



Industrial and Commercial Bank of China Limited -
Pakistan Branches

Second Quarter Report
for the Period Ended
June 30, 2023

Independent auditors' review report to the members of Industrial and Commercial Bank of China Limited – Pakistan Branches

Report on review of condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Industrial and Commercial Bank of China – Pakistan Branches (the Bank) as at June 30, 2023 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim profit and loss account and condensed interim statement of comprehensive income and figures for half year ended December 31, 2022 in condensed interim statement of changes in equity have not been subject to review and therefore, we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Nadeem Yousuf Adil.


Chartered Accountants

Place: Karachi
Date: August 24, 2023
UDIN: RR202310091bqI0Yrxz3

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

		Un-audited June 30, 2023 ----- (Rupees in '000) -----	Audited December 31, 2022
ASSETS			
Cash and balances with treasury banks	8	56,366,130	42,170,309
Balances with other banks	9	13,523,212	6,434,681
Lendings to financial institutions	10	117,071,226	80,542,850
Investments	11	718,062,150	576,201,472
Advances	12	401,760,247	53,813,083
Fixed assets	13	520,000	551,805
Intangible assets	14	37,904	37,921
Deferred tax assets	15	1,874,236	1,061,835
Other assets	16	55,538,784	21,930,831
		1,364,753,889	782,744,787
LIABILITIES			
Bills payable	17	1,146,158	1,973,793
Borrowings	18	998,392,836	499,959,427
Deposits and other accounts	19	196,059,661	176,543,182
Lease liabilities	20	-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	20	65,415,657	30,590,325
		1,261,014,312	709,066,727
NET ASSETS		103,739,577	73,678,060
REPRESENTED BY			
Head office capital account - net	21	42,898,575	33,964,635
Deficit on revaluation of assets	22	(746,463)	(514,168)
Unremitted profit		61,587,465	40,227,593
		103,739,577	73,678,060
CONTINGENCIES AND COMMITMENTS	23		

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

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Chief Executive Officer

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Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Note	Quarter ended		Six months period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----					
Mark-up / return / interest earned	24	47,652,346	15,947,745	81,679,498	28,507,060
Mark-up / return / interest expensed	25	29,373,907	12,905,313	49,006,838	22,758,494
Net mark-up / interest income		18,278,439	3,042,432	32,672,660	5,748,566

NON MARK-UP / INTEREST INCOME

Fee and commission income	26	940,916	332,810	1,419,651	772,198
Foreign exchange (loss) / income	27	(4,084,717)	(1,879,375)	6,545,323	(622,396)
(Loss) / gain on securities	28	-	-	(3,783)	44,243
Other income	29	640	737	1,011	1,369
Total non-markup / interest income		(3,143,161)	(1,545,828)	7,962,202	195,414
Total income		15,135,278	1,496,604	40,634,862	5,943,980

NON MARK-UP / INTEREST EXPENSES

Operating expenses	30	587,668	385,595	1,063,572	734,062
Workers welfare fund	31	295,629	22,327	796,242	102,401
Other charges		-	150	-	150
Total non-markup / interest expenses		883,297	408,072	1,859,814	836,613
Profit before provisions		14,251,981	1,088,532	38,775,048	5,107,367
(Reversals) / provisions and write offs	33	(173,853)	(24,843)	(240,813)	(6,753)
PROFIT BEFORE TAXATION		14,425,834	1,113,375	39,015,861	5,114,120
Taxation	34	7,295,864	1,492,210	17,655,989	3,083,743
PROFIT / (LOSS) AFTER TAXATION		7,129,970	(378,835)	21,359,872	2,030,377

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

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周波

Chief Executive Officer

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Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Quarter ended		Six months period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Profit / (loss) after taxation for the year	7,129,970	(378,835)	21,359,872	2,030,377
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net of deferred tax	911,733	477,567	(232,295)	1,066,186
Total comprehensive income	8,041,703	98,732	21,127,577	3,096,563

