | 10 | 715,186,954 | 576,201,472 |
| Advances | 11 | 330,975,896 | 53,813,083 |
| Fixed assets | 12 | 526,533 | 551,805 |
| Intangible assets | 13 | 37,912 | 37,921 |
| Deferred tax assets | 14 | 2,140,966 | 1,061,835 |
| Other assets | 15 | 128,525,737 | 21,930,831 |
| | | 1,275,956,071 | 782,744,787 |
| LIABILITIES | | | |
| Bills payable | 16 | 1,709,366 | 1,973,793 |
| Borrowings | 17 | 938,783,605 | 499,959,427 |
| Deposits and other accounts | 18 | 204,670,867 | 176,543,182 |
| Lease liabilities | 19 | - | - |
| Subordinated debt | | - | - |
| Deferred tax liabilities | | - | - |
| Other liabilities | 19 | 35,424,149 | 30,590,325 |
| | | 1,180,587,987 | 709,066,727 |
| NET ASSETS | | 95,368,084 | 73,678,060 |
| REPRESENTED BY | | | |
| Head office capital account - net | 20 | 42,568,785 | 33,964,635 |
| Deficit on revaluation of assets | 21 | (1,658,196) | (514,168) |
| Unremitted profit | | 54,457,495 | 40,227,593 |
| | | 95,368,084 | 73,678,060 |
| CONTINGENCIES AND COMMITMENTS | 22 | | |

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.


Chief Executive Officer (A)


Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Note | March 31, 2023 ----- (Rupees in '000) ----- | March 31, 2022 |
|--|------|---|-------------------|
| Mark-up / return / interest earned | 23 | 34,027,152 | 12,559,315 |
| Mark-up / return / interest expensed | 24 | 19,632,931 | 9,762,960 |
| Net mark-up / interest income | | <u>14,394,221</u> | <u>2,796,355</u> |
| NON MARK-UP / INTEREST INCOME | | | |
| Fee and commission income | 25 | 478,735 | 439,388 |
| Foreign exchange income | 26 | 10,630,040 | 1,166,758 |
| (Loss) / gain on securities | 27 | (3,783) | 44,243 |
| Other income | 28 | 371 | 632 |
| Total non-markup / interest income | | <u>11,105,363</u> | <u>1,651,021</u> |
| Total income | | <u>25,499,584</u> | <u>4,447,376</u> |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 29 | 475,904 | 348,467 |
| Workers welfare fund | 30 | 500,613 | 80,074 |
| Other charges | | - | - |
| Total non-markup / interest expenses | | <u>976,517</u> | <u>428,541</u> |
| Profit before provisions | | <u>24,523,067</u> | <u>4,018,835</u> |
| (Reversal) / provisions and write offs - net | 31 | (66,960) | 18,090 |
| PROFIT BEFORE TAXATION | | <u>24,590,027</u> | <u>4,000,745</u> |
| Taxation | 32 | 10,360,125 | 1,591,533 |
| PROFIT AFTER TAXATION | | <u>14,229,902</u> | <u>2,409,212</u> |

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

Chief Executive Officer (A)

Head of Finance

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

| | March 31, 2023 | March 31, 2022 |
|---|------------------------------|-------------------|
| | ----- (Rupees in '000) ----- | |
| Profit after taxation for the year | 14,229,902 | 2,409,212 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Movement in surplus / (deficit) on revaluation of investments - net of deferred tax | (1,144,028) | 588,619 |
| Total comprehensive income | <u>13,085,874</u> | <u>2,997,831</u> |

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



Chief Executive Officer (A)



Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 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 three months period ended | | | | |
| Profit after taxation for the period ended March 31, 2022 | - | - | 2,409,212 | 2,409,212 |
| Other comprehensive income - net of tax | - | 588,619 | - | 588,619 |
| | - | 588,619 | 2,409,212 | 2,997,831 |
| Transactions with owners, recorded directly in equity | | | | |
| Exchange adjustments on revaluation of capital | 1,044,705 | - | - | 1,044,705 |
| Balance as at March 31, 2022 (un-audited) | 27,521,730 | (1,062,683) | 31,544,764 | 58,003,811 |
| Total comprehensive income for the nine months period ended December 31, 2022 - un-audited | | | | |
| Profit after taxation for the period ended December 31, 2022 | - | - | 8,683,702 | 8,683,702 |
| Other comprehensive income - net of tax | - | 548,515 | (873) | 547,642 |
| | - | 548,515 | 8,682,829 | 9,231,344 |
| Transactions with owners, recorded directly in equity | | | | |
| Exchange adjustments on revaluation of capital | 6,442,905 | - | - | 6,442,905 |
| Balance as at December 31, 2022 - audited | 33,964,635 | (514,168) | 40,227,593 | 73,678,060 |
| Total comprehensive income for the three months period ended | | | | |
| Profit after taxation for the period ended March 31, 2023 | - | - | 14,229,902 | 14,229,902 |
| Other comprehensive income - net of tax | - | (1,144,028) | - | (1,144,028) |
| | - | (1,144,028) | 14,229,902 | 13,085,874 |
| Transactions with owners, recorded directly in equity | | | | |
| Exchange adjustments on revaluation of capital | 8,604,150 | - | - | 8,604,150 |
| Balance as at March 31, 2023 - un-audited | 42,568,785 | (1,658,196) | 54,457,495 | 95,368,084 |

