



Pakistan Branches

Second Quarter Financial Statements
for the Period Ended
June 30, 2024

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, 2024** 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, 2024 and June 30, 2023 in the condensed interim profit and loss account and condensed interim statement of comprehensive income and figures for half year ended December 31, 2023 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 28, 2024

UDIN: RR202410091YhSuz9sDy

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

		Un-audited June 30, 2024	Audited December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	8	62,608,345	63,902,407
Balances with other banks	9	41,733,824	16,633,161
Lendings to financial institutions	10	339,615,826	469,012,808
Investments	11	736,441,066	471,336,787
Advances	12	371,226,861	372,240,334
Fixed assets	13	470,980	484,970
Right of use assets	14	443,470	278,217
Intangible assets	15	30,437	37,036
Deferred tax assets	16	811,603	1,590,839
Other assets	17	11,021,845	13,704,971
		1,564,404,257	1,409,221,530
LIABILITIES			
Bills payable	18	2,930,911	1,740,735
Borrowings	19	925,927,063	955,797,554
Deposits and other accounts	20	424,911,843	251,874,893
Lease liabilities	21	244,490	133,017
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	22	71,233,671	78,281,720
		1,425,247,978	1,287,827,919
NET ASSETS		139,156,279	121,393,611
REPRESENTED BY			
Head office capital account - net	23	41,751,180	42,279,105
Surplus/ (deficit) on revaluation of assets	24	1,117,298	(120,167)
Unremitted profit		96,287,801	79,234,673
		139,156,279	121,393,611
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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 Chief Executive Officer


 Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024

	Note	Quarter ended		Six months period ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----					
Mark-up / return / interest earned	26	56,422,542	47,652,346	111,065,114	81,679,498
Mark-up / return / interest expensed	27	42,299,387	29,373,907	83,765,680	49,006,838
Net mark-up / interest income		14,123,155	18,278,439	27,299,434	32,672,660
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	820,672	940,916	1,738,904	1,419,651
Foreign exchange income	29	(711,167)	(4,084,717)	6,179,622	6,545,323
Loss on sale of securities	30	-	-	-	(3,783)
Other income	31	-	640	218	1,011
Total non-markup / interest income		109,505	(3,143,161)	7,918,744	7,962,202
Total income		14,232,660	15,135,278	35,218,178	40,634,862
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	597,700	587,668	1,133,989	1,063,572
Workers welfare fund	33	272,196	295,629	681,290	796,242
Other charges		-	-	-	-
Total non-markup / interest expenses		869,896	883,297	1,815,279	1,859,814
Profit before provisions		13,362,764	14,251,981	33,402,899	38,775,048
(Provisions) / reversals and write offs - net	34	(25,137)	173,853	(19,669)	240,813
PROFIT BEFORE TAXATION		13,337,627	14,425,834	33,383,230	39,015,861
Taxation	35	(5,395,238)	(7,295,864)	(14,035,264)	(17,655,989)
PROFIT AFTER TAXATION		7,942,389	7,129,970	19,347,966	21,359,872

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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Chief Executive Officer

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Head of Finance (A)

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024**

	<u>Quarter ended</u>		<u>Six months period ended</u>	
	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>
	----- (Rupees in '000) -----			
Profit after taxation for the period	7,942,389	7,129,970	19,347,966	21,359,872
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	2,728,575	911,733	1,237,465	(232,295)
Total comprehensive income	10,670,964	8,041,703	20,585,431	21,127,577

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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Chief Executive Officer



Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2024

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
----- (Rupees in '000) -----				
Balance as at January 01, 2023	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	-	-	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
Total comprehensive income for the six months period ended December 31, 2023 - un-audited				
Profit after taxation for the year	-	-	17,655,190	17,655,190
Other comprehensive income - net of tax	-	626,296	(7,982)	618,314
	-	626,296	17,647,208	18,273,504
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	(619,470)	-	-	(619,470)
Balance as at December 31, 2023 - audited	42,279,105	(120,167)	79,234,673	121,393,611
Expected Credit Loss adjustment under IFRS 9 on adoption of IFRS 9 adoption	-	-	(27,840)	(27,840)
Balance as at January 01, 2024 - un-audited - Restated	42,279,105	(120,167)	79,206,833	121,365,771
Total comprehensive income for the six months period ended June 30, 2024 - un-audited				
Profit after taxation	-	-	19,347,966	19,347,966
Other comprehensive income - net of tax	-	1,237,465	-	1,237,465
	-	1,237,465	19,347,966	20,585,431
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	(527,925)	-	-	(527,925)
Profit Remittances made to head office	-	-	(2,266,998)	(2,266,998)
Balance as at June 30, 2024 - un-audited	41,751,180	1,117,298	96,287,801	139,156,279

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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Chief Executive Officer



Head of Finance (A)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	33,383,230	39,015,861
Adjustments:		
Depreciation on fixed assets	32 41,475	29,648
Depreciation on right of use assets	32 77,915	21,572
Amortisation	32 6,599	18
Financial charges on leased assets	27 19,159	3,517
Charge for defined benefit plan	3,780	3,216
Credit loss allowance / provision and write offs	34 19,669	240,813
Provision for workers' welfare fund	33 681,290	796,242
	849,887	1,095,026
	34,233,117	40,110,887
(Increase) / decrease in operating assets		
Lendings to financial institutions	129,396,982	(36,528,376)
Advances	1,022,868	(348,187,977)
Others assets	2,686,262	(33,605,601)
	133,106,112	(418,321,954)
Increase / (decrease) in operating liabilities		
Bills payable	1,190,176	(827,635)
Borrowings from financial institutions	(29,870,491)	498,433,409
Deposits	173,036,950	19,516,479
Other liabilities	(5,197,112)	21,800,309
	139,159,523	538,922,562
	306,498,752	160,711,495
Contribution in gratuity fund	(6,723)	(5,570)
Income tax paid	(17,024,357)	(5,901,242)
Net cash generated from operating activities	289,467,672	154,804,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(262,441,447)	(142,213,797)
Net investments in amortized cost securities	(236,430)	(208,483)
Investments in fixed assets	13.1 (27,485)	(19,414)
Net cash used in investing activities	(262,705,362)	(142,441,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Translation gain on revaluation of capital	(527,925)	8,933,940
Payment of lease liability against right of use assets	21.1 (150,854)	(12,577)
Profit Remittances made to head office	(2,266,998)	-
Net cash (used in) / generated from financing activities	(2,945,777)	8,921,363
Increase in cash and cash equivalents	23,816,533	21,284,352
Cash and cash equivalents at beginning of the period	80,535,568	48,604,990
Cash and cash equivalents at end of the period	36 104,352,101	69,889,342

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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 Chief Executive Officer


 Head of Finance (A)

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, 2024

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 Pakistan branches presently operate through three branches (December 31, 2023: 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. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

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 February 09, 2023 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;
- 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.