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

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Chief Executive Officer

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Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2022	26,477,025	(1,651,302)	29,135,552	53,961,275
Total comprehensive income for the six months period ended June 30, 2022 - un-audited				
Profit after taxation for the half year ended June 30, 2022	-	-	2,030,377	2,030,377
Other comprehensive income - net of tax	-	1,066,186	-	1,066,186
	-	1,066,186	2,030,377	3,096,563
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	4,249,980	-	-	4,249,980
Balance as at June 30, 2022 (un-audited)	30,727,005	(585,116)	31,165,929	61,307,818
Total comprehensive income for the six months period ended December 31, 2022 - un-audited				
Profit after taxation for the six months period ended December 31, 2022	-	-	9,062,537	9,062,537
Other comprehensive income - net of tax	-	70,948	(873)	70,075
	-	70,948	9,061,664	9,132,612
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	3,237,630	-	-	3,237,630
Balance as at December 31, 2022 - audited	33,964,635	(514,168)	40,227,593	73,678,060
Total comprehensive income for the six months period ended June 30, 2023 - un-audited				
Profit after taxation for the half year ended June 30, 2023	-	-	21,359,872	21,359,872
Other comprehensive income - net of tax	-	(232,295)	-	(232,295)
	-	(232,295)	21,359,872	21,127,577
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	8,933,940	-	-	8,933,940
Balance as at June 30, 2023 (un-audited)	42,898,575	(746,463)	61,587,465	103,739,577

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

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Chief Executive Officer

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Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Note	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	39,015,861	5,114,120
Adjustments:		
Depreciation on fixed assets	30 29,648	33,287
Depreciation on right of use assets	30 21,572	33,953
Amortisation	30 18	251
Financial charges on leased assets	25 3,517	5,192
Charge for defined benefit plan	3,216	4,814
Provision and write-offs	12.4 240,813	(6,753)
Provision for workers' welfare fund	31 796,242	295,629
	1,095,026	366,373
	40,110,887	5,480,493
(Increase) / decrease in operating assets		
Lendings to financial institutions	(36,528,376)	(3,710,960)
Advances	(348,187,977)	827,342
Others assets	(33,605,601)	(24,238,694)
	(418,321,954)	(27,122,312)
Increase / (decrease) in operating liabilities		
Bills payable	(827,635)	990,805
Borrowings from financial institutions	498,433,409	66,841,741
Deposits	19,516,479	2,544,111
Other liabilities	21,800,309	915,069
	538,922,562	71,291,726
	160,711,495	49,649,907
Contribution in gratuity fund	(5,570)	(4,814)
Income tax paid	(5,901,242)	(1,512,071)
Net cash generated from operating activities	154,804,683	48,133,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(142,213,797)	(40,717,204)
Net investments in held-to-maturity securities	(208,483)	(64,698)
Investments in fixed assets	(19,414)	(9,823)
Net cash used in investing activities	(142,441,694)	(40,791,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Translation gain on revaluation of capital	8,933,940	4,249,980
Payment of lease liability against right of use assets	(12,577)	(13,303)
Net cash generated from financing activities	8,921,363	4,236,677
Increased in cash and cash equivalents	21,284,352	11,577,974
Cash and cash equivalents at beginning of the period	48,604,990	61,035,419
Cash and cash equivalents at end of the period	35 69,889,342	72,613,393

The annexed notes 1 to 41 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
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

1. STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except available for sale investments and forward foreign exchange contracts which have been measured at fair value and obligations in respect of gratuity scheme which are measured at present value of defined benefit obligations less fair value of plan assets and lease liabilities which are measured at their present value.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

6 SIGNIFICANT ACCOUNTING POLICIES

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

7 FINANCIAL RISK MANAGEMENT

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

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- (Rupees in '000) -----			
8. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		262,049	245,578
Foreign currency		124,885	99,698
		386,934	345,276
With State Bank of Pakistan in			
Local currency current account	8.1&8.2	12,104,710	7,163,427
Foreign currency current account		225,772	110,824
Foreign currency deposit account	8.3	43,648,714	34,550,782
		55,979,196	41,825,033
		56,366,130	42,170,309

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

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

8.3 This 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 4.19% (2022: 3.39%). It also includes capital maintained with SBP in accordance with the requirements of Section 13 of Banking Companies Ordinance, 1962 amounting to USD 150 million (December 31, 2022: USD 150 million).

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- (Rupees in '000) -----			
9. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		42	13
Outside Pakistan			
In current accounts		13,523,170	6,434,668
		13,523,212	6,434,681

10. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo) 10.2 **117,071,226** 80,542,850

10.1 Particulars of lending

In local currency **117,071,226** 80,542,850

10.2 This represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 21% to 22.40% per annum (December 31, 2022: 15% to 16.15% per annum) with maturity in July 2023 (December 31, 2022 : January 2023).