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



Chief Executive Officer (A)



Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | March 31, 2023 | March 31, 2022 |
|--|-----------------------------|---------------------|
| Note | ----- (Rupees in '000)----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 24,590,027 | 4,000,745 |
| Adjustments: | | |
| Depreciation on fixed assets | 29 14,425 | 17,753 |
| Depreciation on right of use assets | 29 10,848 | 15,763 |
| Amortisation | 29 9 | 125 |
| Financial charges on leased assets | 24 1,817 | 2,650 |
| Charge for defined benefit plan | 1,608 | 2,438 |
| Provision and write-offs | 11.2 66,960 | 18,090 |
| Provision for workers' welfare fund | 30 500,613 | 80,074 |
| | 596,280 | 136,893 |
| | 25,186,307 | 4,137,638 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 43,599,835 | 44,289,040 |
| Advances | (277,229,773) | (1,656,955) |
| Others assets | (106,593,897) | (8,322,234) |
| | (340,223,835) | 34,309,851 |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (264,427) | 423,000 |
| Borrowings from financial institutions | 438,824,178 | (4,013,556) |
| Deposits | 28,127,685 | (15,967,193) |
| Other liabilities | (2,538,086) | (1,127,662) |
| | 464,149,350 | (20,685,411) |
| | 149,111,822 | 17,762,078 |
| Contribution in gratuity fund | (2,618) | (2,438) |
| Income tax paid | (3,700,371) | (692,761) |
| Net cash generated from operating activities | 145,408,833 | 17,066,879 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net investments in available-for-sale securities | (140,892,119) | (27,569,072) |
| Net investments in held-to-maturity securities | (100,428) | (31,520) |
| Investments in fixed assets | - | (5,874) |
| Net cash flow used in investing activities | (140,992,547) | (27,606,466) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Translation gain on revaluation of capital | 8,604,150 | 1,044,705 |
| Payment of lease liability against right of use assets | (6,368) | (6,653) |
| Net cash flow generated from financing activities | 8,597,782 | 1,038,052 |
| Increased /decreased in cash and cash equivalents | 13,014,068 | (9,501,535) |
| Cash and cash equivalents at beginning of the period | 48,604,990 | 61,035,419 |
| Cash and cash equivalents at end of the period | 33 61,619,058 | 51,533,884 |

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.


Chief Executive Officer (A)


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 THREE MONTHS PERIOD ENDED MARCH 31, 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 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.

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 No. 02 dated January 25, 2018 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,
- 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 further extended the effective date of applicability of IFRS 9 from January 01, 2024 through its BPRD Circular 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

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 | January 01, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates | January 01, 2023 |
| Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and a single transaction. | 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 |
| 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 | |

- 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

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except available for sale investments and forward foreign exchange contracts which have been measured at fair value and 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.

4.2 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.

5. 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.

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, 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 March 31, 2023 | Audited December 31, 2022 |
|---|-----------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 7. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| Local currency | | 282,120 | 245,578 |
| Foreign currency | | 109,176 | 99,698 |
| | | 391,296 | 345,276 |
| With State Bank of Pakistan in | | | |
| Local currency current account | 6.1 & 6.2 | 9,899,657 | 7,163,427 |
| Foreign currency current account | | 138,898 | 110,824 |
| Foreign currency deposit account | 6.3 | 43,307,874 | 34,550,782 |
| | | 53,346,429 | 41,825,033 |
| | | 53,737,725 | 42,170,309 |

7.1 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.

7.2 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.

7.3 This includes 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 3.39% to 3.67% (2022: 0.0% to 3.14%). 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 March 31, 2023 | Audited December 31, 2022 |
|-------------------------------------|------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 8. BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| In current accounts | | 42 | 13 |
| Outside Pakistan | | | |
| In current accounts | 8.1 | 7,881,291 | 6,434,668 |
| | | 7,881,333 | 6,434,681 |

8.1 The Bank is entitled to earn interest on nostro balances exceeding from a specified amount and carrying a rate ranging from 0% to 3.4% per annum (December 31, 2022: 0% to 3.4% per annum).

| | Note | Un-audited March 31, 2023 | Audited December 31, 2022 |
|--|------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 9. LENDINGS TO FINANCIAL INSTITUTIONS | | | |
| Repurchase agreement lendings (Reverse Repo) | 9.2 | 36,943,015 | 80,542,850 |
| 9.1 Particulars of lending | | | |
| In local currency | | 36,943,015 | 80,542,850 |

9.2 This represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 19% to 19.95% per annum (December 31, 2022: 15% to 16.15% per annum) with maturity in April 2023 (December 31, 2022 : January 2023).