3.2 The revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 vide BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Significant ones being: Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated condensed interim financial statements.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 41.2.

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

IFRS 9 'Financial Instruments', became effective for annual reporting on or after January 01, 2024. The impact of adaptation of IFRS 9 on the Bank's condensed interim financial statements is disclosed in note 6.2

In addition, there are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. These are considered either not to be relevant or not to have any significant impact on the Bank's operations and therefore are not detailed in these condensed interim financial statements.

3.4 Standards, interpretations of and amendments to existing accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective from Accounting period beginning on or after
- Lack of Exchangeability - Amendments to IAS 21	January 01, 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Deferred indefinitely

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 right of use of assets and related lease liability measured at present value.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2023.

6 MATERIAL ACCOUNTING POLICIES

The 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, 2023. except for changes mentioned in notes 6.1.

6.1 IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

6.1.1 Classification

Financial Assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Financial Liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortized cost except for derivatives which are being measured at FVTPL.

6.1.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

6.1.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

6.1.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

- a. These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:
 - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Bank assesses whether and how the sales are consistent with the HTC objective.

- b. Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:
 - the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- c. Debt based financial assets if are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies did not have any impact on measurements of investments due to no change in classification of under new application standard

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
		Rupees in '000		Rupees in '000
Cash and balances with treasury banks	Loans and receivables	63,902,407	Amortised cost	63,902,407
Balances with other banks	Loans and receivables	16,633,161	Amortised cost	16,633,161
Lending to financial institutions	Loans and receivables	469,012,808	Amortised cost	469,012,808
Investments - net	Available-for-sale	461,798,079	FVOCI	461,798,079
	Held-to-maturity	9,538,708	Amortised cost	9,538,708
Advances - net	Loans and receivables	372,240,334	Amortised cost	372,240,334
Other assets (financial assets only)	Loans and receivables	-	Amortised cost	-
		1,393,125,497		1,393,125,497

6.1.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss. Interest income / profit / expense on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit or loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit or loss account. Interest / profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit or loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to retained earnings.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

Revenue:

The Branch's revenue recognition policy is consistent with the annual audited financial statements for the year ended December 31, 2023.

6.1.6 Derecognition

Financial assets

The Branch derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Branch neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Branch derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

6.1.7 Modification

The Branch sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Branch recalculates the gross carrying amount of the financial asset to recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

6.1.8 Expected Credit Loss (ECL)

The Branch assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at transactional / facility level.

The Branch has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Branch considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Branch also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Branch considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Branch applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Branch groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:

When financial instruments are first recognised, the Branch recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Branch calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2:

When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cashflows are discounted by an approximation to the original EIR.

Stage 3:

For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments

When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financing is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.

Guarantee and letters of credit contracts

The Branch estimates ECLs based on the BASEL driven & Internally developed credit conversion factor (CCF) for Guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.

EAD

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Branch seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Branch's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

Forward looking information

In its ECL models, the Branch relies on range of following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index (Inflation rate)
- Unemployment rate
- USD currency fluctuation risk
- Balance of trade to its GDP

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

The Bank has defined that an exposure will be treated as having defaulted if it becomes 90+ days past due (DPDs) in repaying its contractual dues or as defined in Prudential Regulations from State Bank of Pakistan (SBP) issued from time to time. Accordingly, such exposures will be classified under Stage 3 under the Standard.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

Adoption impacts

The Branch has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative negative impact of initial application of Rs. 27.841 million has been recorded as an adjustment to equity at the beginning of the current accounting period.

6.2 The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023 (Audited)	Impact due to:					Total impact - gross of tax	Taxation (current and deferred)	Balances as of January 01, 2024	IFRS 9 Category
		Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held				
ASSETS										
Cash and balances with treasury banks	63,902,407	-	-	-	-	-	-	63,902,407	Amortised cost	
Balances with other banks	16,633,161	(4,098)	-	-	-	(4,098)	-	16,629,063	Amortised cost	
Lending to financial institutions	469,012,808	-	-	-	-	-	-	469,012,808	Amortised cost	
Investments										
- Classified as available for sale	461,798,079	-	(461,798,079)	-	-	(461,798,079)	-	-		
- Classified as fair value through other comprehensive income	-	-	461,798,079	-	-	461,798,079	-	461,798,079	FVOCI	
- Classified as held to maturity	9,538,708	-	(9,538,708)	-	-	(9,538,708)	-	-		
- Classified as amortized cost	-	-	9,538,708	-	-	9,538,708	-	9,538,708	Amortised cost	
	471,336,787	-	-	-	-	-	-	471,336,787		
Advances										
- Gross amount	372,299,137	-	-	-	-	-	-	372,299,137		
- Provisions	(58,803)	(14,715)	-	-	-	58,803	44,088	(14,715)		
	372,240,334	(14,715)	-	-	-	58,803	44,088	372,284,422	Amortised cost	
Property and equipment	484,970	-	-	-	-	-	-	484,970	Outside the scope of IFRS 9	
Right-of-use assets	278,217	-	-	-	-	-	-	278,217	Outside the scope of IFRS 9	
Intangible assets	37,036	-	-	-	-	-	-	37,036	Outside the scope of IFRS 9	
Deferred tax asset	1,590,839	-	-	-	-	-	26,749	1,617,588	Outside the scope of IFRS 9	
Other assets - financial assets	13,704,971	(316)	-	-	-	(316)	-	13,704,655	Amortised cost	
Other assets - non financial assets	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
	1,409,221,530	(19,129)	-	-	-	58,803	39,674	1,409,287,953		
LIABILITIES										
Bills payable	1,740,735	-	-	-	-	-	-	1,740,735	Amortised cost	
Borrowings	955,797,554	-	-	-	-	-	-	955,797,554	Amortised cost	
Deposits and other accounts	251,874,893	-	-	-	-	-	-	251,874,893	Amortised cost	
Lease liability against right-of-use assets	133,017	-	-	-	-	-	-	133,017	Amortised cost	
Subordinated debt	-	-	-	-	-	-	-	-	Amortised cost	
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities - non financial liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities - financial liabilities	78,281,720	94,263	-	-	-	94,263	-	78,375,983	Amortised cost	
	1,287,827,919	94,263	-	-	-	94,263	-	1,287,922,182		
NET ASSETS	121,393,611	(113,392)	-	-	-	58,803	(54,589)	121,365,771		
REPRESENTED BY										
Share capital	42,279,105	-	-	-	-	-	-	42,279,105	Outside the scope of IFRS 9	
Reserves	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Surplus on revaluation of assets - net of tax	(120,167)	-	-	-	-	-	-	(120,167)		
Unappropriated profit	79,234,673	(113,392)	-	-	-	58,803	(54,589)	79,206,833		
	121,393,611	(113,392)	-	-	-	58,803	(54,589)	121,365,771		