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

	Un-audited			Audited		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	28,088,272	-	28,088,272	63,572,880	-	63,572,880
Pakistan Investment Bonds	84,808,101	-	84,808,101	16,796,000	-	16,796,000
Total	112,896,373	-	112,896,373	80,368,880	-	80,368,880

11. INVESTMENTS

	Un-audited June 30, 2023				Audited December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
11.1 Investments by type:	----- (Rupees in '000) -----							
Available-for-sale securities								
Federal Government Securities	710,208,558	-	(1,463,652)	708,744,906	567,994,761	-	(902,050)	567,092,711
Held-to-maturity securities								
Federal Government Securities	9,317,244	-	-	9,317,244	9,108,761	-	-	9,108,761
Total Investments	719,525,802	-	(1,463,652)	718,062,150	577,103,522	-	(902,050)	576,201,472

11.2 Investments by segments
Available-for-sale securities
Federal Government Securities

Market Treasury Bills	710,208,558	-	(1,463,652)	708,744,906	567,994,761	-	(902,050)	567,092,711
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Held-to-maturity securities
Federal Government Securities

Pakistan Investment Bonds	9,317,244	-	-	9,317,244	9,108,761	-	-	9,108,761
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Total investments	719,525,802	-	(1,463,652)	718,062,150	577,103,522	-	(902,050)	576,201,472
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11.3 There is no provision for diminution in value of investments as at June 30, 2023.

11.4 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 9,661 million (December 31, 2022: Rs.8,740.500 million).

11.5 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

12. ADVANCES

	Performing		Non Performing		Total	
	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2023	Audited December 31, 2022
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	401,497,761	52,833,245	-	-	401,497,761	52,833,245
Bills discounted and purchased	565,240	1,523,405	-	-	565,240	1,523,405
Advances - gross	402,063,001	54,356,650	-	-	402,063,001	54,356,650
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(302,754)	(543,567)	-	-	(302,754)	(543,567)
	(302,754)	(543,567)	-	-	(302,754)	(543,567)
Advances - net of provision	401,760,247	53,813,083	-	-	401,760,247	53,813,083

12.1 Particulars of advances (gross)

In local currency	30,275,351	54,356,650
In foreign currency	371,787,650	-
	402,063,001	54,356,650

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

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

12.4 Particulars of provision against advances

	Un-audited June 30, 2023			Audited December 31, 2022		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	-	543,567	543,567	-	495,557	495,557
Charge for the year	-	-	-	-	48,010	48,010
Reversals	-	(240,813)	(240,813)	-	-	-
	-	(240,813)	(240,813)	-	48,010	48,010
Closing balance	-	302,754	302,754	-	543,567	543,567

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

	Note	Un-audited June 30, 2023 ----- (Rupees in '000) -----	Audited December 31, 2022
13. FIXED ASSETS			
Property and equipment	13.1.1	430,980	441,213
Right-of-use assets	13.2	89,020	110,592
		520,000	551,805

	Un-audited June 30, 2023 ----- (Rupees in '000) -----	Un-audited June 30, 2022
13.1 Additions to fixed assets		
Furniture and fixture	-	3,663
Electrical office and computer equipment	19,414	6,160
Total	19,414	9,823

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

13.2 Right-of-use assets

	Un-audited June 30,			Audited December 31, 2022		
	Property	Vehicles	Total	Property	Vehicles	Total
	----- (Rupees in '000) -----					
At January 1,						
Cost	187,058	8,523	195,581	179,443	11,695	191,138
Accumulated Depreciation	(80,378)	(4,611)	(84,989)	(71,055)	(8,425)	(79,480)
Net book value	106,680	3,912	110,592	108,388	3,270	111,658
Additions during the period / year	-	-	-	53,934	5,497	59,431
Depreciation Charge for the period	(20,410)	(1,162)	(21,572)	(55,642)	(4,855)	(60,497)
Adjustments						
Cost	-	-	-	(46,319)	(8,669)	(54,988)
Accumulated Depreciation	-	-	-	46,319	8,669	54,988
At June 30 / December 31,						
Cost	187,058	8,523	195,581	187,058	8,523.00	195,581
Accumulated Depreciation	(100,788)	(5,773)	(106,561)	(80,378)	(4,611.00)	(84,989)
Net book value	86,270	2,750	89,020	106,680	3,912	110,592

	Un-audited June 30, 2023 ----- (Rupees in '000) -----	Audited December 31, 2022
14. INTANGIBLE ASSETS		
Capital work-in-progress	28,969	28,969
Computer software	8,935	8,952
	37,904	37,921

