

Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Statement of Financial Position

As at March 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	5	27,385,160	27,658,474
Balances with other banks	6	1,766,627	4,015,685
Lendings to financial institutions	7	272,897,150	207,924,067
Investments	8	151,672,506	175,857,020
Advances	9	10,811,902	22,713,422
Fixed assets	10	578,960	590,331
Intangible assets	11	2,544	2,788
Deferred tax assets	12	12,129	7,961
Other assets	13	9,100,982	20,493,816
		474,227,960	459,263,564
LIABILITIES			
Bills payable	15	2,643,974	1,292,129
Borrowings	16	353,218,525	355,486,464
Deposits and other accounts	17	76,649,028	66,540,142
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	12	-	-
Other liabilities	18	11,200,265	9,686,726
		443,711,792	433,005,461
NET ASSETS		30,516,168	26,258,103
REPRESENTED BY			
Head office capital account		21,117,090	20,829,285
Deficit on revaluation of assets - net of tax	19	(65,841)	(57,530)
Unremitted profit		9,464,919	5,486,348
		30,516,168	26,258,103
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.



Acting Chief Executive Officer



Head of Finance

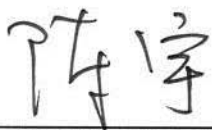
Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2019

		Quarter Ended	
	Note	March 31, 2019	March 31, 2018
		----- (Rupees in '000) -----	
Mark-up/Return/Interest Earned	21	10,811,236	5,158,045
Mark-up/Return/Interest Expensed	22	3,777,955	3,773,004
Net Mark-up / Interest Income		7,033,281	1,385,041
NON MARK-UP/INTEREST INCOME			
Fee and Commission Income	23	305,570	261,614
Dividend Income		-	-
Foreign Exchange Income		74,925	333,648
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other Income	24	(25)	-
Total non-markup/interest Income		380,470	595,262
Total Income		7,413,751	1,980,303
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	25	304,840	234,662
Workers Welfare Fund		139,416	34,230
Other charges		-	-
Total non-markup/interest expenses		444,256	268,892
Profit before provisions		6,969,495	1,711,411
Provisions and write offs - net	26	-	-
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		6,969,495	1,711,411
Taxation	27	2,990,924	610,973
PROFIT AFTER TAXATION		3,978,571	1,100,438

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.



Acting Chief Executive Officer



Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Statement of Comprehensive Income (Un-audited)

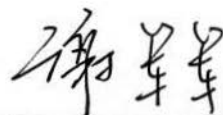
For the quarter ended March 31, 2019

	Quarter Ended	
	March 31, 2019	March 31, 2018
	----- (Rupees in '000) -----	
Profit after taxation for the period	3,978,571	1,100,438
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 tax	(8,311)	(5,914)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-
Total comprehensive income	<u>3,970,260</u>	<u>1,094,524</u>

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.



Acting Chief Executive Officer



Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended March 31, 2019

	Head office capital account	Surplus / (Deficit) on revaluation of investments Rupees in '000	Unremitted profit	Total
Balance as at January 1, 2018	9,506,699	(32,050)	7,365,414	16,840,063
Total comprehensive income for the quarter ended March 31, 2018				
Profit after taxation for the quarter ended March 31, 2018	-	-	1,100,438	1,100,438
Other comprehensive income - net of tax	-	(5,914)	-	(5,914)
Total comprehensive income for the quarter ended March 31, 2018	-	(5,914)	1,100,438	1,094,524
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	437,611	-	-	437,611
Balance as at March 31, 2018 (un-audited)	9,944,310	(37,964)	8,465,852	18,372,198
Total comprehensive income for the nine month ended December 31, 2018				
Profit after taxation for the nine months ended December 31, 2018	-	-	3,966,542	3,966,542
Other comprehensive income - net of tax	-	(19,566)	44	(19,522)
	-	(19,566)	3,966,586	3,947,020
Transactions with owners, recorded directly in equity				
Transferred from payable to head office	1,727,072	-	-	1,727,072
Transfer from un-remitted profit to head office account	6,946,090		(6,946,090)	-
Exchange adjustments on revaluation of capital	2,211,813	-	-	2,211,813
Balance as at December 31, 2018 (audited)	20,829,285	(57,530)	5,486,348	26,258,103
Total comprehensive income for the quarter ended March 31, 2019				
Profit after taxation for the quarter ended March 31, 2019	-	-	3,978,571	3,978,571
Other comprehensive income - net of tax	-	(8,311)	-	(8,311)
	-	(8,311)	3,978,571	3,970,260
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	287,805	-	-	287,805
Balance as at March 31, 2019 (un-audited)	21,117,090	(65,841)	9,464,919	30,516,168