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, 2023. 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.

		Un-audited June 30, 2024	Audited December 31, 2023
8. CASH AND BALANCES WITH TREASURY BANKS	Note	----- (Rupees in '000) -----	
In hand			
Local currency		259,294	145,797
Foreign currency		102,686	122,295
		361,980	268,092
With State Bank of Pakistan in			
Local currency current account	8.1	19,532,213	20,272,858
Foreign currency current account	8.2	41,960,491	42,610,415
Foreign currency deposit account (non-remunerative)	8.3	201,797	204,349
Foreign currency deposit account (remunerative)	8.4	551,864	546,693
		62,246,365	63,634,315
		62,608,345	63,902,407

8.1 This represents cash reserve requirement 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 This 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, 2023: USD 150 million) and US \$ settlement account maintained with the State Bank of Pakistan.

8.3 This represents cash reserve of 5% required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 08 dated April 17, 2020.

8.4 This represents special cash reserve of 10% required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 08 dated April 20, 2020. Profit rates on these deposits are fixed by SBP on a monthly basis. These carry mark-up at rate of 4.34% (December 31, 2023: 4.35%).

		Un-audited June 30, 2024	Audited December 31, 2023
9. BALANCES WITH OTHER BANKS	Note	----- (Rupees in '000) -----	
In Pakistan			
In current accounts		152	93
Outside Pakistan			
In current accounts		41,743,604	16,633,068
		41,743,756	16,633,161
Less: Credit loss allowance held against balances with other banks	9.1	(9,932)	-
Cash and balances with treasury banks - net of credit loss allowance		41,733,824	16,633,161
9.1 Credit loss allowance against Balances with Other Banks			
Opening balance		-	-
Cumulative effect of adaption of IFRS 9		(4,098)	-
Balance at the beginning of period		(4,098)	-
Charge for the period / year		(5,834)	-
Closing balance		(9,932)	-

		Un-audited June 30, 2024	Audited December 31, 2023
	Note	----- (Rupees in '000) -----	
10. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	10.2	339,615,826	469,012,808

10.1 Particulars of lending

In local currency		339,615,826	469,012,808
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10.2 This represent repurchase agreement lendings with SBP and local banks at a mark-up rate ranging from 19.5% to 20.5% per annum (December 31, 2023: 21% to 22.5% per annum) with maturity in July 2024 (December 31, 2023: January 2024).

11. INVESTMENTS	Un-audited June 30, 2024			Audited December 31, 2023		
	Cost / Amortised cost	Surplus	Carrying Value	Cost / Amortised cost	Deficit	Carrying Value
11.1 Investments by type:	----- (Rupees in '000) -----					
FVOCI						
Federal Government Securities	724,475,147	2,190,781	726,665,928	462,033,700	(235,621)	461,798,079
Amortised Cost						
Federal Government Securities	9,775,138	-	9,775,138	9,538,708	-	9,538,708
Total Investments	734,250,285	2,190,781	736,441,066	471,572,408	(235,621)	471,336,787

11.2 Investments by segments

FVOCI

Federal Government Securities

Market Treasury Bills	724,475,147	2,190,781	726,665,928	462,033,700	(235,621)	461,798,079
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Amortised Cost

Federal Government Securities

Pakistan Investment Bonds	9,775,138	-	9,775,138	9,538,708	-	9,538,708
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Total investments	734,250,285	2,190,781	736,441,066	471,572,408	(235,621)	471,336,787
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11.3 There is no credit loss allowance in value of investments as at June 30, 2024.