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

15. DEFERRED TAX ASSETS

Deductible Temporary Differences on

Workers welfare fund	1,189,855	701,774
Deficit on revaluation of investments	717,189	387,882
	1,907,044	1,089,656

Taxable Temporary Differences on

Fixed assets	(29,180)	(25,475)
Intangible	(3,628)	(2,346)
	(32,808)	(27,821)
	1,874,236	1,061,835

	Un-audited June 30, 2023	Audited December 31, 2022
	----- (Rupees in '000) -----	
16. OTHER ASSETS		
Income / mark-up accrued in local currency	2,014,009	1,818,296
Income / mark-up accrued in foreign currencies	2,648,590	-
Advances, deposits, advance rent and other prepayments	1,121,568	58,090
Mark to market gain on forward foreign exchange contracts	49,400,846	19,808,180
Acceptances	342,769	237,617
Receivable from defined benefit plan	10,409	8,055
Others	593	593
	<u>55,538,784</u>	<u>21,930,831</u>

17. BILLS PAYABLE

In Pakistan	1,146,158	1,973,793
	<u>1,146,158</u>	<u>1,973,793</u>

18. BORROWINGS

Unsecured

Call borrowings	998,392,836	499,959,427
	<u>998,392,836</u>	<u>499,959,427</u>

18.1 This represents foreign currency borrowings from ICBC branches outside Pakistan at mark-up rates ranging from 5.41% to 6.2% per annum (December 31, 2022: 2.88% to 6.2% per annum) maturing upto April 14, 2025 (December 31, 2022: upto December 08, 2023).

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

18.2 Particulars of borrowings with respect to currencies

In foreign currencies	<u>998,392,836</u>	<u>499,959,427</u>
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19. DEPOSITS AND OTHER ACCOUNTS

	Un-audited June 30, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	6,898,542	4,019,468	10,918,010	17,014,886	2,699,851	19,714,737
Savings deposits	170,156,490	1,073,098	171,229,588	140,079,417	1,677,000	141,756,417
Term deposits	11,296,503	-	11,296,503	12,714,670	-	12,714,670
	<u>188,351,535</u>	<u>5,092,566</u>	<u>193,444,101</u>	<u>169,808,973</u>	<u>4,376,851</u>	<u>174,185,824</u>
Financial Institutions						
Current deposits	31,732	2,574,777	2,606,509	19,717	2,334,414	2,354,131
Savings deposits	9,051	-	9,051	3,227	-	3,227
	<u>40,783</u>	<u>2,574,777</u>	<u>2,615,560</u>	<u>22,944</u>	<u>2,334,414</u>	<u>2,357,358</u>
	<u>188,392,318</u>	<u>7,667,343</u>	<u>196,059,661</u>	<u>169,831,917</u>	<u>6,711,265</u>	<u>176,543,182</u>

19.1 This includes deposits amounting to Rs. 609.078 million as at December 31, 2022, eligible to be covered under insurance arrangements as per the requirement of Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018. The Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation (a subsidiary company of State Bank of Pakistan) at the rate of 0.16% on eligible deposits as of December 31 of each preceding calendar year.

		Un-audited June 30, 2023	Audited December 31, 2022
	Note	----- (Rupees in '000) -----	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		13,973,360	8,706,676
Mark-up / return / interest payable in foreign currency		9,273,981	5,105,332
Performance bonus payable		493,320	880,147
Unearned commission income		2,807,021	188,844
Accrued expenses		27,658	38,811
Current taxation (provisions less payments)		15,946,282	3,708,441
Acceptances		342,769	237,617
Mark to market loss on forward foreign exchange contracts		17,608,064	9,355,093
Workers' welfare fund		2,428,276	1,632,034
Withholding tax payable		59,503	44,892
Clearing and settlements		2,382,042	610,671
Lease Liabilities	20.1	71,432	80,492
Others		1,949	1,275
		<u>65,415,657</u>	<u>30,590,325</u>
20.1 LEASE LIABILITIES			
Outstanding amount at the start of the period/year		80,492	56,387
Additions during the period / year		-	59,432
Payment made during the period / year		(12,577)	(44,647)
Interest expense		3,517	9,320
Outstanding amount at the end of the period / year	20.1.1	<u>71,432</u>	<u>80,492</u>
20.1.1 Liabilities Outstanding			
Not later than one year		44,012	41,595
Later than one year and upto five years		27,420	38,897
Total at the period / year end		<u>71,432</u>	<u>80,492</u>
Interest Rate		7.27% to 12.41%	7.27% to 12.41%
Renewal Options		No	No
Escalation clauses		Yes	Yes
21. HEAD OFFICE CAPITAL ACCOUNT			
Capital held as:			
Interest free deposit in approved foreign exchange			
i) Remitted from Head Office (USD 150 million)		33,964,635	26,477,025
ii) Revaluation surplus allowed by the State Bank of Pakistan		8,933,940	7,487,610
		<u>42,898,575</u>	<u>33,964,635</u>
21.1	Interest free deposit in approved foreign exchange capital account amounts to USD 150 million as at June 30, 2023 (December 31, 2022: USD 150 million).		