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

| | Un-audited March 31, 2023 | | | Audited December 31, 2022 | | |
|------------------------------|------------------------------|--------------------------------|------------|------------------------------|--------------------------------|------------|
| | Held by Bank | Further given as collateral | Total | Held by Bank | Further given as collateral | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| Market Treasury Bills | 36,939,875 | - | 36,939,875 | 63,572,880 | - | 63,572,880 |
| Pakistan Investment Bonds | - | - | - | 16,796,000 | - | 16,796,000 |
| Total | 36,939,875 | - | 36,939,875 | 80,368,880 | - | 80,368,880 |

10. INVESTMENTS

| | Un-audited March 31, 2023 | | | | Audited December 31, 2022 | | | |
|--------------------------------------|------------------------------|-----------------------------|--------------------|--------------------|------------------------------|-----------------------------|------------------|--------------------|
| | Cost / Amortised cost | Provision for diminution | Deficit | Carrying Value | Cost / Amortised cost | Provision for diminution | Deficit | Carrying Value |
| ----- (Rupees in '000) ----- | | | | | | | | |
| 10.1 Investments by type: | | | | | | | | |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities | 708,886,880 | - | (2,909,115) | 705,977,765 | 567,994,761 | - | (902,050) | 567,092,711 |
| Held-to-maturity securities | | | | | | | | |
| Federal Government Securities | 9,209,189 | - | - | 9,209,189 | 9,108,761 | - | - | 9,108,761 |
| Total Investments | 718,096,069 | - | (2,909,115) | 715,186,954 | 577,103,522 | - | (902,050) | 576,201,472 |
| 10.2 Investments by segments | | | | | | | | |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Market Treasury Bills | 708,886,880 | - | (2,909,115) | 705,977,765 | 567,994,761 | - | (902,050) | 567,092,711 |
| Held-to-maturity securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Pakistan Investment Bonds | 9,209,189 | - | - | 9,209,189 | 9,108,761 | - | - | 9,108,761 |
| Total investments | 718,096,069 | - | (2,909,115) | 715,186,954 | 577,103,522 | - | (902,050) | 576,201,472 |

10.3 There is no provision for diminution in value of investments as at March 31, 2023.

10.4 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 9,339 million (December 31, 2022: Rs.8,740.500 million).

10.5 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.

11. ADVANCES

| | Performing | | Non Performing | | Total | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Un-audited March 31, 2023 | Audited December 31, 2022 | Un-audited March 31, 2023 | Audited December 31, 2022 | Un-audited March 31, 2023 | Audited December 31, 2022 |
| ----- (Rupees in '000) ----- | | | | | | |
| Loans, cash credits, running finances, etc. | 330,115,306 | 52,833,245 | - | - | 330,115,306 | 52,833,245 |
| Bills discounted and purchased | 1,337,197 | 1,523,405 | - | - | 1,337,197 | 1,523,405 |
| Advances - gross | 331,452,503 | 54,356,650 | - | - | 331,452,503 | 54,356,650 |
| Provision against advances | | | | | | |
| - Specific | - | - | - | - | - | - |
| - General | (476,607) | (543,567) | - | - | (476,607) | (543,567) |
| | (476,607) | (543,567) | - | - | (476,607) | (543,567) |
| Advances - net of provision | 330,975,896 | 53,813,083 | - | - | 330,975,896 | 53,813,083 |

| | Un-audited March 31, 2023 | Audited December 31, 2022 |
|------------------------------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | |
| In local currency | 47,660,603 | 54,356,650 |
| In foreign currency | 283,791,900 | - |
| | 331,452,503 | 54,356,650 |

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

11.2 Particulars of provision against advances

| | Un-audited March 31, 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 | - | (66,960) | (66,960) | - | 48,010 | 48,010 |
| Reversals | - | - | - | - | - | - |
| | - | (66,960) | (66,960) | - | 48,010 | 48,010 |
| Closing balance | - | 476,607 | 476,607 | - | 543,567 | 543,567 |

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 except advances to Ministry of Finance Pakistan.

| | Note | Un-audited March 31, 2023 ----- (Rupees in '000) ----- | Audited December 31, 2022 |
|-------------------------|------|---|---------------------------------|
| 12. FIXED ASSETS | | | |
| Property and equipment | 12.1 | 426,789 | 441,213 |
| Right-of-use assets | 12. | 99,744 | 110,592 |
| | | 526,533 | 551,805 |

12.1 There were no additions and deletions have been made during the period ended March 31, 2023.

12.2 Right-of-use assets

| | Un-audited March 31, | | | Audited December 31, 2022 | | |
|---------------------------------------|------------------------------|----------------|-----------------|------------------------------|------------|----------|
| | Property | Vehicles | Total | Property | Vehicles | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| At January 1, | | | | | | |
| Cost | 187,059 | 8,522 | 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 | 106,681 | 3,911 | 110,592 | 108,388 | 3,270 | 111,658 |
| Additions during the period / year | - | - | - | 53,935 | 5,496 | 59,431 |
| Depreciation during the period / year | (10,205) | (643) | (10,848) | (55,642) | (4,855) | (60,497) |
| Adjustments | | | | | | |
| Cost | - | - | - | (46,319) | (8,669) | (54,988) |
| Accumulated Depreciation | - | - | - | 46,319 | 8,669 | 54,988 |
| At December 31, | | | | | | |
| Cost | 187,059 | 8,522 | 195,581 | 187,059 | 8,522.00 | 195,581 |
| Accumulated Depreciation | (90,583) | (5,254) | (95,837) | (80,378) | (4,611.00) | (84,989) |
| Net book value | 96,476 | 3,268 | 99,744 | 106,681 | 3,911 | 110,592 |

| | Note | Un-audited March 31, 2023 ----- (Rupees in '000) ----- | Audited December 31, 2022 |
|------------------------------|------|---|---------------------------------|
| 13. INTANGIBLE ASSETS | | | |
| Capital work-in-progress | | 28,969 | 28,969 |
| Computer software | 13.1 | 8,943 | 8,952 |
| | | 37,912 | 37,921 |

