



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Industrial and Commercial Bank of China  
Limited - Pakistan branches**

**Condensed Interim Financial  
Statements**

**For the half year ended 30 June 2019**



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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Karachi 75530 Pakistan  
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**Independent auditor's review report to the Directors of**

**Industrial and Commercial Bank of China Limited – Pakistan Branches**

**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Industrial and Commercial Bank of China Limited – Pakistan Branches ("the Branches") as at 30 June 2019 and the related condensed interim profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

**Other Matters**

The figures for the quarters ended June 30, 2019 and June 30, 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 29 August 2019**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

# Industrial and Commercial Bank of China Limited - Pakistan Branches

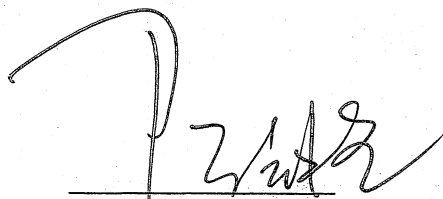
## Condensed Interim Statement of Financial Position

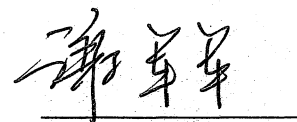
As at June 30, 2019

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	31,634,494	27,658,474
Balances with other banks	7	5,725,245	4,015,685
Lendings to financial institutions	8	231,762,439	207,924,067
Investments	9	186,328,841	175,857,020
Advances	10	15,778,173	22,713,422
Fixed assets	11	606,496	590,331
Intangible assets	12	2,347	2,788
Deferred tax assets	13	30,608	7,961
Other assets	14	31,921,406	20,493,816
		<b>503,790,049</b>	<b>459,263,564</b>
<b>LIABILITIES</b>			
Bills payable	16	19,500,344	1,292,129
Borrowings	17	384,925,301	355,486,464
Deposits and other accounts	18	49,606,842	66,540,142
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	13	-	-
Other liabilities	19	13,471,629	9,686,726
		<b>467,504,116</b>	<b>433,005,461</b>
<b>NET ASSETS</b>		<b>36,285,933</b>	<b>26,258,103</b>
<b>REPRESENTED BY</b>			
Head office capital account		24,007,815	20,829,285
Deficit on revaluation of assets - net of tax	20	(100,451)	(57,530)
Unremitted profit		12,378,569	5,486,348
		<b>36,285,933</b>	<b>26,258,103</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

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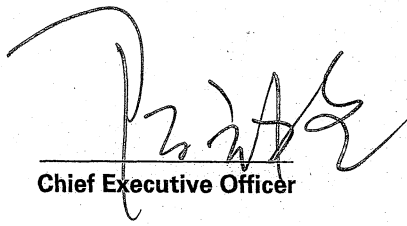
  
Chief Executive Officer

  
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches  
Condensed Interim Profit and Loss Account (Un-audited)  
For the six months period ended June 30, 2019

		Quarter Ended		Six months ended	
	Note	April - June 2019	April - June 2018	January 2019 - June 2019	January 2018 - June 2018
----- (Rupees in '000) -----					
Mark-up / return / interest earned	22	12,279,945	5,709,847	23,091,181	10,867,892
Mark-up / return / interest expensed	23	8,286,864	3,022,459	12,064,819	6,795,463
Net Mark-up / interest income		3,993,081	2,687,388	11,026,362	4,072,429
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and commission income	24	304,718	291,426	610,288	553,040
Dividend income		-	-	-	-
Foreign exchange income		902,162	150,939	977,087	484,587
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	25	158	-	133	-
Total non-markup / interest income		1,207,038	442,365	1,587,508	1,037,627
Total Income		5,200,119	3,129,753	12,613,870	5,110,056
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	26	336,443	261,023	641,283	495,685
Workers Welfare Fund		96,714	54,622	236,130	88,852
Other charges		-	-	-	-
Total non-markup / interest expenses		433,157	315,645	877,413	584,537
Profit before provisions		4,766,962	2,814,108	11,736,457	4,525,519
Provisions and write offs - net	27	(70,053)	93,777	(70,053)	93,777
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		4,837,015	2,720,331	11,806,510	4,431,742
Taxation	28	1,923,365	1,189,158	4,914,289	1,800,131
<b>PROFIT AFTER TAXATION</b>		2,913,650	1,531,173	6,892,221	2,631,611

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches  
Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the six months period ended June 30, 2019