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

陈宇

Acting Chief Executive Officer

谢军军

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2019

	Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,969,495	1,711,411
Adjustments:		
Depreciation	14,602	12,858
Amortization	244	-
Provision and write-offs	-	-
Loss/ (Gain) on sale of fixed assets	25	-
Charge for defined benefit plan	-	-
	14,871	12,858
	6,984,366	1,724,269
(Increase)/ Decrease in operating assets		
Lendings to financial institutions	-	-
Advances	11,901,520	1,895,351
Others assets	11,392,834	(3,832,451)
	23,294,354	(1,937,100)
Increase/ (Decrease) in operating liabilities		
Bills Payable	1,351,845	(2,763,543)
Borrowings from financial institutions	-	-
Deposits	10,108,886	7,334,123
Other liabilities	(304,465)	2,772,318
	11,156,266	7,342,898
	41,434,986	7,130,067
Income tax paid	(1,177,088)	(430,325)
Net cash flow generated from operating activities	40,257,898	6,699,742
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	31,446,697	47,076,761
Net investments in held-to-maturity securities	(7,270,494)	-
Investments in operating fixed assets	(3,295)	(9,213)
Proceeds from sale of fixed assets	39	-
Net cash flow generated from investing activities	24,172,947	47,067,548
CASH FLOW FROM FINANCING ACTIVITIES		
Exchange adjustments on revaluation of capital	287,805	437,611
Net cash flow from / (used in) financing activities	287,805	437,611
Increase / (Decrease) in cash and cash equivalents	64,718,650	54,204,901
Cash and cash equivalents at beginning of the period	(115,888,238)	(168,392,277)
Cash and cash equivalents at end of the period	(51,169,588)	(114,187,376)

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

Acting 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 quarter ended March 31, 2019

1 STATUS AND NATURE OF BUSINESS

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

The Bank presently operates through three branches (December 31, 2018: three branches) in Pakistan and is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 16th Floor, Ocean Tower, Block 9, Clifton, Karachi.

Moody's Investor Services Inc. has assigned a long term credit rating of A2 and a short term credit rating of P-1 to the head office of the Branches as at 28 June 2018 (December 2017: A1 for long term and P-1 for short term).

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, the SECP, through S.R.O 411(I)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements by the SBP through various circulars.

2.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No.5 dated 22 March 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the year 2019:

As referred to in note 3.4 of the Bank's financial statements for the year ended December 31, 2018, there are certain new standards, amendments and interpretations that are effective for the annual periods beginning on or after 01 January 2019 but are either in the process of being assessed for regulatory implementation, or are considered not to be relevant having no significant effect on the Bank's operations. These have therefore not been considered or disclosed in these condensed interim financial statements.

2.4 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

2.5 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, 2018.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2018.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	(Un-audited) March 31, 2019 ---- (Rupees in '000) ----	(Audited) December 31, 2018
In hand			
Local currency		135,247	161,987
Foreign currency		48,228	66,902
		183,475	228,889
With State Bank of Pakistan in			
Local currency current account	5.1	5,352,794	5,677,467
Foreign currency current account	5.2	140,781	138,862
Foreign currency deposit account	5.3	21,708,110	21,613,256
		27,201,685	27,429,585
		27,385,160	27,658,474

5.1 This includes statutory liquidity reserve maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

5.2 As per BSD Circular No. 9 dated December 3, 2007, cash reserve of 5% is required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

5.3 This includes special cash reserve of 15% required to be maintained with the State Bank of Pakistan on FE-25 deposits as specified in BSD Circular No. 14 dated June 21, 2008. Profit rates on these deposits are fixed by SBP on a monthly basis. The State Bank of Pakistan has not remunerated these deposit accounts during the year. 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, 2018: USD 150 million).