13.1 There were no additions and deletions have been made during the period ended March 31, 2023.

14. DEFERRED TAX ASSETS

Deductible Temporary Differences on

| | | |
|---------------------------------------|------------------|-----------|
| Workers welfare fund | 917,038 | 701,774 |
| Deficit on revaluation of investments | 1,250,919 | 387,882 |
| | 2,167,957 | 1,089,656 |

Taxable Temporary Differences on

| | | |
|--------------|------------------|-----------|
| Fixed assets | (24,228) | (25,475) |
| Intangible | (2,763) | (2,346) |
| | (26,991) | (27,821) |
| | 2,140,966 | 1,061,835 |

| | Note | Un-audited March 31, 2023 | Audited December 31, 2022 |
|---|------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 15. OTHER ASSETS | | | |
| Income / mark-up accrued in local currency | | 3,060,511 | 1,818,296 |
| Advances, deposits, advance rent and other prepayments | | 113,408 | 58,090 |
| Mark to market gain on forward foreign exchange contracts | | 125,342,160 | 19,808,180 |
| Acceptances | | - | 237,617 |
| Receivable from defined benefit plan | | 9,065 | 8,055 |
| Others | | 593 | 593 |
| | | <u>128,525,737</u> | <u>21,930,831</u> |

16. BILLS PAYABLE

| | | | |
|-------------|--|------------------|------------------|
| In Pakistan | | 1,709,366 | 1,973,793 |
| | | <u>1,709,366</u> | <u>1,973,793</u> |

17. BORROWINGS

Unsecured

| | | | |
|-----------------|------|--------------------|--------------------|
| Call borrowings | 17.2 | 938,783,605 | 499,959,427 |
| | | <u>938,783,605</u> | <u>499,959,427</u> |

17.1 Particulars of borrowings with respect to currencies

| | | | |
|-----------------------|--|--------------------|--------------------|
| In foreign currencies | | <u>938,783,605</u> | <u>390,977,403</u> |
|-----------------------|--|--------------------|--------------------|

17.2 This represents borrowings from ICBC branches outside Pakistan and financial institutions at mark-up rates ranging from 2.88% to 6.2% per annum (December 31, 2022: 2.88% to 6.2% per annum) maturing upto March 17, 2025 (December 31, 2022: upto December 08, 2023).

18. DEPOSITS AND OTHER ACCOUNTS

| | Un-audited March 31, 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 | 10,511,295 | 4,344,554 | 14,855,849 | 17,014,886 | 2,699,851 | 19,714,737 |
| Savings deposits | 167,361,429 | 1,299,118 | 168,660,547 | 140,079,417 | 1,677,000 | 141,756,417 |
| Term deposits | 16,466,383 | - | 16,466,383 | 12,714,670 | - | 12,714,670 |
| | <u>194,339,107</u> | <u>5,643,672</u> | <u>199,982,779</u> | 169,808,973 | 4,376,851 | 174,185,824 |
| Financial Institutions | | | | | | |
| Current deposits | 19,989 | 4,666,209 | 4,686,198 | 19,717 | 2,334,414 | 2,354,131 |
| Savings deposits | 1,890 | - | 1,890 | 3,227 | - | 3,227 |
| | <u>21,879</u> | <u>4,666,209</u> | <u>4,688,088</u> | 22,944 | 2,334,414 | 2,357,358 |
| | <u>194,360,986</u> | <u>10,309,881</u> | <u>204,670,867</u> | 169,831,917 | 6,711,265 | 176,543,182 |

18.1 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.

| | Note | Un-audited March 31, 2023 | Audited December 31, 2022 |
|--|--------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 19. OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 5,945,923 | 8,706,676 |
| Mark-up / return / interest payable in foreign currency | | 11,312,726 | 5,105,332 |
| Performance bonus payable | | 493,397 | 880,147 |
| Unearned income on unfunded exposure | | 188,190 | 188,844 |
| Accrued expenses | | 33,881 | 38,811 |
| Current taxation (provisions less payments) | | 10,584,289 | 3,708,441 |
| Acceptances | | - | 237,617 |
| Mark to market loss on forward foreign exchange contracts | | 3,538,842 | 9,355,093 |
| Workers' welfare fund | | 2,132,647 | 1,632,034 |
| Withholding tax payable | | 38,484 | 44,892 |
| Clearing and settlements | | 1,077,969 | 610,671 |
| Lease Liabilities | 19. | 75,941 | 80,492 |
| Others | | 1,860 | 1,275 |
| | | <u>35,424,149</u> | <u>30,590,325</u> |
| 19.1 LEASE LIABILITIES | | | |
| Outstanding amount at the start of the year | | 80,492 | 56,387 |
| Additions during the year | | - | 59,432 |
| Payment made during the year | | (6,368) | (44,647) |
| Interest expense | | 1,817 | 9,320 |
| Outstanding amount at the end of the year | 19.1.1 | <u>75,941</u> | <u>80,492</u> |
| 19.1.1 Liabilities Outstanding | | | |
| Not later than one year | | 42,710 | 41,595 |
| Later than one year and upto five years | | 33,231 | 38,897 |
| Total at the year end | | <u>75,941</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 |
| 20. 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 | | 8,604,150 | 7,487,610 |
| | | <u>42,568,785</u> | <u>33,964,635</u> |
| 20.1 Interest free deposit in approved foreign exchange capital account amounts to USD 150 million as at March 31, 2023 (December 31, 2022: USD 150 million). | | | |

| | Note | Un-audited March 31, 2023 | Audited December 31, 2022 |
|--|------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 21. DEFICIT ON REVALUATION OF ASSETS | | | |
| Deficit on revaluation of available for sale securities | 10.1 | (2,909,115) | (902,050) |
| Deferred tax on deficit on revaluation of available for sale securities | | 1,250,919 | 387,882 |
| | | <u>(1,658,196)</u> | <u>(514,168)</u> |