	Quarter Ended		Six months ended	
	April - June 2019	April - June 2018	January 2019 - June 2019	January 2018 - June 2018
	(Rupees in '000)			
Profit after taxation for the period	2,913,650	1,531,173	6,892,221	2,631,611
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in deficit on revaluation of investments - net of tax	(34,610)	(11,811)	(42,921)	(17,725)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
<b>Total comprehensive income</b>	<b>2,879,040</b>	<b>1,519,362</b>	<b>6,849,300</b>	<b>2,613,886</b>

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the six months period ended June 30, 2019

	Head office capital account	Surplus / (deficit) on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
<b>Balance as at January 1, 2018</b>	9,506,699	(32,050)	7,365,414	16,840,063
<b>Total comprehensive income for the half year ended June 30, 2018</b>				
Profit after taxation for the six months period ended June 30, 2018	-	-	2,631,611	2,631,611
Other comprehensive income - net of tax	-	(17,725)	-	(17,725)
Total comprehensive income for the six months period ended June 30, 2018	-	(17,725)	2,631,611	2,613,886
<b>Transactions with owners, recorded directly in equity</b>				
Exchange adjustments on revaluation of capital	953,967	-	-	953,967
Balance as at June 30, 2018 (un-audited)	10,460,666	(49,775)	9,997,025	20,407,916
<b>Total comprehensive income for the nine month ended December 31, 2018</b>				
Profit after taxation for the nine months ended December 31, 2018	-	-	2,435,369	2,435,369
Other comprehensive income - net of tax	-	(7,755)	44	(7,711)
	-	(7,755)	2,435,413	2,427,658
<b>Transactions with owners, recorded directly in equity</b>				
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	1,695,457	-	-	1,695,457
Balance as at December 31, 2018 (audited)	20,829,285	(57,530)	5,486,348	26,258,103
<b>Total comprehensive income for the half year ended June 30, 2019</b>				
Profit after taxation for the six months period ended June 30, 2019	-	-	6,892,221	6,892,221
Other comprehensive income - net of tax	-	(42,921)	-	(42,921)
Total comprehensive income for the six months period ended June 30, 2019	-	(42,921)	6,892,221	6,849,300
<b>Transactions with owners, recorded directly in equity</b>				
Exchange adjustments on revaluation of capital	3,178,530	-	-	3,178,530
<b>Balance as at June 30, 2019 (un-audited)</b>	<b>24,007,815</b>	<b>(100,451)</b>	<b>12,378,569</b>	<b>36,285,933</b>

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches  
Condensed Interim Cash Flow Statement (Un-audited)  
For the six months period ended June 30, 2019

June 30, 2019      June 30, 2018  
----- (Rupees in '000) -----

**CASH FLOW FROM OPERATING ACTIVITIES**

Profit before taxation

11,806,510

4,431,742

Adjustments:

Depreciation

29,987

26,412

Depreciation on right to use asset

5,787

-

Amortization

441

-

Provision and write-offs

(70,053)

93,777

Finance charges on leased assets

2,212

-

Loss / (gain) on sale of fixed assets

25

-

Charge for defined benefit plan

-

-

(31,601)

120,189

11,774,909

4,551,931

(Increase) / decrease in operating assets

Lendings to financial institutions

(23,838,372)

(36,649,715)

Advances

7,005,302

(9,377,638)

Others assets

(11,427,590)

872,297

(28,260,660)

(45,155,056)

Increase / (decrease) in operating liabilities

Bills payable

18,208,215

333,963

Borrowings from financial institutions

29,438,837

(2,533,268)

Deposits

(16,933,300)

9,226,254

Other liabilities

1,238,132

(1,629,774)

31,951,884

5,397,175

15,466,133

(35,205,950)

Income tax paid

(2,423,113)

(1,271,520)

Net cash flow generated from operating activities

13,043,020

(36,477,470)

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in available-for-sale securities

4,093,729

37,399,695

Net investments in held-to-maturity securities

(14,608,471)

-

Investments in operating fixed assets

(14,473)

(13,386)

Proceeds from sale of fixed assets

40

-

Net cash flow generated from investing activities

(10,529,175)

37,386,309

**CASH FLOW FROM FINANCING ACTIVITIES**

Payments of lease obligations

(6,795)