		Un-audited June 30, 2023	Audited December 31, 2022
	Note	----- (Rupees in '000) -----	
22. DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of available for sale securities	11.1	(1,463,652)	(902,050)
Deferred tax on deficit on revaluation of available for sale securities		717,189	387,882
		(746,463)	(514,168)

23. CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	469,089,238	397,368,070
Commitments	23.2	3,420,233,929	2,794,474,990
		3,889,323,167	3,191,843,060

23.1 Guarantees:

Financial guarantees	563,251	563,251
Performance guarantees	211,563,142	180,761,385
Other guarantees	256,962,845	216,043,434
	469,089,238	397,368,070

23.2 Commitments:

Documentary credits and short-term trade-related transactions - Letters of credit (including LC confirmations)		12,580,143	16,811,574
Commitments in respect of: - Forward foreign exchange contracts	23.2.1	3,407,653,786	2,777,663,416
		3,420,233,929	2,794,474,990

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	1,712,139,455	1,392,806,548
Sale	1,695,514,331	1,384,856,868
	3,407,653,786	2,777,663,416

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

	Note	Un-audited June 30, 2023 ----- (Rupees in '000) -----	Un-audited June 30, 2022
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		12,931,760	2,787,371
Investments		63,843,457	23,862,429
Lendings to financial institutions		4,751,976	1,837,607
Balances with other banks		152,305	19,653
		<u>81,679,498</u>	<u>28,507,060</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		15,072,284	5,696,635
Borrowings	25.1	23,025,834	1,702,273
Cost of foreign currency swaps against foreign currency deposits / borrowings		10,905,203	15,354,394
Finance charges on lease liability against right of use asset		3,517	5,192
		<u>49,006,838</u>	<u>22,758,494</u>
25.1 Borrowings			
Call Borrowings from ICBC Head office and branches		23,000,269	1,669,966
Securities sold under repurchase agreements		25,565	32,307
		<u>23,025,834</u>	<u>1,702,273</u>
26. FEE & COMMISSION INCOME			
Branch banking customer fees		3,475	5,167
Card related fees (debit cards)		177	90
Investment banking fees		165,793	218,586
Commission on trade		56,265	125,368
Commission on guarantees		577,069	402,808
Commission on remittances including home remittances		35,197	18,700
Credit related fees		581,675	1,479
		<u>1,419,651</u>	<u>772,198</u>

	Un-audited June 30, 2023	Un-audited June 30, 2022
Note	----- (Rupees in '000) -----	
27. FOREIGN EXCHANGE INCOME / (LOSS)		
On:		
Purchase and sale of forward foreign exchange contracts with Inter Banks - net	27.1 1,582,119	366,043
Foreign Exchange revaluation of swaps - net	27.2 4,855,953	(3,307,379)
Ready purchase and sale of foreign currencies	27.3 1,155,324	2,685,261
Foreign exchange revaluation of others - net	(1,048,073)	(366,321)
	<u>6,545,323</u>	<u>(622,396)</u>
27.1 Purchase and sale of forward foreign exchange contracts with Inter Banks - net		
Realised gain on foreign exchange contracts with Inter Bank - net	917,956	363,963
Unrealised gain on foreign exchange contracts with Inter Bank - net	664,163	2,080
	<u>1,582,119</u>	<u>366,043</u>
27.2 Foreign Exchange revaluation of swaps - net		
Foreign exchange loss on ready swap revaluation - net	(15,819,579)	(27,062,377)
Unrealised gain on forward swap contract	20,675,532	23,754,998
	<u>4,855,953</u>	<u>(3,307,379)</u>
27.3 Ready purchase and sale of foreign currencies		
Ready purchase and sale of foreign currencies with customers	1,039,817	2,685,261
Ready purchase and sale of foreign currencies with Financial Institution	115,507	-
	<u>1,155,324</u>	<u>2,685,261</u>
28. (LOSS) / GAIN ON SECURITIES		
Realised	<u>(3,783)</u>	<u>44,243</u>
Realised (loss) / gain on:		
Federal Government securities	<u>(3,783)</u>	<u>44,243</u>
29. OTHER INCOME		
Recovered from employees against waiver of notice period	<u>1,011</u>	<u>1,369</u>