6 BALANCES WITH OTHER BANKS

	Note	(Un-audited) March 31, 2019 ---- (Rupees in '000) ----	(Audited) December 31, 2018
Outside Pakistan			
In current accounts		-	-
In deposit accounts	6.1	1,766,627	4,015,685
		1,766,627	4,015,685
		1,766,627	4,015,685

6.1 This represents placement of foreign currency funds with other ICBC branches at interest rates ranging from 1.5% to 2.6% per annum (December 31, 2018: 0% to 1.6% per annum).

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Un-audited) March 31, 2019 ---- (Rupees in '000) ----	(Audited) December 31, 2018
Call money lending	7.1	7,839,030	2,000,000
Repurchase agreement lendings (Reverse Repo)	7.2	265,058,120	205,924,067
Others		-	-
		272,897,150	207,924,067
Less: Provision held against Lending to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		272,897,150	207,924,067

7.1 This represent call lending at a mark-up rate of 2.6% to 9.75% (December 31, 2018 : 10.4% per annum with maturity in April 2019 (December 31, 2018 : January

7.2 These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 9.75% to 10.25% (December 31, 2018: 10.05% to 10.30% per annum) with maturity in April 2019 (December 31, 2018: January 2019).

8 INVESTMENTS

	(Un- audied) March 31, 2019				(Audied) December 31, 2018			
8.1 Investments by type:	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Available-for-sale securities								
Federal Government Securities	144,503,306	-	(101,294)	144,402,012	175,945,528	-	(88,508)	175,857,020
	144,503,306	-	(101,294)	144,402,012	175,945,528	-	(88,508)	175,857,020
Held-to-maturity securities								
Federal Government Securities	7,270,494	-	-	7,270,494	-	-	-	-
	7,270,494	-	-	7,270,494	-	-	-	-
Total Investments	151,773,800	-	(101,294)	151,672,506	175,945,528	-	(88,508)	175,857,020

8.2 There is no provision for diminution in value of investments as at March 31, 2019.

8.3 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 7,249 million (December 31, 2018: Rs. nil).

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

9 ADVANCES	(Un- audited)	(Audited)	(Un- audited)	(Audited)	(Un- audited)	(Audited)
	Performing		Non Performing		Total	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	Rupees in '000					
Loans, cash credits, running finances, etc.	10,225,241	14,506,224	-	-	10,225,241	14,506,224
Bills discounted and purchased	816,089	8,436,626	-	-	816,089	8,436,626
Advances - gross	11,041,330	22,942,850	-	-	11,041,330	22,942,850
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(229,428)	(229,428)	-	-	(229,428)	(229,428)
Advances - net of provision	10,811,902	22,713,422	-	-	10,811,902	22,713,422

9.1 Particulars of advances (Gross)	(Un-audited)	(Audited)
	March 31, 2019	December 31, 2018
	---- (Rupees in '000) ----	
In local currency	11,041,330	22,942,850
	11,041,330	22,942,850

9.2 No advances have been placed under non-performing status (December 31, 2018: Nil).

9.3 Particulars of provision against advances	(Un-audited)			(Audited)		
	March 31, 2019			December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	-	229,428	229,428	-	82,465	82,465
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	-	-	-	-	146,963	146,963
Reversals	-	-	-	-	-	-
	-	-	-	-	146,963	146,963
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	-	229,428	229,428	-	229,428	229,428

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

10 FIXED ASSETS	(Un-audited)	(Audited)
	March 31, 2019	December 31, 2018
	---- (Rupees in '000) ----	
Property and equipment	578,960	590,331
	(Un-audited)	(Un-audited)
	March 31, 2019	March 31, 2018
	-----Rupees in '000-----	
10.1 Additions to fixed assets		

The following additions have been made to fixed assets during the period:

Property and equipment

Furniture and fixture	3,144	3,859
Electrical office and computer equipment	151	2,721
Total	3,295	6,580

10.2 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture	65	-
Electrical office and computer equipment	-	-
	65	-