22. CONTINGENCIES AND COMMITMENTS

| | | | |
|-------------|------|----------------------|----------------------|
| Guarantees | 22.1 | 465,154,242 | 397,368,070 |
| Commitments | 22.2 | 3,463,120,599 | 2,794,474,990 |
| | | <u>3,928,274,841</u> | <u>3,191,843,060</u> |

22.1 Guarantees:

| | | |
|------------------------|--------------------|--------------------|
| Financial guarantees | 563,251 | 563,251 |
| Performance guarantees | 211,462,548 | 180,761,385 |
| Other guarantees | 253,128,442 | 216,043,434 |
| | <u>465,154,242</u> | <u>397,368,070</u> |

22.2 Commitments:

| | | | |
|---|--------|----------------------|----------------------|
| Documentary credits and short-term trade-related transactions - Letters of credit (including LC confirmations) | | 15,495,236 | 16,811,574 |
| Commitments in respect of: - Forward foreign exchange contracts | 22.2.1 | 3,447,625,363 | 2,777,663,416 |
| | | <u>3,463,120,599</u> | <u>2,794,474,990</u> |

22.2.1 Commitments in respect of forward foreign exchange contracts

| | | |
|----------|----------------------|----------------------|
| Purchase | 1,778,737,960 | 1,392,806,548 |
| Sale | 1,668,887,403 | 1,384,856,868 |
| | <u>3,447,625,363</u> | <u>2,777,663,416</u> |

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.

| | Note | Un-audited March 31, 2023 | Un-audited March 31, 2022 |
|--|------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 23. MARK-UP / RETURN / INTEREST EARNED | | | |
| On: | | | |
| Loans and advances | | 3,565,522 | 1,308,764 |
| Investments | | 27,942,295 | 10,423,975 |
| Lendings to financial institutions | | 2,448,857 | 815,350 |
| Balances with other banks | | 70,478 | 11,226 |
| | | <u>34,027,152</u> | <u>12,559,315</u> |
| 24. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| On: | | | |
| Deposits | | 6,498,541 | 2,655,848 |
| Borrowings | 24.1 | 8,974,779 | 492,998 |
| Cost of foreign currency swaps against foreign currency deposits / borrowings | | 4,157,794 | 6,611,464 |
| Finance charges on lease liability against right of use asset | | 1,817 | 2,650 |
| | | <u>19,632,931</u> | <u>9,762,960</u> |
| 24.1 Borrowings | | | |
| Call Borrowings from ICBC Head office and branches | | 8,955,290 | 467,287 |
| Securities sold under repurchase agreements | | 19,489 | 25,711 |
| | | <u>8,974,779</u> | <u>492,998</u> |
| 25. FEE & COMMISSION INCOME | | | |
| Branch banking customer fees | | 2,123 | 2,434 |
| Card related fees (debit cards) | | 109 | 9 |
| Investment banking fees | | 259 | 167,966 |
| Commission on trade | | 5,185 | 56,539 |
| Commission on guarantees | | 325,877 | 204,506 |
| Commission on remittances including home remittances | | 26,831 | 7,261 |
| Credit related fees | | 118,351 | 673 |
| | | <u>478,735</u> | <u>439,388</u> |

| | Un-audited March 31, 2023 | Un-audited March 31, 2022 |
|--|---------------------------------|---------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| 26. FOREIGN EXCHANGE INCOME | | |
| On: | | |
| Purchase and sale of forward foreign exchange contracts with Inter Banks - net | 26.1 1,695,308 | 133,015 |
| Ready purchase and sale of foreign currencies with customers | 402,686 | 1,103,553 |
| Loss on ready purchase and sale of foreign currencies with Financial Institutions | 34,644 | - |
| Foreign Exchange revaluation - net | 8,497,402 | (69,810) |
| | <u>10,630,040</u> | <u>1,166,758</u> |
| 26.1 Purchase and sale of forward foreign exchange contracts with Inter Banks - net | | |
| Realised gain on foreign exchange contracts with Inter Bank - net | 1,002,875 | 136,440 |
| Unrealised gain on foreign exchange contracts with Inter Bank - net | 692,433 | (3,425) |
| | <u>1,695,308</u> | <u>133,015</u> |
| 26.2 Foreign Exchange revaluation - net | | |
| Foreign exchange revaluation of borrowing | (101,146,681) | (5,447,224) |
| Foreign exchange revaluation of Others | (1,013,714) | (70,980) |
| Unrealised gain on forward swap contract | 110,657,797 | 5,448,394 |
| | <u>8,497,402</u> | <u>(69,810)</u> |
| 27. GAIN / (LOSS) ON SECURITIES | | |
| Realised | <u>(3,783)</u> | 44,243 |
| Realised gain / (loss) on: | | |
| Federal Government securities | <u>(3,783)</u> | <u>44,243</u> |
| 28. OTHER INCOME | | |
| Recovered from employees against waiver of notice period | <u>371</u> | <u>632</u> |