	Un-audited June 30, 2023	Un-audited June 30, 2022
Note	----- (Rupees in '000) -----	
30. OPERATING EXPENSES		
Total compensation expense	803,315	560,996
Property expense		
Rent & taxes	2,922	450
Insurance	219	220
Utilities cost	7,303	11,191
Security (including guards)	12,159	10,604
Repair & maintenance (including janitorial charges)	13,162	11,848
Depreciation	22,536	14,707
Depreciation on right-of-use assets	20,410	31,526
	78,711	80,546
Information technology expenses		
Software maintenance	5,777	3,368
Hardware maintenance	804	52
Depreciation	1,400	8,884
Amortisation	18	251
Insurance	8	12
Network and connectivity charges	6,794	6,108
	14,801	18,675
Other operating expenses		
Legal & professional charges	4,548	93
Outsourced services costs	28,068	18,466
Travelling & conveyance	11,920	7,898
Insurance	1,674	952
NIFT clearing charges	1,405	232
Fees and subscription	86,707	14,230
Repair & maintenance	2,410	1,952
Depreciation	5,712	9,696
Depreciation on right-of-use assets	1,162	2,427
Training & development	616	801
Postage & courier charges	589	1,276
Communication	2,774	2,381
Stationery, printing and low value consumables	5,866	2,883
Marketing, advertisement & publicity	67	880
Donations	965	-
Commission expense	5,512	2,446
Deposit protection premium	487	324
Auditor remuneration	180	148
Entertainment expense	4,761	748
Others	1,322	6,012
	166,745	73,845
	1,063,572	734,062
31. WORKERS' WELFARE FUND		
Charge during the period	796,242	102,401
31.1 Provision held at 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.	19.1	
32. OTHER CHARGES		
Penalty imposed by the State Bank of Pakistan	-	150

	Un-audited June 30, 2023	Un-audited June 30, 2022
Note	----- (Rupees in '000) -----	
33. (REVERSALS) / PROVISIONS & WRITE OFFS - NET		
(Reversals) / provisions against loans & advances	(240,813)	(6,753)
34. TAXATION		
Current	18,139,083	2,640,349
Prior years	-	436,608
Deferred	(483,094)	6,786
	17,655,989	3,083,743

34.1 With reference to FBR letter no.C.No.1(51)R&S/(2017/30679-R dated February 23, 2023 and sub rule 4 of Rule 8 of seventh schedule of Income Tax Ordinance, 2001, profit on debt on the Bank's commercial foreign currency commercial loan facility of USD 1.3 billion to Ministry of Finance, Government of Pakistan is exempt from all taxes but limited to Income Tax, Super Tax and withholding taxes.

34.2 The returns of income tax have been filed up to tax year 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.

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

	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2022
	----- (Rupees in '000) -----		
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	56,366,130	42,170,309	40,113,451
Balances with other banks	13,523,212	6,434,681	32,499,942
	69,889,342	48,604,990	72,613,393

36. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

Fair value of financial assets

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

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

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

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

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

	Un-audited June 30, 2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
Federal Government Securities (AFS)	-	708,744,906	-	708,744,906
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	-	9,317,244	-	9,317,244
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	-	31,792,782	-	31,792,782
	Audited December 31, 2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities (AFS)	-	567,092,711	-	567,092,711
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (HTM)	-	9,108,761	-	9,108,761
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	-	10,453,087	-	10,453,087

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

(a) Financial instruments in level 2

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

Item	Valuation technique and input used
Pakistan Investment Bonds	Fair values of Pakistan Investment Bonds are derived using the PKRV rates
Market Treasury Bills	Fair values of Treasury Bills are derived using the PKRV rates.
Forward Foreign Exchange Contracts	The valuation has been determined by interpolating the FX revaluation rates announced by State Bank of Pakistan.