		(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
11 INTANGIBLE ASSETS			
Computer Software		2,544	2,788
11.1 Additions to intangible assets		(Un-audited) March 31, 2019 -----Rupees in '000-----	(Un-audited) March 31, 2018
The following additions have been made to intangible assets during the period:			
Directly purchased		-	2,633
11.2 There were no disposals of intangible assets during March 31, 2019 (March 31, 2018 : nil)			
12 Deferred Tax Assets		(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
Deductible Temporary Differences on			
- Remeasurement of defined benefit liability		420	420
- Deficit on revaluation of investments		35,453	30,978
		35,873	31,398
Taxable Temporary Differences on			
- Accelerated tax depreciation		(23,744)	(23,437)
		12,129	7,961
13 OTHER ASSETS		(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
Income/ Mark-up accrued in local currency		775,796	1,387,999
Income/ Mark-up accrued in foreign currency		15,214	12,588
Advances, deposits, advance rent and other prepayments		108,306	132,458
Mark to market gain on forward foreign exchange contracts		6,473,639	16,384,860
Acceptances		949,914	1,944,916
Local clearing account		769,966	627,518
Others		8,147	3,477
		9,100,982	20,493,816
14 CONTINGENT ASSETS			
There were no contingent assets as at the statement of financial position date.			
15 BILLS PAYABLE		(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
In Pakistan		2,643,974	1,292,129
Outside Pakistan		-	-
		2,643,974	1,292,129
16 BORROWINGS		(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
<i>Unsecured</i>			
Call borrowings		353,218,525	355,486,464
Overdrawn nostro accounts		-	-
<i>Total unsecured</i>		353,218,525	355,486,464

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			Audited		
	March 31, 2019			December 31, 2018		
	In Local	In Foreign	Total	In Local	In Foreign	Total
Rupees in '000						
Customers						
Current deposits	11,875,998	2,002,959	13,878,957	5,879,952	4,859,211	10,739,163
Savings deposits	28,873,201	1,063,604	29,936,805	23,238,782	1,100,387	24,339,169
Term deposits	30,013,836	909,794	30,923,630	29,951,836	897,395	30,849,231
	70,763,035	3,976,357	74,739,392	59,070,570	6,856,993	65,927,563
Financial Institutions						
Current deposits	9,484	900,152	909,636	8,849	603,730	612,579
Savings deposits	-	-	-	-	-	-
Term deposits	1,000,000	-	1,000,000	-	-	-
	1,009,484	900,152	1,909,636	8,849	603,730	612,579
	71,772,519	4,876,509	76,649,028	59,079,419	7,460,723	66,540,142

18 OTHER LIABILITIES

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
---- (Rupees in '000) ----		
Mark-up/ Return/ Interest payable in local currency	950,198	1,225,190
Mark-up/ Return/ Interest payable in foreign currency	3,297,306	1,959,336
Performance bonus payable	1,455,622	1,645,004
Unearned commission and income on bills discounted	362,490	385,835
Current taxation (provisions less payments)	2,615,011	811,549
Acceptances	949,914	1,944,916
Mark to market loss on forward foreign exchange contracts	585,061	1,269,244
Payable to defined benefit plan	2,809	2,809
Workers' Welfare Fund	461,335	321,919
Withholding tax payable	26,983	12,441
Clearing and settlements	488,949	100,718
Others	4,587	7,765
	11,200,265	9,686,726

19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
---- (Rupees in '000) ----			
Surplus / (deficit) on revaluation of available for sale securities	8.1	(101,294)	(88,508)
Deferred tax (liability) / asset on revaluation of available for sale securities		35,453	30,978
		(65,841)	(57,530)

20 CONTINGENCIES AND COMMITMENTS

Guarantees	234,571,845	228,218,346
Commitments	1,084,756,246	1,041,367,985
Other contingent liabilities	-	-
	1,319,328,091	1,269,586,331

20.1 Guarantees:

Financial guarantees	563,251	320,902
Performance guarantees	147,013,360	149,263,511
Other guarantees	86,995,234	78,633,933
	234,571,845	228,218,346

20.2 Commitments:

Documentary credits and short-term trade-related transactions		7,179,803	1,562,035
- letters of credit			
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	811,769,410	832,150,455
- Forward lending	20.2.2	88,916	281,750
- Operating leases		-	-
Other commitments	20.2.3	265,718,117	207,373,745
		1,084,756,246	1,041,367,985