| | Un-audited March 31, 2023 | Un-audited March 31, 2022 | |
|---|---------------------------------|---------------------------------|---------------|
| Note | ----- (Rupees in '000) ----- | | |
| 29. OPERATING EXPENSES | | | |
| Total compensation expense | 29.1 | 349,822 | 264,230 |
| Property expense | | | |
| Rent & taxes | 1,269 | 1,408 | |
| Insurance | 95 | 103 | |
| Utilities cost | 4,358 | 5,049 | |
| Security (including guards) | 5,760 | 5,154 | |
| Repair & maintenance (including janitorial charges) | 4,856 | 6,003 | |
| Depreciation | 7,313 | 7,313 | |
| Depreciation on right-of-use assets | 10,205 | 15,763 | |
| | 33,856 | 40,793 | |
| Information technology expenses | | | |
| Software maintenance | 3,210 | 1,645 | |
| Hardware maintenance | 234 | 461 | |
| Depreciation | 1,400 | 2,906 | |
| Amortisation | 9 | 125 | |
| Insurance | 4 | 6 | |
| Network and connectivity charges | 5,394 | 4,485 | |
| | 10,251 | 9,628 | |
| Other operating expenses | | | |
| Legal & professional charges | 393 | 70 | |
| Outsourced services costs | 14,667 | 10,086 | |
| Travelling & conveyance | 6,204 | 1,282 | |
| Insurance | 436 | 520 | |
| NIFT clearing charges | 762 | 184 | |
| Fees and subscription | 44,949 | 6,844 | |
| Repair & maintenance | 181 | 370 | |
| Depreciation | 5,712 | 6,320 | |
| Depreciation on right-of-use assets | 643 | 1,214 | |
| Training & development | 62 | 48 | |
| Postage & courier charges | 452 | 697 | |
| Communication | 2,222 | 330 | |
| Stationery, printing and low value consumables | 1,376 | 1,839 | |
| Marketing, advertisement & publicity | 17 | 610 | |
| Commission expense | 2,158 | 1,084 | |
| Deposit protection premium | 300 | 276 | |
| Entertainment expense | 941 | 185 | |
| Others | 500 | 1,857 | |
| | 81,975 | 33,816 | |
| | 475,904 | 348,467 | |
| 30. WORKERS' WELFARE FUND | | | |
| Charge during the year | | 500,613 | 80,074 |

30.1 Provision held at 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

| | Note | Un-audited March 31, 2023 | Un-audited March 31, 2022 |
|---|------|---------------------------------|---------------------------------|
| | | ----- (Rupees in '000) ----- | |
| 31. (REVERSALS)/ PROVISIONS & WRITE OFFS - NET | | | |
| (Reversal) / Provisions against loans & advances | | <u>(66,960)</u> | <u>18,090</u> |
| 32. TAXATION | | | |
| Current | | 10,576,219 | 1,592,574 |
| Deferred | | (216,094) | (1,041) |
| | | <u>10,360,125</u> | <u>1,591,533</u> |

32.1 The returns of income tax have been filed up to and including tax year 2022. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001. The return for the year 2022 (tax year 2023) will be due for filing by September 30, 2023.

32.2 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 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 March 31, 2023 | Audited December 31, 2022 | Un-audited March 31, 2023 |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 33. CASH AND CASH EQUIVALENTS | | | |
| Cash and balances with treasury banks | 53,737,725 | 42,170,309 | 45,028,791 |
| Balances with other banks | 7,881,333 | 6,434,681 | 6,505,093 |
| | <u>61,619,058</u> | <u>48,604,990</u> | <u>51,533,884</u> |

34. 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
- Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

34.1 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 March 31, 2023 | | | |
|---|------------------------------|-------------|---------|-------------|
| | Level 1 | Level 2 | Level 3 | Total |
| On balance sheet financial instruments | | | | |
| Financial assets measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities (AFS) | - | 705,977,765 | - | 705,977,765 |
| Financial assets - disclosed but not measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities (HTM) | - | 9,209,189 | - | 9,209,189 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Forward purchase and sale of foreign exchange | - | 121,803,318 | - | 121,803,318 |

| | 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 |

34.1 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.