(b) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

38. RELATED PARTY TRANSACTIONS

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

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

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

	Un-audited June 30, 2023				Audited December 31, 2022			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
----- (Rupees in '000) -----								
Balances with other banks								
In current accounts	-	4,398,618	693,517	-	-	3,355,467	443,803	-
Advances								
Opening balance	180	-	-	-	481	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	(180)	-	-	-	(301)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	180	-	-	-
Other Assets								
Interest / mark-up receivable	-	-	-	-	-	-	-	-
Defined benefit asset	-	-	-	9,065	-	-	-	8,055
Mark to market loss on forward foreign exchange contracts	-	-	12,303	-	-	-	1,923	-
Mark to market loss on Swap forward exchange contracts	-	-	49,097	-	-	-	(6,076,022)	-
Closing balance	-	-	61,400	9,065	-	-	(6,074,099)	8,055
Borrowings								
Opening balance	-	-	499,959,427	-	-	225,937,280	165,040,122	-
Borrowings during the year	-	-	1,263,272,500	-	-	159,913,294	1,528,607,073	-
Settled during the year	-	-	(764,839,092)	-	-	(385,850,574)	(1,193,687,768)	-
Closing balance	-	-	998,392,835	-	-	-	499,959,427	-

Un-audited June 30, 2023				Audited December 31, 2022			
Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties

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

Deposits and other accounts

Opening balance	5,178	1,789	-	83,339	9,116	1,863	-	65,583
Received during the period / year	243,090	-	-	13,457	486,290	3,000	-	22,882
Withdrawn during the period / year	(243,562)	-	-	(9,560)	(489,578)	(3,074)	-	(5,126)
Transfer in / (out) - net	(2,759)	-	-	-	(650)	-	-	-
Closing balance	1,947	1,789	-	87,236	5,178	1,789	-	83,339

Other Liabilities

Interest / mark-up payable	76	-	9,271,907	-	213	-	5,103,076	5,479
Mark to market loss on forward foreign exchange contracts	-	-	2,066	-	-	-	63,871	-
Mark to market loss on Swap forward exchange contracts	-	-	15,264,800	-	-	-	260,857	-
Commission received in advance against unfunded exposure	-	-	-	-	-	95,938	-	-
Closing balance	76	177,405	24,538,773	-	213	95,938	5,427,804	5,479

Contingencies and Commitments

Letter of guarantee	-	251,595,148	-	-	-	223,701,475	-	-
Forward exchange contract purchase	-	-	530,761,838	-	-	-	446,252,685	-
Forward exchange contract sale	-	-	548,490,672	-	-	-	442,008,546	-

Un-audited June 30, 2023				Un-audited 30-Jun-22			
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	-	44,836	517	-	9	13,719	5,930	-
Fee & commission income	-	51,946	-	-	-	187,472	11,403	-

Expense

Mark-up / return / interest paid	63	-	23,000	-	-	607,658	1,062,309	-
Compensation expense	193,072	-	-	-	159,030	-	-	-
Contribution to gratuity fund	-	-	-	5,570	-	-	-	4,814
Contribution to provident fund	-	-	-	5,128	-	-	-	1,983

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Corporate finance	Treasury	Branch Banking	Others	Total
----- (Rupees in '000) -----					
June 30, 2023 - Un-audited					
Profit & Loss					
Net mark-up / return / profit	8,890,229	23,785,948	-	(3,517)	32,672,660
Inter segment revenue - net	251,835	(251,835)	-	-	-
Non mark-up / return / interest income	1,380,802	6,541,540	38,849	1,011	7,962,202
Total Income	10,522,866	30,075,653	38,849	(2,506)	40,634,862
Segment direct expenses	481,591	1,376,445	1,778	-	1,859,814
Inter segment expense allocation	-	-	-	-	-
Total expenses	481,591	1,376,445	1,778	-	1,859,814
Provision	(240,813)	-	-	-	(240,813)
Profit before tax	10,282,088	28,699,208	37,071	(2,506)	39,015,861

June 30, 2023 - Un-audited

Statement of financial position

Cash & Bank balances	-	69,502,408	386,934	-	69,889,342
Investments	-	718,062,150	-	-	718,062,150
Net inter segment lending	166,087,064	-	-	-	166,087,064
Lendings to financial institutions	-	117,071,226	-	-	117,071,226
Advances - performing	401,760,247	-	-	-	401,760,247
- non-performing	-	-	-	-	-
Others	4,541,272	49,864,942	-	3,564,710	57,970,924
Total Assets	572,388,583	954,500,726	386,934	3,564,710	1,530,840,953
Borrowings	371,787,650	626,605,186	-	-	998,392,836
Deposits & other accounts	196,059,661	-	-	-	196,059,661
Net inter segment borrowing	-	166,087,064	-	-	166,087,064
Others	19,104,838	24,900,357	3,528,200	19,028,420	66,561,815
Total liabilities	586,952,149	817,592,607	3,528,200	19,028,420	1,427,101,376
Equity	-	-	-	103,739,577	103,739,577
Total Equity & liabilities	586,952,149	817,592,607	3,528,200	122,767,997	1,530,840,953
Contingencies & Commitments	481,669,381	3,407,653,786	-	-	3,889,323,167