11.4 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs. 9,530 million (December 31, 2023: Rs.9,002 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, 2024	Audited December 31, 2023	Un-audited June 30, 2024	Audited December 31, 2023	Un-audited June 30, 2024	Audited December 31, 2023
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	371,276,269	372,299,137	-	-	371,276,269	372,299,137
Bills discounted and purchased	-	-	-	-	-	-
Advances - gross	371,276,269	372,299,137	-	-	371,276,269	372,299,137
Credit loss allowance against advances						
-Stage 1	(46,767)	-	-	-	(46,767)	-
-Stage 2	(2,641)	-	-	-	(2,641)	-
-Stage 3	-	-	-	-	-	-
	(49,408)	-	-	-	(49,408)	-
Provision against advances - General	-	(58,803)	-	-	-	(58,803)
Advances - net of credit loss allowance	371,226,861	372,240,334	-	-	371,226,861	372,240,334

	Un-audited June 30, 2024	Audited December 31, 2023
	----- (Rupees in '000) -----	
12.1 Particulars of advances (gross)		
In local currency	9,432,709	5,880,227
In foreign currency	<u>361,843,560</u>	<u>366,418,910</u>
	<u><u>371,276,269</u></u>	<u><u>372,299,137</u></u>

12.2 No advances have been placed under non-performing /Stage 3 status as at June 30, 2024 (December 31, 2023: Nil).

	Un-audited			
	June 30, 2024			
	Stage 1	Stage 2	General Provision	Total
	----- (Rupees in '000) -----			
Opening balance	-	-	58,803	58,803
Cumulative effect of adaption of IFRS 9	6,075	8,640	(58,803)	(44,088)
Balance at the beginning of period	6,075	8,640	-	14,715
Charge for the year	42,031	4,152	-	46,183
Reversals	(1,338)	(10,152)	-	(11,490)
	<u>40,693</u>	<u>(6,000)</u>	-	<u>34,693</u>
Closing balance	<u><u>46,768</u></u>	<u><u>2,640</u></u>	-	<u><u>49,408</u></u>
				Audited
				December 31, 2023
				Specific General Total
	Note	----- (Rupees in '000) -----		
Opening balance		-	543,567	543,567
Charge for the year		-	-	-
Reversals		-	(484,764)	(484,764)
		-	(484,764)	(484,764)
Closing balance	12.3.1	<u><u>-</u></u>	<u><u>58,803</u></u>	<u><u>58,803</u></u>

12.3.1 This represents the General Provision 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.

12.4 Particlurs of credit loss allowance

	Un-audited			Audited
	June 30, 2024			December 31, 2023
	Expected Credit Loss		General Provision	General Provision
	Stage 1	Stage 2	----- (Rupees in '000) -----	
Opening balance	-	-	58,803	543,567
Impact of adoption of IFRS 9	6,075	8,640	(58,803)	-
	6,075	8,640	-	543,567
New Advances	5,392	-	-	-
Advances derecognised or repaid	(2,131)	(2,537)	-	-
Transfer to stage 1	1,660	(3,463)	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	4,921	(6,000)	-	-
Amounts written off / charged off / (reversal)	-	-	-	(484,764)
Changes in risk parameters	35,772	-	-	-
Other changes (to be specific)	-	-	-	-
Closing balance	<u><u>46,768</u></u>	<u><u>2,640</u></u>	-	<u><u>58,803</u></u>

12.4.: Advances - Category of classification

Domestic			Un-audited		Audited	
			June 30, 2024		December 31, 2023	
Performing	Stage 1	Note	Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
			----- (Rupees in '000) -----			
			371,196,269	46,767	370,749,152	7,784
Underperforming	Stage 2		80,000	2,641	1,549,985	6,931
		12.4.2.1	<u>371,276,269</u>	<u>49,408</u>	<u>372,299,137</u>	<u>14,715</u>

12.4.: This includes PKR 361.844 billion (December 31, 2023: PKR 366.419 billion), which comprises a foreign currency commercial loan facility of USD 1.3 billion extended to the Ministry of Finance, Government of Pakistan. In reference to SBP letter No. EPD/ICM/379551/INT/12(36)-2022 dated December 05, 2022, the credit loss allowance has been relaxed under SBP guidelines.

Note	Un-audited	Audited
	June 30, 2024	December 31, 2023
----- (Rupees in '000) -----		

13. FIXED ASSETS

Property and equipment	13.2	<u>470,980</u>	<u>484,970</u>
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Un-audited	
June 30, 2024	June 30, 2023
----- (Rupees in '000) -----	

13.1 Additions to fixed assets

Electrical office and computer equipment		<u>27,485</u>	<u>-</u>
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13.2 There were no deletions made during the period ended June 30, 2024.

14. RIGHT-OF-USE ASSETS

Right-of-use assets	14.1	<u>443,470</u>	<u>278,217</u>
		<u>443,470</u>	<u>278,217</u>

14.1 Right-of-use assets

	Un-audited			Audited		
	June 30, 2024			December 31, 2023		
	Property	Vehicles	Total	Property	Vehicles	Total
----- (Rupees in '000) -----						
At January 1,						
Cost	403,931	6,691	410,622	187,058	8,523	195,581
Accumulated Depreciation	(125,714)	(6,691)	(132,405)	(80,378)	(4,611)	(84,989)
Net book value	278,217	-	278,217	106,680	3,912	110,592
Additions during the period / y	243,168	-	243,168	216,873	-	216,873
Deletions during the period / y	-	-	-	-	(1,832)	(1,832)
Depreciation for the period / y	(77,915)	-	(77,915)	(45,336)	(2,080)	(47,416)
At December 31,						
Cost	647,099	6,691	653,790	403,931	6,691	410,622
Accumulated Depreciation	(203,629)	(6,691)	(210,320)	(125,714)	(6,691)	(132,405)
Net book value	<u>443,470</u>	<u>-</u>	<u>443,470</u>	<u>278,217</u>	<u>-</u>	<u>278,217</u>

Note	June 30, 2024	December 31, 2023
	----- (Rupees in '000) -----	

15. INTANGIBLE ASSETS

Computer software	15.1	<u>30,437</u>	<u>37,036</u>
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15.1 There were no deletions/additions made during the period ended June 30, 2024.