-

Exchange adjustments on revaluation of capital

3,178,530

953,967

Net cash flow from / (used in) financing activities

3,171,735

953,967

**Increase / (decrease) in cash and cash equivalents**

5,685,580

1,862,806

Cash and cash equivalents at beginning of the period

31,674,159

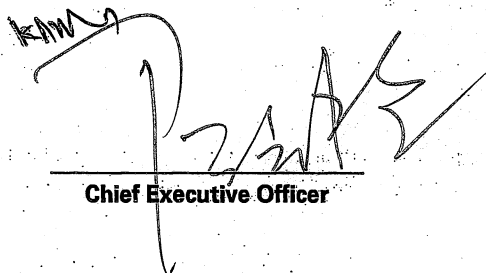
17,047,483

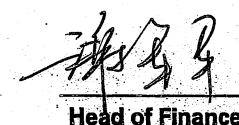
Cash and cash equivalents at end of the period

37,359,739

18,910,289

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Head of Finance



Industrial and Commercial Bank of China Limited - Pakistan Branches  
Notes to and forming part of the Condensed Interim Financial Statements (un-audited)  
For the half year ended June 30, 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.

**2 BASIS OF PRESENTATION**

**2.1 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017
- 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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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. 05 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.

**2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period:**

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

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The significant judgments in the implementation were determining if a contract contains a lease, and the determination of whether the Bank is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 January 2019 was 12.41 percent.

The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 3.1.1 below.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

The following new standards, interpretations of, and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

	Effective date (annual periods beginning on or after)
- IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
	Effective date (annual periods beginning on or after)
- IFRS 9, Financial Instruments	June 30, 2019

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has impact on all assets of the Bank which are exposed to credit risk. The Bank has carried out an impact assessment as at 31 December 2017 which has been submitted to the State Bank of Pakistan. However, this assessment has not been updated to 30 June 2019 pending notification as to date the standard is applicable for banks.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

## 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.

### 3.1 CHANGE IN ACCOUNTING POLICIES

**3.1.1** The SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 has amended the format of condensed interim financial statements of banks in order to align it with the annual financial statements, issued vide BPRD Circular No. 2 of 2018. All banks have been directed to prepare their quarterly and half yearly condensed interim financial statements on the revised format effective from the accounting year beginning on January 1, 2019. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the SBP.

#### - Condensed Interim Profit and Loss Account

As a result of adoption of the revised format, the figures for the quarter and half year ended 30 June 2018 in the condensed interim profit and loss account have been reclassified and reflected based on the requirement of the revised format

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**3.1.2** During the period, IFRS 16 - Leases became applicable. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the Standard.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were measured as the present value of the remaining lease payments, discounted using the Bank's weighted average discount rate of 12.41% per annum as of January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest

The remeasurements of the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	June 30, 2019	January 01, 2019
	----- (Rupees in '000) -----	
<b>Total lease liability recognised of which:</b>		
Current	10,322	9,456
Non-current	22,626	28,074
	<u>32,948</u>	<u>37,530</u>
 The recognised right-of-use assets relate to the following types of assets:		
Property	16,383	17,871
Vehicles	15,360	19,660
<b>Total right-of-use assets</b>	<u>31,743</u>	<u>37,531</u>

**3.1.2.1** The effect of this change in accounting policy is as follows:

	As at June 30,2019 (Rupees in '000)
<b>Impact on Statement of Financial Position</b>	
Increase in fixed assets - right-of-use assets	31,743
Increase in other liabilities - lease liability against right-of-use assets	32,948
Decrease in net assets	<u>(1,205)</u>
 <b>Impact on Profit and Loss account</b>	 <b>For the half year ended June 30,2019 (Rupees in '000)</b>
Increase in mark-up expense - lease liability against right-of-use assets	(2,212)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(5,787)
- Rent expense	6,794
Decrease in profit before tax	<u>(1,205)</u>
Decrease in tax	470
Decrease in profit after tax	<u>(735)</u>

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#### 4 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.

#### 5 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, 2018

#### 6 CASH AND BALANCES WITH TREASURY BANKS

Note	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- (Rupees in '000) -----	
In hand:		
Local currency	135,498	161,987
Foreign currency	51,577	66,902
	187,075	228,889
With State Bank of Pakistan in:		
Local currency current account	6.1 6,605,774	5,677,467
Foreign currency current account	6.2 160,052	138,862
Foreign currency deposit account	6.3 24,681,593	21,613,256
	31,447,419	27,429,585
	31,634,494	27,658,474

- 6.1 This includes statutory liquidity reserve maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 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).
- 6.3 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 period. 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).