35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

| | Corporate finance | Treasury | Branch Banking | Others | Total |
|--|----------------------|----------------------|--------------------|-------------------|----------------------|
| ----- (Rupees in '000) ----- | | | | | |
| March 31, 2023 - Un-audited | | | | | |
| Profit & Loss | | | | | |
| Net mark-up / return / profit | 3,565,522 | 17,258,579 | (6,428,063) | (1,817) | 14,394,221 |
| Inter segment revenue - net | - | - | - | - | - |
| Non mark-up / return / interest income | 331,062 | (3,783) | 10,777,713 | 371 | 11,105,363 |
| Total Income | 3,896,584 | 17,254,796 | 4,349,650 | (1,446) | 25,499,584 |
| Segment direct expenses | 255,518 | 718,535 | 299 | 2,165 | 976,517 |
| Inter segment expense allocation | - | - | - | - | - |
| Total expenses | 255,518 | 718,535 | 299 | 2,165 | 976,517 |
| Provision | (66,960) | - | - | - | (66,960) |
| Profit before tax | 3,708,026 | 16,536,261 | 4,349,351 | (3,611) | 24,590,027 |
| March 31, 2023 - Un-audited | | | | | |
| Statement of financial position | | | | | |
| Cash & Bank balances | - | 61,227,762 | 391,296 | - | 61,619,058 |
| Investments | - | 715,186,954 | - | - | 715,186,954 |
| Net inter segment lending | - | - | - | - | - |
| Lendings to financial institutions | - | 36,943,015 | - | - | 36,943,015 |
| Advances - performing | 330,975,896 | - | - | - | 330,975,896 |
| - non-performing | - | - | - | - | - |
| Others | 2,893,954 | 125,508,717 | - | 2,828,477 | 131,231,148 |
| Total Assets | 333,869,850 | 938,866,448 | 391,296 | 2,828,477 | 1,275,956,071 |
| Borrowings | - | 938,783,605 | - | - | 938,783,605 |
| Deposits & other accounts | - | - | 204,670,867 | - | 204,670,867 |
| Net inter segment borrowing | - | - | - | - | - |
| Others | 17,446,839 | 3,538,842 | 1,077,969 | 15,069,865 | 37,133,515 |
| Total liabilities | 17,446,839 | 942,322,447 | 205,748,836 | 15,069,865 | 1,180,587,987 |
| Equity | 316,423,011 | (3,455,999) | (205,357,540) | (12,241,388) | 95,368,084 |
| Total Equity & liabilities | 333,869,850 | 938,866,448 | 391,296 | 2,828,477 | 1,275,956,071 |
| Contingencies & Commitments | 480,649,478 | 3,447,625,363 | - | - | 3,928,274,841 |

| Corporate finance | Treasury | Branch Banking | Others | Total |
|-------------------|----------|----------------|--------|-------|
|-------------------|----------|----------------|--------|-------|

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

March 31, 2022 - Un-audited

Profit & Loss

| | | | | | |
|--|------------------|------------------|--------------------|----------------|------------------|
| Net mark-up / return / profit | 1,308,764 | 4,134,863 | (2,644,622) | (2,650) | 2,796,355 |
| Inter segment revenue - net | - | - | - | - | - |
| Non mark-up / return / interest income | 261,045 | 44,243 | 1,345,101 | 632 | 1,651,021 |
| Total Income | 1,569,809 | 4,179,106 | (1,299,521) | (2,018) | 4,447,376 |
| Segment direct expenses | 37,579 | 386,476 | 3,550 | 936 | 428,541 |
| Inter segment expense allocation | - | - | - | - | - |
| Total expenses | 37,579 | 386,476 | 3,550 | 936 | 428,541 |
| Provision | 18,090 | - | - | - | 18,090 |
| Profit before tax | 1,514,140 | 3,792,630 | (1,303,071) | (2,954) | 4,000,745 |

December 31, 2022 - Audited

Statement of financial position

| | | | | | |
|--|--------------------|----------------------|--------------------|------------------|----------------------|
| Cash & Bank balances | - | 48,259,714 | 345,276 | - | 48,604,990 |
| Investments | - | 576,201,472 | - | - | 576,201,472 |
| Net inter segment lending | - | - | - | - | - |
| 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 | 55,461,007 | 725,220,205 | 345,276 | 1,718,299 | 782,744,787 |
| Borrowings | - | 499,959,427 | - | - | 499,959,427 |
| Deposits & other accounts | - | - | 176,543,182 | - | 176,543,182 |
| Net inter segment borrowing | - | - | - | - | - |
| Others | 14,238,469 | 9,355,093 | 610,671 | 8,359,885 | 32,564,118 |
| Total liabilities | 14,238,469 | 509,314,520 | 177,153,853 | 8,359,885 | 709,066,727 |
| Equity | 41,222,538 | 215,905,685 | (176,808,577) | (6,641,586) | 73,678,060 |
| Total Equity & liabilities | 55,461,007 | 725,220,205 | 345,276 | 1,718,299 | 782,744,787 |
| Contingencies & Commitments | 414,179,644 | 2,777,663,416 | - | - | 3,191,843,060 |

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

36. RELATED PARTY TRANSACTIONS

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

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

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

| | Un-audited March 31, 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 | - | 4,531,912 | 586,351 | - | - | 3,355,467 | 443,803 | - |
| Advances | | | | | | | | |
| Opening balance | 180 | - | - | - | 481 | - | - | - |
| Addition during the year | - | - | - | - | - | - | - | - |
| Repaid during the year | (77) | - | - | - | (301) | - | - | - |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - |
| Closing balance | 103 | - | - | - | 180 | - | - | - |
| Other Assets | | | | | | | | |
| Interest / mark-up receivable | - | - | - | - | - | - | - | - |
| Defined benefit asset | - | - | - | 9,065 | - | - | - | 8,055 |
| Mark to market loss on forward foreign exchange contracts | - | - | - | - | - | - | 1,923 | - |
| Mark to market loss on Swap forward exchange contracts | - | - | 2,626,895 | - | - | - | (6,076,022) | - |
| Closing balance | - | - | 2,626,895 | 9,065 | - | - | (6,074,099) | 8,055 |
| Borrowings | | | | | | | | |
| Opening balance | - | - | 499,959,427 | - | - | 225,937,280 | 165,040,122 | - |
| Borrowings during the year | - | - | 671,412,476 | - | - | 159,913,294 | 1,528,607,073 | - |
| Settled during the year | - | - | (232,588,298) | - | - | (385,850,574) | (1,193,687,768) | - |
| Closing balance | - | - | 938,783,605 | - | - | - | 499,959,427 | - |