	Un-audited June 30, 2024	Audited December 31, 2023
----- (Rupees in '000) -----		
16. DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
Workers welfare fund	1,852,430	1,518,598
Credit loss allowance against financial assets	65,734	-
	1,918,164	1,518,598
Taxable Temporary Differences on		
Fixed assets	(29,817)	(32,081)
Intangible	(3,261)	(11,132)
(Surplus) / deficit on revaluation of investments	(1,073,483)	115,454
	(1,106,561)	72,241
	811,603	1,590,839

16.1 Movement of deferred tax during the period / year

	Un-audited June 30, 2024			
	At January 1, 2024	Recognised in profit and (loss)	Recognised in SOCI/ SOCE	At December 31, 2024
----- (Rupees in '000) -----				
Deductible Temporary Differences on:				
Workers welfare fund	1,518,598	333,832	-	1,852,430
Credit loss allowance against financial assets	-	38,985	26,749	65,734
	1,518,598	372,817	26,749	1,918,164
Taxable Temporary Differences on				
Fixed assets	(32,081)	2,264	-	(29,817)
Intangible	(11,132)	7,871	-	(3,261)
(Surplus) / deficit on revaluation of investments	115,454	-	(1,188,937)	(1,073,483)
	72,241	10,135	(1,188,937)	(1,106,561)
	1,590,839	382,952	(1,162,188)	811,603
	Audited December 31, 2023			
	At January 1, 2023	Recognised in profit and (loss)	Recognised in OCI	At December 31, 2023
----- (Rupees in '000) -----				
Deductible Temporary Differences on:				
Workers welfare fund	701,774	816,824	-	1,518,598
Deficit on revaluation of investments	387,882	-	(272,428)	115,454
	1,089,656	816,824	(272,428)	1,634,052
Taxable Temporary Differences on				
Fixed assets	(25,475)	(6,606)	-	(32,081)
Intangible	(2,346)	(8,786)	-	(11,132)
	(27,821)	(15,392)	-	(43,213)
	1,061,835	801,432	(272,428)	1,590,839

17. OTHER ASSETS	Note	Un-audited	Audited
		June 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
Income / mark-up accrued in local currency		1,522,078	1,724,487
Income / mark-up accrued in foreign currencies		2,819,303	2,855,656
Advances, deposits, advance rent and other prepayments		80,054	107,246
Mark to market gain on forward foreign exchange contracts		5,564,504	7,448,685
Acceptances		225,020	1,565,176
Receivable from defined benefit plan		7,161	4,218
Clearing and settlements		804,029	-
Others		593	593
		11,022,742	13,706,061
Credit loss allowance held against other assets	17.1	(897)	(1,090)
		11,021,845	13,704,971

17.1 Credit loss allowance against other assets

Opening balance	(1,090)	-
Cumulative effect of adaption of IFRS 9	(316)	-
Balance at the beginning of period	(1,406)	-
Advances, deposits, advance rent and other prepayments		
Charge for the period / year	(35)	(1,090)
Reversals for the period / year	304	-
	269	(1,090)
Acceptances		
Charge for the period / year	(53)	-
Reversals for the period / year	293	-
	240	-
Closing balance	(897)	(1,090)

18. BILLS PAYABLE

In Pakistan	2,930,911	1,740,735
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19. BORROWINGS

Unsecured

Call borrowings	19.2	925,927,063	955,797,554
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19.1 Particulars of borrowings with respect to currencies

In foreign currencies	925,927,063	955,797,554
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19.2 This represents foreign currency borrowings from ICBC branches outside Pakistan at mark-up rates ranging from 3% to 6.3% per annum (December 31, 2023: 1.8% to 6.3% per annum) maturing upto April 14, 2025 (December 31, 2023: upto April 14, 2025).

20. DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	June 30, 2024			December 31, 2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	14,284,090	17,958,386	32,242,476	11,261,949	3,222,491	14,484,440
Savings deposits	357,301,392	943,345	358,244,737	225,609,205	1,179,067	226,788,272
Term deposits	6,170,167	-	6,170,167	6,710,608	-	6,710,608
	377,755,649	18,901,731	396,657,380	243,581,762	4,401,558	247,983,320
Financial Institutions						
Current deposits	33,173	28,216,220	28,249,393	30,183	3,856,468	3,886,651
Savings deposits	5,070	-	5,070	4,922	-	4,922
	38,243	28,216,220	28,254,463	35,105	3,856,468	3,891,573
	377,793,892	47,117,951	424,911,843	243,616,867	8,258,026	251,874,893

20.1 This includes deposits amounting to PKR. 802.938 million as at December 31, 2023, 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, 2024	Audited December 31, 2023
	Note	(Rupees in '000)	
20.2 Composition of deposits			
Individuals		599,521	834,153
Public Sector Entities		34,195	-
Banking Companies		28,220,267	3,865,390
Private Sector		396,057,860	247,175,350
		<u>424,911,843</u>	<u>251,874,893</u>
21. LEASE LIABILITY			
Lease Liabilities	21.1	<u>244,490</u>	<u>133,017</u>
21.1 Lease Liabilities			
Outstanding amount at the start of the year		133,017	80,492
Additions during the year		243,168	214,338
Payment made during the period year		(150,854)	(170,412)
Interest expense		19,159	8,599
Outstanding amount at the end of the year	21.1.1	<u>244,490</u>	<u>133,017</u>
21.1.1 Liabilities Outstanding			
Not later than one year		17,597	19,703
Later than one year and upto five years		226,893	113,314
Total at the period / year end		<u>244,490</u>	<u>133,017</u>
Interest Rate		<u>7.27% to 16.34%</u>	<u>7.27% to 16.13%</u>
Renewal Options		<u>No</u>	<u>No</u>
Escalation clauses		<u>Yes</u>	<u>Yes</u>
22. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		28,227,217	23,502,621
Mark-up / return / interest payable in foreign currency		12,127,820	11,219,237
Performance bonus payable		763,038	1,117,428
Unearned commission income		1,456,708	2,463,687
Accrued expenses		16,549	38,421
Current taxation (provisions less payments)		2,583,396	5,189,537
Acceptances		225,020	1,565,176
Mark to market loss on forward foreign exchange contracts		18,765,876	28,855,308
Workers' welfare fund		3,780,470	3,099,180
Withholding tax payable		748,855	36,876
Clearing and settlements		2,461,648	1,192,495
Others		3,160	1,754
		<u>71,159,757</u>	<u>78,281,720</u>
Credit loss allowance against off-balance sheet obligations	22.1	73,914	-
		<u>71,233,671</u>	<u>78,281,720</u>
22.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		-	-
Cumulative effect of adaption of IFRS 9		94,263	-
Balance at the beginning of period		94,263	-
Charge for the period / year		-	-
Reversals		(20,349)	-
		<u>(20,349)</u>	-
Closing balance		<u>73,914</u>	-