#### 7 BALANCES WITH OTHER BANKS

June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
----- (Rupees in '000) -----	
Outside Pakistan	
In current accounts	-
In deposit accounts	-
5,725,245	4,015,685
5,725,245	4,015,685

#### 8 LENDINGS TO FINANCIAL INSTITUTIONS

June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
----- (Rupees in '000) -----	
Call money lending	-
Repurchase agreement lendings (Reverse Repo)	2,000,000
Others	205,924,067
231,762,439	207,924,067
231,762,439	207,924,067
Less: Provision held against Lending to Financial Institutions	-
Lendings to Financial Institutions - net of provision	-
231,762,439	207,924,067

18m

## 9 INVESTMENTS

### 9.1 Investments by type:

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>Available-for-sale securities</b>								
Federal Government Securities	171,874,910	-	(154,540)	171,720,370	175,945,528	-	(88,508)	175,857,020
	171,874,910	-	(154,540)	171,720,370	175,945,528	-	(88,508)	175,857,020
<b>Held-to-maturity securities</b>								
Federal Government Securities	14,608,471	-	-	14,608,471	-	-	-	-
	14,608,471	-	-	14,608,471	-	-	-	-
<b>Total Investments</b>	<b>186,483,381</b>	<b>-</b>	<b>(154,540)</b>	<b>186,328,841</b>	<b>175,945,528</b>	<b>-</b>	<b>(88,508)</b>	<b>175,857,020</b>

9.2 There is no provision for diminution in value of investments as at June 30, 2019.

9.3 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 14,284 million (December 31, 2018: Rs.nil).

## 10 ADVANCES

	Performing		Non Performing		Total	
	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
(Rupees in '000)						
Loans, cash credits, running finances, etc.	14,427,906	14,506,224	-	-	14,427,906	14,506,224
Bills discounted and purchased	1,509,642	8,436,626	-	-	1,509,642	8,436,626
Advances - gross	15,937,548	22,942,850	-	-	15,937,548	22,942,850
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(159,375)	(229,428)	-	-	(159,375)	(229,428)
	(159,375)	(229,428)	-	-	(159,375)	(229,428)
Advances - net of provision	15,778,173	22,713,422	-	-	15,778,173	22,713,422

### 10.1 Particulars of advances (Gross)

In local currency

June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
(Rupees in '000)	
15,937,548	22,942,850

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

### 10.3 Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	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	-	(70,053)	(70,053)	-	146,963	146,963
Reversals	-	(70,053)	(70,053)	-	-	-
	-	(70,053)	(70,053)	-	146,963	146,963
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	-	159,375	159,375	-	229,428	229,428

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

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11	<b>FIXED ASSETS</b>	<b>June 30, 2019 (Un-audited)</b> ----- (Rupees in '000) -----	<b>December 31, 2018 (Audited)</b> -----
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Property and equipment

<b>606,496</b>	<b>590,331</b>
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- 11.1 This includes right of use asset amounting to Rs.31.7 million (2018: NIL) due to adoption of IFRS 16 as detailed in note 3.1.1

11.2 **Additions to fixed assets**

<b>June 30, 2019 (Un-audited)</b> ----- (Rupees in '000) -----	<b>June 30, 2018 (Un-audited)</b> -----
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The following additions have been made to fixed assets during the period:

**Property and equipment**

Furniture and fixture

<b>3,320</b>	<b>4,675</b>
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Electrical office and computer equipment

<b>151</b>	<b>6,078</b>
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Vehicles

<b>11,002</b>	<b>-</b>
---------------	----------

Total

<b>14,473</b>	<b>10,753</b>
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11.3 **Disposal of fixed assets**

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

Furniture and fixture

<b>65</b>	<b>-</b>
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<b>65</b>	<b>-</b>
-----------	----------

12 **INTANGIBLE ASSETS**

Computer Software

<b>2,347</b>	<b>2,788</b>
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12.1 **Additions to intangible assets**

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

Directly purchased

<b>-</b>	<b>2,633</b>
----------	--------------

- 12.2 There were no disposals of intangible assets during June 30, 2019 (June 30, 2018 : nil)

13 **Deferred Tax Assets**

<b>June 30, 2019 (Un-audited)</b> ----- (Rupees in '000) -----	<b>December 31, 2018 (Audited)</b> -----
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Deductible Temporary Differences on

- Remeasurement of defined benefit liability

<b>420</b>	<b>420</b>
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- Deficit on revaluation of investments

<b>54,089</b>	<b>30,978</b>
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<b>54,509</b>	<b>31,398</b>
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Taxable Temporary Differences on

- Accelerated tax depreciation

<b>(23,901)</b>	<b>(23,437)</b>
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<b>30,608</b>	<b>7,961</b>
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	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- (Rupees in '000) -----	
<b>14 OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency	1,680,687	1,387,999
Income/ Mark-up accrued in foreign currency	34,572	12,588
Advances, deposits, advance rent and other prepayments	106,578	132,458
Mark to market gain on forward foreign exchange contracts	27,763,966	16,384,860
Acceptances	1,302,927	1,944,916
Local clearing account	1,026,934	627,518
Others	5,742	3,477
	<u>31,921,406</u>	<u>20,493,816</u>

**15 CONTINGENT ASSETS**

There were no contingent assets as at the statement of financial position date.