	Note	(Un-audited) March 31, 2019 — (Rupees in '000) —	(Audited) December 31, 2018 — (Rupees in '000) —
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		405,445,656	422,569,824
Sale		406,323,754	409,580,631
		811,769,410	832,150,455
20.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	20.2.2.1	88,916	281,750
20.2.2.1 These represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
		(Un-audited) March 31, 2019 — (Rupees in '000) —	(Audited) December 31, 2018 — (Rupees in '000) —
20.2.3 Commitment in respect of forward government securities transactions - Sale		265,718,117	207,373,745
20.3 For contingencies relating to taxation, refer note 27.1			
		(Un-audited) March 31, 2019 — Rupees in '000 —	(Un-audited) March 31, 2018 — Rupees in '000 —
21 MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		505,487	104,226
Investments		3,322,809	3,055,829
Lendings to financial institutions		6,975,604	1,994,261
Balances with banks		7,336	3,729
		10,811,236	5,158,045
22 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		1,197,817	484,758
Borrowings		3,066,192	1,728,505
Cost of foreign currency swaps against foreign currency deposits / borrowings		(486,054)	1,559,741
		3,777,955	3,773,004
23 FEE & COMMISSION INCOME			
Branch banking customer fees		883	308
Consumer finance related fees		59	77
Investment banking fees		87,785	54,950
Commission on trade		20,809	55,024
Commission on guarantees		154,704	138,062
Commision on undrawn syndicated facility		26,620	7,502
Commission on remittances including home remittances		12,279	5,643
Others (incl max 5 % of total)		2,431	48
		305,570	261,614
24 OTHER INCOME			
Others		(25)	-
		(25)	-

		(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
		Rupees in '000	
25	OPERATING EXPENSES		
	Total compensation expense	233,222	170,418
	Property expense		
	Rent & taxes	10,591	10,858
	Insurance	2,187	1,636
	Utilities cost	3,868	3,588
	Security (including guards)	3,474	2,835
	Repair & maintenance (including janitorial charges)	129	79
	Depreciation	3,639	7,190
	Property Management fee	2,724	2,394
	*Others	-	-
		26,612	28,580
	Information technology expenses		
	Software maintenance	171	-
	Hardware maintenance	35	573
	Depreciation	1,571	1,852
	Amortisation	244	141
	Network charges	8,862	7,576
	Others	-	-
		10,883	10,142
	Other operating expenses		
	Legal & professional charges	3,755	2,826
	Outsourced services costs	8,020	5,841
	Travelling & conveyance	4,768	4,137
	NIFT clearing charges	111	111
	Entertainment expense	770	432
	Depreciation	9,392	3,600
	Training & development	187	2,353
	Postage & courier charges	504	470
	Communication	304	705
	Stationery & printing	2,270	1,381
	Marketing, advertisement & publicity	1,115	165
	Donations	-	-
	Commission expense	876	1,098
	Auditors Remuneration	-	-
	Others	2,051	2,402
		34,123	25,522
		304,840	234,662
		(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
		Rupees in '000	
26	PROVISIONS & WRITE OFFS - NET		
	Provisions against loans & advances	-	-
27	TAXATION		
	Current	2,772,657	609,955
	Prior periods	217,960	-
	Deferred	307	1,018
		2,990,924	610,973
27.1	The returns of income tax have been filed up to and including tax year 2018. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001.		
27.2	The tax authorities have passed assessment orders for the tax year 2012 to 2014 and raised additional demand of Rs. 45 million on account of minimum tax under section 113 of Income Tax Ordinance, 2001. The Branches' have filed appeal before appellate forum against these amendments and has paid full amount under protest to obtain stay on recovery of the receiving demand till the decision of Commissioner Inland Revenue (Appeals). The management is confident that the appeal will be decided in favour of the Branches, therefore, no provision is recognised in these financial statements.		

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

28.1 Fair value of financial assets

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

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

Le: 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).