		<u>Un-audited</u> <u>June 30,</u> <u>2024</u>	<u>Audited</u> <u>December 31,</u> <u>2023</u>
	Note	----- (Rupees in '000) -----	
23. HEAD OFFICE CAPITAL ACCOUNT			
Capital held as:			
Interest free deposit in approved foreign exchange			
i) Remitted from Head Office (USD 150 million)		42,279,105	33,964,635
ii) Revaluation surplus allowed by the State Bank of Pakistan		(527,925)	8,314,470
		<u>41,751,180</u>	<u>42,279,105</u>
23.1	Interest free deposit in approved foreign exchange capital account amounts to USD 150 million (December 31, 2023: USD 150 million).		
		<u>Un-audited</u> <u>June 30,</u> <u>2024</u>	<u>Audited</u> <u>December 31,</u> <u>2023</u>
	Note	----- (Rupees in '000) -----	
24. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of Investment at FVOCI	11.1	2,190,781	(235,621)
Deferred tax on (surplus) / deficit on revaluation of Investment at FVOCI		(1,073,483)	115,454
		<u>1,117,298</u>	<u>(120,167)</u>
25. CONTINGENCIES AND COMMITMENTS			
Guarantees	25.1	402,778,033	429,980,351
Commitments	25.2	3,357,806,670	3,330,159,704
		<u>3,760,584,703</u>	<u>3,760,140,055</u>
25.1 Guarantees:			
Financial guarantees		563,251	563,251
Performance guarantees		187,937,360	185,916,462
Other guarantees		214,277,422	243,500,638
		<u>402,778,033</u>	<u>429,980,351</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions		12,632,561	9,390,606
- Letters of credit (including LC confirmations)			
Commitments in respect of:			
- Forward foreign exchange contracts	25.2.1	3,345,174,109	3,320,769,098
		<u>3,357,806,670</u>	<u>3,330,159,704</u>
25.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		1,649,651,740	1,644,331,162
Sale		1,695,522,369	1,676,437,936
		<u>3,345,174,109</u>	<u>3,320,769,098</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.

		Un-audited	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
26.	MARK-UP / RETURN / INTEREST EARNED	Note	
	On:		
	Loans and advances	26.1	16,235,718
	Investments		12,931,760
	Lendings to financial institutions		62,963,875
	Balances with other banks		63,843,457
			4,751,976
			251,101
			152,305
			111,065,114
			81,679,498
26.1	This includes PKR 15.154 billion (June 30, 2023: PKR 8.512 billion) interest earned from loan to Ministry of Finance, Pakistan.		
			Un-audited
			June 30, 2024
			June 30, 2023
			----- (Rupees in '000) -----
27.	MARK-UP / RETURN / INTEREST EXPENSED	Note	
	On:		
	Deposits		29,378,980
	Borrowings	27.1	15,072,284
	Cost of foreign currency swaps against foreign currency deposits / borrowings		28,277,191
	Finance charges on lease liability against right of use asset		23,025,834
			26,090,350
			10,905,203
			19,159
			3,517
			83,765,680
			49,006,838
27.1	Borrowings		
	Call Borrowings from ICBC Head office and branches	27.1.1	28,277,191
	Securities sold under repurchase agreements		23,000,269
			-
			25,565
			28,277,191
			23,025,834
27.1.1	This includes PKR 11.395 billion (June 30, 2023: PKR 6.302 billion) interest expense on loan to Ministry of Finance, Pakistan.		
			Un-audited
			June 30, 2024
			June 30, 2023
			----- (Rupees in '000) -----
28.	FEE & COMMISSION INCOME	Note	
	Branch banking customer fees		4,409
	Card related fees (debit cards)		3,475
	Investment banking fees		90
	Commission on trade		177
	Commission on guarantees		147,284
	Commission on remittances including home remittances		165,793
	Credit related fees	28.1	92,188
			56,265
			563,720
			577,069
			25,119
			35,197
			906,094
			581,675
			1,738,904
			1,419,651
28.1	This includes PKR 906.008 million (June 30, 2023: PKR 581.572 million) arrangement fee on loan to Ministry of Finance, Pakistan.		
			Un-audited
			June 30, 2024
			June 30, 2023
			----- (Rupees in '000) -----
29.	FOREIGN EXCHANGE INCOME - Net		
	On:		
	Purchase and sale of forward foreign exchange contracts with Inter Banks - net		(114,078)
	Foreign Exchange revaluation of swaps - net		1,582,119
	Ready purchase and sale of foreign currencies		3,431,894
	Foreign exchange revaluation of others - net		4,855,953
			3,366,560
			1,155,324
			(504,754)
			(1,048,073)
			6,179,622
			6,545,323

	<u>Un-audited</u> <u>June 30,</u> <u>2024</u>	<u>Audited</u> <u>June 30,</u> <u>2023</u>
30. (LOSS) / GAIN ON SECURITIES		
Realised	-	(3,783)
Realised (loss) / gain on:		
Federal Government securities	-	(3,783)
31. OTHER INCOME		
Recovered from employees against waiver of notice period	218	1,011
32. OPERATING EXPENSES		
Total compensation expense	780,396	803,315
Property expense		
Rent & taxes	13,449	2,922
Insurance	133	219
Utilities cost	7,835	7,303
Security (including guards)	15,744	12,159
Repair & maintenance (including janitorial charges)	14,192	13,162
Depreciation	15,180	22,536
Depreciation on right-of-use assets	77,915	20,410
	144,448	78,711
Information technology expenses		
Software maintenance	11,355	5,777
Hardware maintenance	1,015	804
Depreciation	5,609	1,400
Amortisation	6,599	18
Insurance	7	8
Network and connectivity charges	9,537	6,794
	34,122	14,801
Other operating expenses		
Legal & professional charges	2,553	4,548
Outsourced services costs	31,003	28,068
Travelling & conveyance	17,722	11,920
Insurance	1,924	1,674
NIFT clearing charges	790	1,405
Fees and subscription	67,241	86,707
Repair & maintenance	4,209	2,410
Depreciation	20,686	5,712
Depreciation on right-of-use assets	-	1,162
Training & development	1,743	616
Postage & courier charges	2,929	589
Communication	4,855	2,774
Stationery, printing and low value consumables	5,090	5,866
Marketing, advertisement & publicity	50	67
Donations	-	965
Commission expense	4,316	5,512
Deposit protection premium	642	487
Entertainment expense	6,159	4,761
Others	3,111	1,502
	175,023	166,745
	1,133,989	1,063,572

Note

20.1

		Un-audited	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
33. WORKERS' WELFARE FUND	Note		
Charge during the period	33.1	681,290	796,242

33.1 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.