**16 BILLS PAYABLE**

In Pakistan	19,500,344	1,292,129
Outside Pakistan	-	-
	<u>19,500,344</u>	<u>1,292,129</u>

**17 BORROWINGS**

**Unsecured**

Call borrowings	384,925,301	355,486,464
Overdrawn nostro accounts	-	-
<b>Total unsecured</b>	<u>384,925,301</u>	<u>355,486,464</u>

**18 DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	8,827,254	3,676,998	12,504,252	5,879,952	4,859,211	10,739,163
Savings deposits	17,930,320	1,161,821	19,092,141	23,238,782	1,100,387	24,339,169
Term deposits	13,383,836	-	13,383,836	29,951,836	897,395	30,849,231
	<u>40,141,410</u>	<u>4,838,819</u>	<u>44,980,229</u>	<u>59,070,570</u>	<u>6,856,993</u>	<u>65,927,563</u>
<b>Financial Institutions</b>						
Current deposits	9,081	4,617,532	4,626,613	8,849	603,730	612,579
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
	<u>9,081</u>	<u>4,617,532</u>	<u>4,626,613</u>	<u>8,849</u>	<u>603,730</u>	<u>612,579</u>
	<u>40,150,491</u>	<u>9,456,351</u>	<u>49,606,842</u>	<u>59,079,419</u>	<u>7,460,723</u>	<u>66,540,142</u>

**19 OTHER LIABILITIES**

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- (Rupees in '000) -----	
Mark-up/ Return/ Interest payable in local currency	1,237,696	1,225,190
Mark-up/ Return/ Interest payable in foreign currency	3,774,864	1,959,336
Performance bonus payable	1,455,685	1,645,004
Lease liability	32,948	-
Unearned commission and income on bills discounted	371,313	385,835
Current taxation (provisions less payments)	3,310,206	811,549
Acceptances	1,302,927	1,944,916
Mark to market loss on forward foreign exchange contracts	1,153,855	1,269,244
Payable to defined benefit plan	2,809	2,809
Workers' Welfare Fund	558,049	321,919
Withholding tax payable	27,607	12,441
Clearing and settlements	240,783	100,718
Others	2,887	7,765
	<u>13,471,629</u>	<u>9,686,726</u>

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	Note	June 30, 2019 (Un-audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited)
<b>20 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of available for sale securities	9.1	(154,540)	(88,508)
Deferred tax (liability) / asset on revaluation of available for sale securities		54,089	30,978
		<u>(100,451)</u>	<u>(57,530)</u>
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees		241,727,832	228,218,346
Commitments		1,099,890,056	1,041,367,985
Other contingent liabilities		-	-
		<u>1,341,617,888</u>	<u>1,269,586,331</u>
<b>21.1 Guarantees:</b>			
Financial guarantees		563,251	320,902
Performance guarantees		159,449,585	149,263,511
Other guarantees		81,714,996	78,633,933
		<u>241,727,832</u>	<u>228,218,346</u>
<b>21.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions - letters of credit		450,293	1,562,035
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.1	865,225,730	832,150,455
- Forward lending	21.2.2	88,916	281,750
- Operating leases		-	-
Other commitments	21.2.3	234,125,117	207,373,745
		<u>1,099,890,056</u>	<u>1,041,367,985</u>
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		440,745,477	422,569,824
Sale		424,480,253	409,580,631
		<u>865,225,730</u>	<u>832,150,455</u>
<b>21.2.2 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	20.2.2.1	88,916	281,750
<b>20.2.2.1</b> 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.			
		June 30, 2019 (Un-audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited)
<b>21.2.3 Commitment in respect of forward government securities transactions - Sale</b>		<u>234,125,117</u>	<u>207,373,745</u>
<b>21.3</b> For contingencies relating to taxation, refer note 28.2			
		June 30, 2019 (Un-audited) ----- (Rupees in '000) -----	June 30, 2018 (Un-audited)
<b>22 MARK-UP/RETURN/INTEREST EARNED</b>			
Loans and advances		935,688	288,741
Investments		8,212,469	6,504,449
Lendings to financial institutions		13,927,993	4,067,946
Balances with banks		15,031	6,756
		<u>23,091,181</u>	<u>10,867,892</u>