Le: 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:

			March 31, 2019 (Un-audited)			
	Carrying / Notional value	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	144,402,012	-	144,402,012	-	144,402,012	
Financial assets not measured at fair value						
Investments						
Federal Government Securities (HTM)	7,270,494	-	-	-	-	
Off-balance sheet financial instruments - measured at fair value						
Forward purchase and sale of foreign exchange contracts	811,769,410	-	5,888,578	-	5,888,578	
				Audited December 31, 2018		
	Carrying / Notional value	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	175,857,020	-	175,857,020	-	175,857,020	
Financial assets not measured at fair value						
Investments						
Federal Government Securities (HTM)	-	-	-	-	-	
Off-balance sheet financial instruments - measured at fair value						
Forward purchase and sale of foreign exchange contracts	832,150,455	-	15,115,616	-	15,115,616	

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

(a) Financial instruments in level 2

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

Item	Valuation technique and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and 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.

Profit & Loss

Net mark-up/return/profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total Income	

Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Reversal/ (Provisions)	
Profit before tax	

Balance Sheet

Cash & Bank balances	
Investments	
Net inter segment lending	
Lendings to financial institutions	
Advances - performing	
- non-performing	

Others	
Total Assets	

Borrowings	
Deposits & other accounts	
Net inter segment borrowing	
Others	
Total liabilities	
Equity	
Total Equity & liabilities	

Contingencies & Commitments**Profit & Loss**

Net mark-up/return/profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total Income	

Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Provisions	
Profit before tax	

Balance Sheet

Cash & Bank balances	
Investments	
Net inter segment lending	
Lendings to financial institutions	
Advances - performing	
- non-performing	

Others	
Total Assets	

Borrowings	
Deposits & other accounts	
Net inter segment borrowing	
Others	
Total liabilities	
Equity	
Total Equity & liabilities	

Contingencies & Commitments

March 31, 2019 (Un-audited)				
Corporate	Treasury	Branch	Others	Total
(Rupees in '000)				
505,487	7,718,275	(1,190,481)	-	7,033,281
-	-	-	-	-
202,133	-	178,362	(25)	380,470
707,620	7,718,275	(1,012,119)	(25)	7,413,751
11,759	429,283	2,548	665	444,256
-	-	-	-	-
11,759	429,283	2,548	665	444,256
-	-	-	-	-
695,861	7,288,992	(1,014,667)	(690)	6,969,495
March 31, 2019 (Un-audited)				
Corporate	Treasury	Branch	Others	Total
(Rupees in '000)				
-	27,201,685	1,950,102	-	29,151,787
-	151,672,506	-	-	151,672,506
-	272,897,150	-	-	272,897,150
-	-	-	-	-
10,811,902	-	-	-	10,811,902
-	-	-	-	-
1,740,924	6,473,639	769,966	710,086	9,694,615
12,552,826	458,244,980	2,720,068	710,086	474,227,960
-	353,218,525	-	-	353,218,525
-	-	76,649,028	-	76,649,028
-	-	-	-	-
5,559,908	585,061	488,949	7,210,321	13,844,239
5,559,908	353,803,586	77,137,977	7,210,321	443,711,792
6,992,918	104,441,394	(74,417,909)	(6,500,235)	30,516,168
12,552,826	458,244,980	2,720,068	710,086	474,227,960
241,840,564	1,077,487,527	-	-	1,319,328,091

March 31, 2018 (Un-audited)				
Corporate	Treasury	Branch	Others	Total
(Rupees in '000)				
104,226	1,761,844	(481,029)	-	1,385,041
-	-	-	-	-
200,588	-	394,674	-	595,262
304,814	1,761,844	(86,355)	-	1,980,303
4,385	252,755	11,136	616	268,892
-	-	-	-	-
4,385	252,755	11,136	616	268,892
-	-	-	-	-
300,429	1,509,089	(97,491)	(616)	1,711,411