		Un-audited	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
34. CREDIT LOSS ALLOWANCE / GENERAL PROVISION & WRITE OFFS - NET			
Balances with other banks		5,834	-
Loans & advances		34,693	-
Other assets		(509)	-
Off balance sheet items		(20,349)	-
Reversals of provision against loans & advances		-	(240,813)
		19,669	(240,813)

35. TAXATION

Current	14,418,216	18,139,083
Deferred	(382,952)	(483,094)
	14,035,264	17,655,989

35.1 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.

35.2 The returns of income tax have been filed up to tax year 2023. The return for the year 2023 (tax year 2024) will be due for filing by September 30,2024.

		Un-audited	Audited	Un-audited
		June 30, 2024	December 31, 2023	June 30, 2023
		----- (Rupees in '000) -----		
36. CASH AND CASH EQUIVALENTS				
Cash and balances with treasury banks		62,608,345	63,902,407	56,366,130
Balances with other banks		41,733,824	16,633,161	13,523,212
Credit loss allowance		9,932	-	-
		104,352,101	80,535,568	69,889,342

37. 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.

37.1 Fair value of financial assets

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

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

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

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

37.2 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, 2024			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
Federal Government Securities (FVOCI)	-	726,665,928	-	726,665,928
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (Amortised Cost)	-	9,775,138	-	9,775,138
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange	-	(13,201,372)	-	(13,201,372)

	Audited			
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities (FVOCI)	-	461,798,079	-	461,798,079
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities (Amortised Cost)	-	9,538,708	-	9,538,708
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	-	(21,406,623)	-	(21,406,623)

37.3 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. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	2024				Total
	Corporate finance	Treasury	Branch Banking	Others	
----- (Rupees in '000) -----					
June 30, 2024 - Un-audited					
Profit & Loss					
Net mark-up / return / profit	3,894,066	23,424,527	-	(19,159)	27,299,434
Inter segment revenue - net	(1,458,770)	1,458,770	-	-	-
Non mark-up / return / interest income	4,402,534	3,486,374	29,618	218	7,918,744
Total Income	6,837,830	28,369,671	29,618	(18,941)	35,218,178
Segment direct expenses	352,258	1,461,495	1,526	-	1,815,279
Inter segment expense allocation	-	-	-	-	-
Total expenses	352,258	1,461,495	1,526	-	1,815,279
Provision	(19,669)	-	-	-	(19,669)
Profit before tax	6,465,903	26,908,176	28,092	(18,941)	33,383,230
June 30, 2024 - Un-audited					
Statement of financial position					
Cash & Bank balances	-	104,342,169	-	-	104,342,169
Investments	-	736,441,066	-	-	736,441,066
Net inter segment lending	415,528,542	-	-	-	415,528,542
Lendings to financial institutions	-	339,615,826	-	-	339,615,826
Advances - performing	371,226,861	-	-	-	371,226,861
- non-performing	-	-	-	-	-
Others	3,437,564	6,693,341	-	2,647,430	12,778,335
Total Assets	790,192,967	1,187,092,402	-	2,647,430	1,979,932,799
Borrowings	361,843,560	564,083,503	-	-	925,927,063
Deposits & other accounts	424,911,843	-	-	-	424,911,843
Net inter segment borrowing	-	415,528,542	-	-	415,528,542
Others	32,127,625	28,748,930	5,392,559	8,139,958	74,409,072
Total liabilities	818,883,028	1,008,360,975	5,392,559	8,139,958	1,840,776,520
Equity	-	-	-	139,156,279	139,156,279
Total Equity & liabilities	818,883,028	1,008,360,975	5,392,559	147,296,237	1,979,932,799
Contingencies & Commitments	415,410,594	3,345,174,109	-	-	3,760,584,703

	2023				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
June 30, 2023 - Un-audited					
Profit & Loss					
Net mark-up / return / profit	2,237,873	30,438,304	-	(3,517)	32,672,660
Inter segment revenue - net	251,676	(251,676)	-	-	-
Non mark-up / return / interest income	2,305,061	5,617,281	38,849	1,011	7,962,202
Total Income	4,794,610	35,803,909	38,849	(2,506)	40,634,862
Segment direct expenses	219,430	1,638,606	1,778	-	1,859,814
Inter segment expense allocation	-	-	-	-	-
Total expenses	219,430	1,638,606	1,778	-	1,859,814
Provision	(240,813)	-	-	-	(240,813)
Profit before tax	4,815,993	34,165,303	37,071	(2,506)	39,015,861
December 31, 2023 - Audited					
Statement of financial position					
Cash & Bank balances	-	80,535,568	-	-	80,535,568
Investments	-	471,336,787	-	-	471,336,787
Net inter segment lending	124,144,655	-	-	-	124,144,655
Lendings to financial institutions	-	469,012,808	-	-	469,012,808
Advances - performing	372,240,334	-	-	-	372,240,334
- non-performing	-	-	-	-	-
Others	4,795,652	8,798,352	-	2,502,029	16,096,033
Total Assets	501,180,641	1,029,683,515	-	2,502,029	1,533,366,185
Borrowings	366,418,910	589,378,644	-	-	955,797,554
Deposits & other accounts	251,874,893	-	-	-	251,874,893
Net inter segment borrowing	-	124,144,655	-	-	124,144,655
Others	27,531,484	40,074,545	2,933,230	9,616,213	80,155,472
Total liabilities	645,825,287	753,597,844	2,933,230	9,616,213	1,411,972,574
Equity	-	-	-	121,393,611	121,393,611
Total Equity & liabilities	645,825,287	753,597,844	2,933,230	131,009,824	1,533,366,185
Contingencies & Commitments	439,370,957	3,320,769,098	-	-	3,760,140,055

