



KPMG Taseer Hadi & Co.
Chartered Accountants

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

Condensed Interim Financial Statements

**For the six months period ended
30 June 2020**

Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Statement of Financial Position

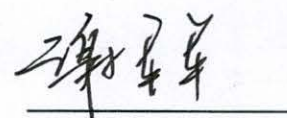
As at June 30, 2020

	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	5	34,893,339	32,354,350
Balances with other banks	6	3,436,233	13,270,408
Lendings to financial institutions	7	156,260,252	214,503,548
Investments	8	345,016,324	211,160,688
Advances	9	26,744,381	29,162,284
Fixed assets	10	594,291	628,978
Intangible assets	11	1,964	3,863
Deferred tax assets	12	-	-
Other assets	13	15,343,402	4,313,952
		582,290,186	505,398,071
LIABILITIES			
Bills payable	15	726,527	4,125,334
Borrowings	16	401,629,415	351,242,058
Deposits and other accounts	17	122,309,170	94,465,934
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	12	687,158	93,908
Other liabilities	18	10,853,817	17,756,365
		536,206,087	467,683,599
NET ASSETS			
		46,084,099	37,714,472
REPRESENTED BY			
Head office capital account		25,207,590	23,227,140
Surplus on revaluation of assets	19	1,228,940	124,975
Unremitted profit		19,647,569	14,362,357
		46,084,099	37,714,472
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

10/06/20


Chief Executive Officer

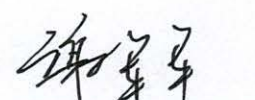

Head of Finance

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, 2020

		Quarter ended		Six months period ended	
Note		April 2020 - June 2020	April 2019 - June 2019	January 2020 - June 2020	January 2019 - June 2019
----- (Rupees in '000) -----					
Mark-up / return / interest earned	21	14,255,804	12,279,945	29,568,804	23,091,181
Mark-up / return / interest expensed	22	7,420,330	8,289,076	21,508,879	12,067,031
Net mark-up / interest income		6,835,474	3,990,869	8,059,925	11,024,150
NON MARK-UP/INTEREST INCOME					
Fee and commission income	23	329,388	304,718	580,217	610,288
Dividend income		-	-	-	-
Foreign exchange income		740,311	902,162	1,142,986	977,087
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	24	1,807	158	2,290	133
Total non-markup / interest income		1,071,506	1,207,038	1,725,493	1,587,508
Total income		7,906,980	5,197,907	9,785,418	12,611,658
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	25	366,038	334,231	706,598	639,071
Workers welfare fund		148,502	96,714	178,561	236,130
Other charges		-	-	-	-
Total non-markup / interest expenses		514,540	430,945	885,159	875,201
Profit before provisions		7,392,440	4,766,962	8,900,259	11,736,457
(Reversals) / Provisions and write offs - net	26	(32,046)	(70,053)	(24,415)	(70,053)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		7,424,486	4,837,015	8,924,674	11,806,510
Taxation	27	3,041,967	1,923,365	3,639,462	4,914,289
PROFIT AFTER TAXATION		4,382,519	2,913,650	5,285,212	6,892,221

The annexed notes 1 to 33 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, 2020

	Quarter Ended		Six months period ended	
	April 2020 - June 2020	April 2019 - June 2019	January 2020 - June 2020	January 2019 - June 2019
	(Rupees in '000)			
Profit after taxation for the period	4,382,519	2,913,650	5,285,212	6,892,221
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	47,179	(34,610)	1,103,965	(42,921)
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>4,429,698</u>	<u>2,879,040</u>	<u>6,389,177</u>	<u>6,849,300</u>

The annexed notes 1 to 33 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 Statement of Changes in Equity (Un-audited)
For the six months period ended June 30, 2020