| Un-audited March 31, 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) ----- | | | | | | | | |
| Deposits and other accounts | | | | | | | | |
| Opening balance | 5,178 | 1,789 | - | 83,339 | 9,116 | 1,863 | - | 65,583 |
| Received during the year | 248,674 | - | - | 10,505 | 486,290 | 3,000 | - | 22,882 |
| Withdrawn during the year | (251,604) | - | - | (9,560) | (489,578) | (3,074) | - | (5,126) |
| Transfer in / (out) - net | 16 | - | - | - | (650) | - | - | - |
| Closing balance | 2,264 | 1,789 | - | 84,284 | 5,178 | 1,789 | - | 83,339 |

Other Liabilities

| | | | | | | | | |
|---|----|---------|------------|---|-----|--------|-----------|-------|
| Interest / mark-up payable | 67 | - | 11,311,604 | - | 213 | - | 5,103,076 | 5,479 |
| Mark to market loss on forward foreign exchange contracts | - | - | 56,068 | - | - | - | 63,871 | - |
| Mark to market loss on Swap forward exchange contracts | - | - | 894,513 | - | - | - | 260,857 | - |
| Commission received in advance against unfunded exposure | - | 125,330 | - | - | - | 95,938 | - | - |
| Closing balance | 67 | 125,330 | 12,262,185 | - | 213 | 95,938 | 5,427,804 | 5,479 |

Contingencies and Commitments

| | | | | | | | | |
|------------------------------------|---|-------------|-------------|---|---|-------------|-------------|---|
| Letter of guarantee | - | 248,733,139 | - | - | - | 223,701,475 | - | - |
| Forward exchange contract purchase | - | - | 553,882,715 | - | - | - | 446,252,685 | - |
| Forward exchange contract sale | - | - | 553,971,239 | - | - | - | 442,008,546 | - |

| Un-audited March 31, 2023 | | | | Un-audited March 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) ----- | | | | | | | |

Income

| | | | | | | | | |
|------------------------------------|-----|--------|-----|---|---|--------|-------|---|
| Mark-up / return / interest earned | 79 | 18,819 | 187 | - | 5 | 6,274 | 4,948 | - |
| Fee & commission income | 542 | 35,387 | - | - | - | 77,258 | 3,016 | - |

Expense

| | | | | | | | | |
|----------------------------------|---------|---|-----------|-------|---------|---------|---------|-------|
| Mark-up / return / interest paid | 213 | - | 8,955,290 | - | 93 | 190,708 | 276,578 | - |
| Compensation expense | 116,902 | - | - | - | 106,791 | - | - | - |
| Contribution to gratuity fund | - | - | - | 2,618 | - | - | - | 2,438 |
| Contribution to provident fund | - | - | - | 3,612 | - | - | - | 967 |

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY

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

Minimum Capital Requirement (MCR):

| | | |
|---------------------------------|-------------------|------------|
| Paid-up capital (net of losses) | 42,568,785 | 33,964,635 |
|---------------------------------|-------------------|------------|

Capital Adequacy Ratio (CAR):

| | | |
|---|-------------------|------------|
| Eligible Common Equity Tier 1 (CET 1) Capital | 95,330,171 | 73,642,485 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 95,330,171 | 73,642,485 |
| Eligible Tier 2 Capital | 476,607 | 543,567 |
| Total Eligible Capital (Tier 1 + Tier 2) | 95,806,778 | 74,186,052 |

Risk Weighted Assets (RWAs):

| | | |
|------------------|--------------------|-------------|
| Credit Risk | 198,848,059 | 173,586,476 |
| Market Risk | 25,054,086 | 31,755,982 |
| Operational Risk | 34,342,583 | 34,342,583 |
| Total | 258,244,728 | 239,685,041 |

| | | |
|---|---------------|--------|
| Common Equity Tier 1 Capital Adequacy Ratio | 36.91% | 30.72% |
| Tier 1 Capital Adequacy Ratio | 36.91% | 30.72% |
| Total Capital Adequacy Ratio | 37.10% | 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
March 31, 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 | 95,330,171 | 73,642,485 |
| Total Exposure | 1,463,221,093 | 1,193,680,827 |
| Leverage Ratio | 6.52% | 6.17% |
| Minimum Requirement (%) | 3.00% | 3.00% |

Liquidity Coverage Ratio (LCR):

| | | |
|----------------------------------|--------------------|-------------|
| Total High Quality Liquid Assets | 752,404,447 | 563,569,354 |
| Total Net Cash Outflow | 474,756,269 | 268,688,641 |
| Liquidity Coverage Ratio | 158.48% | 209.75% |
| Minimum Requirement (%) | 100.00% | 100.00% |

Net Stable Funding Ratio (NSFR):

| | | |
|--------------------------------|--------------------|-------------|
| Total Available Stable Funding | 324,131,430 | 261,443,278 |
| Total Required Stable Funding | 136,761,546 | 85,803,037 |
| Net Stable Funding Ratio | 237.00% | 304.70% |
| Minimum Requirement (%) | 100.00% | 100.00% |

38. GENERAL

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

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

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 28, 2023 by the Chief Executive Officer (A) and Head of Finance of the Branches.



Chief Executive Officer (A)



Head of Finance