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**23 MARK-UP/RETURN/INTEREST EXPENSED**

June 30,  
2019  
(Un-audited)  
----- (Rupees in '000) -----

June 30,  
2018  
(Un-audited)  
----- (Rupees in '000) -----

Deposits  
Borrowings  
Cost of foreign currency swaps against foreign currency deposits / borrowings

2,455,318	1,105,880
6,030,281	3,617,154
3,579,220	2,072,429
<u>12,064,819</u>	<u>6,795,463</u>

**24 FEE & COMMISSION INCOME**

Branch banking customer fees  
Consumer finance related fees  
Investment banking fees  
Commission on trade  
Commission on guarantees  
Commission on undrawn syndicated facility  
Commission on remittances including home remittances  
Others

1,655	684
141	105
194,214	123,069
41,200	105,392
313,521	280,080
26,958	20,348
24,462	17,546
8,137	5,816
<u>610,288</u>	<u>553,040</u>

**25 OTHER INCOME**

Others

133	-
-----	---

**26 OPERATING EXPENSES**

Total compensation expense

489,592	362,240
---------	---------

**Property expense**

Rent & taxes  
Insurance  
Utilities cost  
Security (including guards)  
Repair & maintenance (including janitorial charges)  
Depreciation  
Property Management fee  
Others

17,904	22,335
3,776	3,173
9,024	8,750
9,407	6,043
208	274
17,984	14,459
7,115	6,282
-	-
<u>65,418</u>	<u>61,316</u>

**Information technology expenses**

Software maintenance  
Hardware maintenance  
Depreciation  
Amortisation  
Network charges  
Others

300	437
1,173	1,002
3,177	4,143
441	283
15,558	10,872
-	-
<u>20,649</u>	<u>16,737</u>

**Other operating expenses**

Legal & professional charges  
Outsourced services costs  
Travelling & conveyance  
NIFT clearing charges  
Entertainment expense  
Finance cost  
Depreciation  
Training & development  
Postage & courier charges  
Communication  
Stationery & printing  
Marketing, advertisement & publicity  
Donations  
Commission expense  
Auditors Remuneration  
Others

6,343	6,673
15,689	11,949
8,484	9,040
216	264
1,852	2,826
2,212	-
14,613	7,452
660	3,112
1,220	831
729	2,022
3,679	2,617
3,809	2,291
-	-
2,231	2,198
-	-
3,887	4,117
<u>65,624</u>	<u>55,392</u>
<u>641,283</u>	<u>495,685</u>

Bm

		June 30, 2019 (Un-audited) ----- (Rupees in '000) -----	June 30, 2018 (Un-audited)
27	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	Provisions against loans & advances	<u>(70,053)</u>	<u>93,777</u>
28	<b>TAXATION</b>		
	Current	4,696,114	1,798,128
	Prior periods	217,711	-
	Deferred	464	2,003
		<u>4,914,289</u>	<u>1,800,131</u>

**28.1** 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.

**28.2** 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.

## 29 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 amortised 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.

### 29.1 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:

- 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).

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The table below analysis 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:

June 30, 2019 (Un-audited)				
Carrying / Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				-
Federal Government Securities	171,720,370	-	171,720,370	-
				171,720,370
<b>Financial assets disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities (HTM)	14,608,471	-	-	-
				-
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase and sale of foreign exchange contracts	865,225,730	-	26,610,111	-
				26,610,111
Forward sale contracts of government securities	234,125,117	-	-	-
				-

December 31, 2018 (Audited)				
Carrying / Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	175,857,020	-	175,857,020	-
				175,857,020
<b>Financial assets disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities (HTM)	-	-	-	-
				-
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase and sale of foreign exchange contracts	832,150,455	-	15,115,616	-
				15,115,616
Forward sale contracts of government securities	207,373,745	-	-	-
				-