December 31, 2018 (Audited)				
Corporate	Treasury	Branch	Others	Total
(Rupees in '000)				
-	27,429,585	4,244,574	-	31,674,159
-	175,857,020	-	-	175,857,020
-	-	-	-	-
-	207,924,067	-	-	207,924,067
22,713,422	-	-	-	22,713,422
-	-	-	-	-
3,345,503	16,384,860	627,518	737,015	21,094,896
26,058,925	427,595,532	4,872,092	737,015	459,263,564
-	355,486,464	-	-	355,486,464
-	-	66,540,142	-	66,540,142
-	-	-	-	-
5,515,277	1,269,244	1,392,847	2,801,487	10,978,855
5,515,277	356,755,708	67,932,989	2,801,487	433,005,461
20,543,648	70,839,824	(63,060,897)	(2,064,472)	26,258,103
26,058,925	427,595,532	4,872,092	737,015	459,263,564
230,062,131	1,039,524,200	-	-	1,269,586,331

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

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

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

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
Balances with other banks								
In deposit accounts	-	670,005	1,096,622	-	-	789,726	3,225,985	-
	-	670,005	1,096,622	-	-	789,726	3,225,985	-
Loanings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	19,977,126	-	-	-	53,236,924	-
Repaid during the period / year	-	-	(12,938,096)	-	-	-	(53,236,924)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	7,039,030	-	-	-	-	-

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
Other Assets								
Interest / Mark-up accrued	-	-	1,525	-	-	-	-	-
Forward exchange contract	-	-	127,518	-	-	-	480,815	-
Borrowings								
Opening balance	-	-	355,486,464	-	-	-	298,921,504	-
Borrowings during the period / year	-	-	446,661,626	-	-	71,236,155	3,498,365,876	-
Settled during the period / year	-	-	(451,479,517)	-	-	(71,236,155)	(3,441,800,916)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	350,668,573	-	-	-	355,486,464	-
Deposits and other accounts								
Opening balance	2,325	-	-	-	3,508	-	-	-
Received during the period / year	225,398	-	-	-	294,767	-	-	-
Withdrawn during the period / year	(225,427)	-	-	-	(295,950)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	2,296	-	-	-	2,325	-	-	-
Other Liabilities								
Interest / mark-up payable	33	-	871,846	-	53	-	-	-
Payable to staff retirement fund	-	-	-	2,809	-	-	-	2,809
Forward exchange contracts	-	-	308,020	-	-	-	1,038,795	-
Contingencies and Commitments								
Letter of guarantee	-	-	80,630,432	-	-	-	85,893,752	-
Forward exchange contract sale	-	-	32,438,232	-	-	-	44,987,629	-
Forward exchange contract purchase	-	-	31,989,125	-	-	-	44,032,903	-

RELATED PARTY TRANSACTIONS

	March 31, 2019 (Un-audited)				March 31, 2018 (Un-audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	-	3,839	10,199	-	2	1,749	1,637	-
Fee and commission income	-	36,696	126,465	-	-	27,190	110,655	-
Expense								
Mark-up / return / interest paid	33	-	3,065,993	-	568	15	1,701,036	3,075
Compensation expense	138,694	-	-	-	96,569	-	-	-
Contribution to gratuity fund	-	-	-	2,661	-	-	-	1,462
Contribution to provident fund	-	-	-	1,426	-	-	-	735

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)
March 31, December 31,
2019 2018
-----Rupees in '000-----

Minimum Capital Requirement (MCR):
Paid-up capital (net of losses)

21,117,090 20,829,285

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

30,696,792	26,255,313
-	-
30,696,792	26,255,313
229,428	229,428
30,926,220	26,484,741

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

81,877,320	101,020,285
30,239,333	26,382,340
13,363,678	13,363,679
125,480,331	140,766,304

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

24.46%	18.65%
24.46%	18.65%
24.65%	18.81%

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposure

Leverage Ratio

30,696,792	26,255,313
718,932,104	690,299,295
4.27%	3.80%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

409,333,076	361,385,332
133,298,894	176,610,002
307%	205%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

120,932,317	109,226,928
65,329,357	67,827,261
185%	161%

The Bank follows the below mentioned approach for determining credit risk, market risk and operational risk exposures in the capital adequacy calculation:

Risk Type	Approach adopted by Bank
Credit Risk	Standardized Approach
Market Risk	Standardized Approach
Operational Risk	Basic Indicator Approach

32 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 29, 2019 by the Acting Chief Executive Officer and Head of Finance of the Branches.

33 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison.

Acting Chief Executive Officer

Head of Finance