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

39. 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				Audited			
	June 30, 2024				December 31, 2023			
	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	-	31,520,714	309,568	-	-	13,328,801	123,781	-
Advances								
Opening balance	-	-	-	-	180	-	-	-
Repaid during the period / year	-	-	-	-	(180)	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Other Assets								
Defined benefit asset	-	-	-	7,161	-	-	-	4,218
Mark to market loss on forward foreign exchange contracts	-	-	1,047	-	-	-	15,823	-
Mark to market loss on Swap forward exchange contracts	-	-	1,072	-	-	-	7,005,718	-
Closing balance	-	-	2,119	7,161	-	-	7,021,541	4,218
Borrowings								
Opening balance	-	-	955,797,554	-	-	-	499,959,427	-
Borrowings during the year	-	-	888,692,883	-	-	-	2,242,954,318	-
Settled during the year	-	-	(918,563,374)	-	-	-	(1,787,116,191)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	925,927,063	-	-	-	955,797,554	-
Deposits and other accounts								
Opening balance	2,791	1,789	-	99,046	5,178	1,789	-	83,339
Received during the period / year	284,828	-	-	21,953	700,903	-	-	32,706
Withdrawn during the period / year	(283,989)	-	-	(2,702)	(702,785)	-	-	(16,999)
Transfer in / (out) - net	(571)	-	-	-	(505)	-	-	-
Closing balance	3,059	1,789	-	118,297	2,791	1,789	-	99,046
Other Liabilities								
Interest / mark-up payable	-	-	12,126,260	11,466	35	-	11,217,401	10,312
Mark to market loss on forward foreign exchange contracts	-	-	-	-	-	-	267	-
Mark to market loss on Swap forward exchange contracts	-	-	5,536,975	-	-	-	273,087	-
Commission received in advance against unfunded exposure	-	142,183	-	-	-	179,756	-	-
Closing balance	-	142,183	17,663,235	11,466	35	179,756	11,490,755	10,312
Contingencies and Commitments								
Letter of guarantee	-	223,831,487	-	-	-	234,305,011	-	-
Forward exchange contract purchase	-	-	530,449,362	-	-	-	530,552,365	-
Forward exchange contract sale	-	-	538,514,204	-	-	-	525,996,089	-
	Un-audited				Un-audited			
	June 30, 2024				June 30, 2023			
	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	-	55,317	512	-	2	18,819	187	-
Fee & commission income	-	96,734	-	-	542	35,387	-	-
Expense								
Mark-up / return / interest paid	14	2,279	28,274,913	11,466	213	-	8,955,290	7,261
Compensation expense	181,763	-	-	-	116,902	-	-	-
Payments made during the year								
Contribution to gratuity fund	-	-	-	5,731	-	-	-	2,618
Contribution to provident fund	-	-	-	5,276	-	-	-	2,408

	<u>Un-audited</u> <u>June 30,</u> <u>2024</u>	<u>Audited</u> <u>December 31,</u> <u>2023</u>
----- (Rupees in '000) -----		
40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>41,751,180</u>	<u>42,279,105</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>138,008,541</u>	<u>121,356,575</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>138,008,541</u>	<u>121,356,575</u>
Eligible Tier 2 Capital	<u>1,177,535</u>	<u>59,893</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>139,186,076</u>	<u>121,416,468</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>183,257,089</u>	<u>194,326,328</u>
Market Risk	<u>60,254,927</u>	<u>33,062,640</u>
Operational Risk	<u>70,213,336</u>	<u>70,213,336</u>
Total	<u>313,725,352</u>	<u>297,602,304</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>43.99%</u>	<u>40.78%</u>
Tier 1 Capital Adequacy Ratio	<u>43.99%</u>	<u>40.78%</u>
Total Capital Adequacy Ratio	<u>44.37%</u>	<u>40.80%</u>

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.

	<u>Un-audited</u> <u>June 30,</u> <u>2024</u>	<u>Audited</u> <u>December 31,</u> <u>2023</u>
----- (Percentages) -----		
Minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	<u>9.00%</u>	<u>9.00%</u>
Tier 1 minimum ratio (%)	<u>10.50%</u>	<u>10.50%</u>
Total capital minimum ratio (%)	<u>13.00%</u>	<u>13.00%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>138,008,541</u>	<u>121,356,575</u>
Total Exposure	<u>1,576,248,329</u>	<u>1,515,728,877</u>
Leverage Ratio	<u>8.76%</u>	<u>8.01%</u>
Minimum Requirement (%)	<u>3.00%</u>	<u>3.00%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>1,001,438,676</u>	<u>853,112,003</u>
Total Net Cash Outflow	<u>507,588,846</u>	<u>493,896,619</u>
Liquidity Coverage Ratio	<u>197.29%</u>	<u>172.73%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>680,895,007</u>	<u>415,767,770</u>
Total Required Stable Funding	<u>101,156,583</u>	<u>103,978,764</u>
Net Stable Funding Ratio	<u>673.11%</u>	<u>399.86%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>

40.1 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.

41. **GENERAL**

41.1 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.

41.2 The effect of reclassification, rearrangement, restatement in the comparative information presented in these financial statements is as follows:

<u>Description of items</u>	<u>Nature</u>	<u>Rs. in '000</u>	<u>From</u>	<u>To</u>
Statement of Financial Position				
Right of use assets	Assets	278,217	Fixed Assets	Right-of-use assets
Lease liabilities	Liability	133,017	Other liability	Lease liabilities

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

42. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 21, 2024 by the Chief Executive Officer and Head of Finance (A).

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Chief Executive Officer



Head of Finance (A)