## 29.2 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.

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June 30, 2019 (Un-audited)					
	Corporate Banking	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	935,688	12,530,961	(2,440,287)	-	11,026,362
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	381,679	977,087	228,609	133	1,587,508
Total Income	1,317,367	13,508,048	(2,211,678)	133	12,613,870
Segment direct expenses	30,375	833,643	12,086	1,309	877,413
Inter segment expense allocation	-	-	-	-	-
Total expenses	30,375	833,643	12,086	1,309	877,413
Reversal/(Provisions)	70,053	-	-	-	70,053
Profit before tax	1,357,045	12,674,405	(2,223,764)	(1,176)	11,806,510
<b>Balance Sheet</b>					
Cash & Bank balances	-	31,447,419	5,912,320	-	37,359,739
Investments	-	186,328,841	-	-	186,328,841
Net inter segment lending	-	231,762,439	-	-	231,762,439
Lendings to financial institutions	-	-	-	-	-
Advances - performing	15,778,173	-	-	-	15,778,173
- non-performing	-	-	-	-	-
Others	1,662,389	29,119,763	1,026,934	751,771	32,560,857
<b>Total Assets</b>	17,440,562	478,658,462	6,939,254	751,771	503,790,049
Borrowings	-	384,925,301	-	-	384,925,301
Deposits & other accounts	-	-	49,606,842	-	49,606,842
Net inter segment borrowing	-	-	-	-	-
Others	1,674,240	5,861,562	20,045,980	5,390,191	32,971,973
<b>Total liabilities</b>	1,674,240	390,786,863	69,652,822	5,390,191	467,504,116
Equity	15,766,322	87,871,599	(62,713,568)	(4,638,420)	36,285,933
<b>Total Equity &amp; liabilities</b>	17,440,562	478,658,462	6,939,254	751,771	503,790,049
<b>Contingencies &amp; Commitments</b>	242,267,041	1,099,350,847	-	-	1,341,617,888

June 30, 2018 (Un-audited)					
	Corporate Banking	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	288,741	4,882,812	(1,099,124)	-	4,072,429
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	405,820	-	631,807	-	1,037,627
Total Income	694,561	4,882,812	(467,317)	-	5,110,056
Segment direct expenses	26,045	554,770	2,620	1,102	584,537
Inter segment expense allocation	-	-	-	-	-
Total expenses	26,045	554,770	2,620	1,102	584,537
Provisions	93,777	-	-	-	93,777
Profit before tax	574,739	4,328,042	(469,937)	(1,102)	4,431,742

December 31, 2018 (Audited)					
	Corporate Banking	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
<b>Balance Sheet</b>					
Cash & Bank balances	-	27,429,585	4,244,574	-	31,674,159
Investments	-	175,857,020	-	-	175,857,020
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	207,924,067	-	-	207,924,067
Advances - performing	22,713,422	-	-	-	22,713,422
- non-performing	-	-	-	-	-
Others	3,345,503	16,384,860	627,518	737,015	21,094,896
<b>Total Assets</b>	26,058,925	427,595,532	4,872,092	737,015	459,263,564
Borrowings	-	355,486,464	-	-	355,486,464
Deposits & other accounts	-	-	66,540,142	-	66,540,142
Net inter segment borrowing	-	-	-	-	-
Others	5,515,277	1,269,244	1,392,847	2,801,487	10,978,855
<b>Total liabilities</b>	5,515,277	356,755,708	67,932,989	2,801,487	433,005,461
Equity	20,543,648	70,839,824	(63,060,897)	(2,064,472)	26,258,103
<b>Total Equity &amp; liabilities</b>	26,058,925	427,595,532	4,872,092	737,015	459,263,564
<b>Contingencies &amp; Commitments</b>	230,062,131	1,039,524,200	-	-	1,269,586,331

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# 31 RELATED PARTY TRANSACTIONS

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 period and balances with them as at six months period ended are as follows:

	June 30, 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)							
<b>Balances with other banks</b>								
In deposit accounts	-	1,172,723	4,552,522	-	-	789,726	3,225,985	-
	-	1,172,723	4,552,522	-	-	789,726	3,225,985	-

## Lendings to financial institutions

Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	46,881,832	-	-	-	53,236,924	-
Repaid during the period / year	-	-	(46,881,832)	-	-	-	(53,236,924)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

	June 30, 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	-	-	-	-	-	-	-	-
Forward exchange contract	-	-	428,295	-	-	-	480,815	-

## Borrowings

Opening balance	-	-	355,486,464	-	-	-	298,921,504	-
Borrowings during the period / year	-	-	960,607,377	-	-	71,236,155	3,498,365,876	-
Settled during the period / year	-	-	(931,168,540)	-	-	(71,236,155)	(3,441,800,916)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	384,925,301	-	-	-	355,486,464	-

## Deposits and other accounts

Opening balance	2,325	-	-	-	3,508	-	-	-
Received during the period / year	221,123	-	-	-	294,767	-	-	-
Withdrawn during the period / year	(220,130)	-	-	-	(295,950)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	3,318	-	-	-	2,325	-	-	-