Corporate finance	Treasury	Branch Banking	Others	Total
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----- (Rupees in '000) -----

June 30, 2022 - Un-audited

Profit & Loss

Net mark-up / return / profit	745,220	5,008,538	-	(5,192)	5,748,566
Inter segment revenue - net	213,717	(213,717)	-	-	-
Non mark-up / return / interest income	748,241	(578,153)	23,957	1,369	195,414
Total Income	1,707,177	4,216,669	23,957	(3,823)	5,943,980
Segment direct expenses	240,237	593,007	3,369	-	836,613
Inter segment expense allocation	-	-	-	-	-
Total expenses	240,237	593,007	3,369	-	836,613
Provision	(6,753)	-	-	-	(6,753)
Profit before tax	1,473,693	3,623,662	20,588	(3,823)	5,114,120

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	122,730,099	-	-	-	122,730,099
Lendings to financial institutions	-	80,542,850	-	-	80,542,850
Advances - performing	53,813,083	-	-	-	53,813,083
- non-performing	-	-	-	-	-
Others	1,647,924	20,216,169	-	1,718,299	23,582,392
Total Assets	178,191,106	725,220,205	345,276	1,718,299	905,474,886
Borrowings	-	499,959,427	-	-	499,959,427
Deposits & other accounts	176,543,182	-	-	-	176,543,182
Net inter segment borrowing	-	122,730,099	-	-	122,730,099
Others	9,133,137	14,460,425	2,584,464	6,386,092	32,564,118
Total liabilities	185,676,319	637,149,951	2,584,464	6,386,092	831,796,826
Equity	-	-	-	73,678,060	73,678,060
Total Equity & liabilities	185,676,319	637,149,951	2,584,464	80,064,152	905,474,886
Contingencies & Commitments	414,179,644	2,777,663,416	-	-	3,191,843,060

37.1

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

39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	42,898,575	33,964,635
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	103,701,673	73,642,485
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	103,701,673	73,642,485
Eligible Tier 2 Capital	302,754	543,567
Total Eligible Capital (Tier 1 + Tier 2)	104,004,427	74,186,052

Risk Weighted Assets (RWAs):

Credit Risk	197,915,304	173,586,476
Market Risk	39,658,908	31,755,982
Operational Risk	34,342,583	34,342,583
Total	271,916,795	239,685,041

Common Equity Tier 1 Capital Adequacy Ratio	38.14%	30.72%
Tier 1 Capital Adequacy Ratio	38.14%	30.72%
Total Capital Adequacy Ratio	38.25%	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
June 30, December 31,
2023 2022
 ----- (Percentages) -----

Minimum capital requirements prescribed by the SBP

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

Leverage Ratio (LR):

Eligible Tier-1 Capital	103,701,673	73,642,485
Total Exposure	1,458,684,025	1,193,680,827
Leverage Ratio	7.11%	6.17%
Minimum Requirement (%)	3.00%	3.00%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	771,756,301	563,569,354
Total Net Cash Outflow	484,800,968	268,688,641
Liquidity Coverage Ratio	159.19%	209.75%
Minimum Requirement (%)	100.00%	100.00%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	296,727,656	261,443,278
Total Required Stable Funding	102,935,361	85,803,037
Net Stable Funding Ratio	288.27%	304.70%
Minimum Requirement (%)	100.00%	100.00%

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

40. GENERAL

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

Reclassified			
Quarter ended June 30, 2023		Six months period ended June 20, 2023	
From	To	From	To

	Mark-up / return / interest expensed	Foreign exchange (loss) / income	Mark-up / return / interest expensed	Foreign exchange (loss) / income
Profit and Loss Account	<u>(3,402,362.00)</u>	<u>(3,402,362.00)</u>	<u>(3,312,141)</u>	<u>(3,312,141)</u>

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

41. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 23, 2023 by the Chief Executive Officer and Head of Finance of the Branches.

VA



Chief Executive Officer



Head of Finance