## Other Liabilities

Interest / mark-up payable	42	-	3,771,338	-	53	-	-	-
Payable to staff retirement fund	-	-	-	2,809	-	-	-	2,809
Forward exchange contracts	-	-	144,859	-	-	-	1,038,795	-

## Contingencies and Commitments

Letter of guarantee	-	-	117,751,512	-	-	-	85,893,752	-
Forward exchange contract sale	-	-	31,562,203	-	-	-	44,987,629	-
Forward exchange contract purchase	-	-	31,864,779	-	-	-	44,032,903	-

## RELATED PARTY TRANSACTIONS

	June 30, 2019 (Un-audited)				June 30, 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)							
<b>Income</b>								
Mark-up / return / interest earned	-	8,685	10,227	-	-	3,202	7,515	-
Fee and commission income	-	5,442	192,706	-	-	17,688	107,255	-
<b>Expense</b>								
Mark-up / return / interest paid	27	-	6,029,745	-	42	3,075	3,578,608	-
Compensation expense	231,080	-	-	-	83,387	-	-	-
Contribution to provident fund	-	-	-	2,371	-	-	-	2,868
Contribution to gratuity fund	-	-	-	4,641	-	-	-	3,040

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32 **CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

June 30,                      December 31,  
2019                              2018  
(Un-audited)                      (Audited)  
----- (Rupees in '000) -----

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

	<u><b>24,007,815</b></u>	<u>20,829,285</u>
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**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

	<div style="border: 1px solid black; padding: 2px;"><b>36,283,586</b></div>	<div style="border: 1px solid black; padding: 2px;">26,255,313</div>
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Eligible Additional Tier 1 (ADT 1) Capital

	<div style="border: 1px solid black; padding: 2px;">-</div>	<div style="border: 1px solid black; padding: 2px;">-</div>
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Total Eligible Tier 1 Capital

	<b>36,283,586</b>	26,255,313
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Eligible Tier 2 Capital

	<b>159,375</b>	229,428
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Total Eligible Capital (Tier 1 + Tier 2)

	<b>36,442,961</b>	26,484,741
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Risk Weighted Assets (RWAs):

Credit Risk

	<div style="border: 1px solid black; padding: 2px;"><b>98,730,953</b></div>	<div style="border: 1px solid black; padding: 2px;">101,020,285</div>
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Market Risk

	<b>39,280,488</b>	26,382,340
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Operational Risk

	<b>13,363,678</b>	13,363,679
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Total

	<b>151,375,119</b>	140,766,304
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Common Equity Tier 1 Capital Adequacy Ratio

	<u><b>23.97%</b></u>	<u>18.65%</u>
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Tier 1 Capital Adequacy Ratio

	<u><b>23.97%</b></u>	<u>18.65%</u>
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Total Capital Adequacy Ratio

	<u><b>24.07%</b></u>	<u>18.81%</u>
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**Leverage Ratio (LR):**

Eligible Tier-1 Capital

	<b>36,283,586</b>	26,255,313
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Total Exposure

	<b>746,919,985</b>	690,299,295
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Leverage Ratio

	<u><b>4.86%</b></u>	<u>3.80%</u>
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**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets

	<b>412,788,132</b>	361,385,332
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Total Net Cash Outflow

	<b>144,019,413</b>	176,610,002
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Liquidity Coverage Ratio

	<u><b>287%</b></u>	<u>205%</u>
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**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding

	<b>73,822,345</b>	109,226,928
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Total Required Stable Funding

	<b>65,838,068</b>	67,827,261
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Net Stable Funding Ratio

	<u><b>112%</b></u>	<u>161%</u>
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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

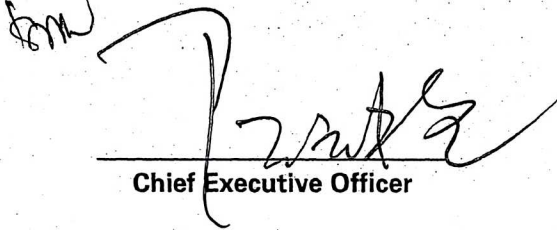
*Signature*

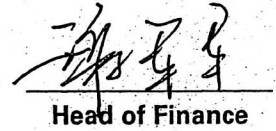
**33 DATE OF AUTHORIZATION FOR ISSUE**

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

**34 GENERAL**

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

  
Chief Executive Officer

  
Head of Finance