	Head office capital account	Surplus / (deficit) on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 1, 2019	20,829,285	(57,530)	5,486,348	26,258,103
Total comprehensive income for the half year ended June 30, 2019				
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	-	(42,921)	6,892,221	6,849,300
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	3,178,530	-	-	3,178,530
Balance as at June 30, 2019	24,007,815	(100,451)	12,378,569	36,285,933
Total comprehensive income for the six month period ended December 31, 2019				
Profit after taxation for the six months period ended December 31, 2019	-	-	2,684,701	2,684,701
Other comprehensive income - net of tax	-	225,426	(1,413)	224,013
Total	-	225,426	2,683,288	2,908,714
Transactions with owners, recorded directly in equity				
Transfer from un-remitted profit to head office account	-	-	(699,500)	(699,500)
Exchange adjustments on revaluation of capital	(780,675)	-	-	(780,675)
Balance as at December 31, 2019	23,227,140	124,975	14,362,357	37,714,472
Total comprehensive income for the half year ended June 30, 2020				
Profit after taxation for the six months period ended June 30, 2020	-	-	5,285,212	5,285,212
Other comprehensive income - net of tax	-	1,103,965	-	1,103,965
Total	-	1,103,965	5,285,212	6,389,177
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	1,980,450	-	-	1,980,450
Balance as at June 30, 2020	25,207,590	1,228,940	19,647,569	46,084,099

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

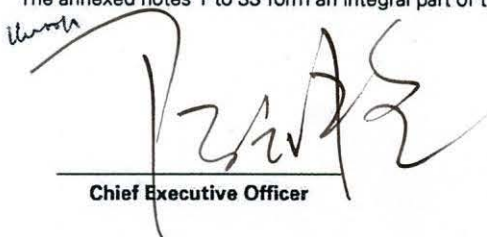
Chief Executive Officer

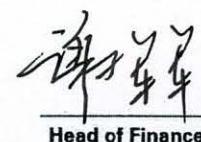
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Cash Flow Statement (Un-audited)
For the six months period ended June 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,924,674	11,806,510
Adjustments:			
Depreciation on fixed assets	25	35,950	29,987
Depreciation on right-of-use of assets	25	8,085	5,787
Amortisation on intangible assets	25	1,899	441
Provision and write-offs	26	(24,415)	(70,053)
Loss / (gain) on disposal of fixed assets		-	25
Finance cost against leases	22	2,812	2,212
Other income		(118)	-
		24,213	(31,601)
		8,948,887	11,774,909
Decrease / (increase) in operating assets			
Lendings to financial institutions		58,243,296	(23,838,372)
Advances		2,442,318	7,005,302
Others assets		(11,029,450)	(11,427,590)
		49,656,164	(28,260,660)
Increase / (decrease) in operating liabilities			
Bills payable		(3,398,807)	18,208,215
Borrowings from financial institutions		50,387,357	29,438,837
Deposits		27,843,236	(16,933,300)
Other liabilities		(8,395,368)	1,238,132
		66,436,418	31,951,884
		125,041,469	15,466,133
Income tax paid		(1,546,716)	(2,423,113)
Net cash flow generated from operating activities		123,494,753	13,043,020
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(132,201,851)	4,093,729
Net investments in held-to-maturity securities		(549,820)	(14,608,471)
Investments in operating fixed assets	10.2	(9,230)	(14,473)
Proceeds from sale of fixed assets		-	40
Net cash flow used in investing activities		(132,760,901)	(10,529,175)
CASH FLOW FROM FINANCING ACTIVITIES			
Exchange adjustments on revaluation of capital		1,980,450	3,178,530
Payments in respect of lease liability		(9,488)	(6,795)
Net cash flow generated from financing activities		1,970,962	3,171,735
(Decrease) / Increase in cash and cash equivalents		(7,295,186)	5,685,580
Cash and cash equivalents at beginning of the period		45,624,758	31,674,159
Cash and cash equivalents at end of the period		38,329,572	37,359,739

The annexed notes 1 to 33 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 six months period ended June 30, 2020

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, 2019: 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 and reporting standards as applicable in Pakistan for interim financial reporting. Approved accounting and reporting 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 IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 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 condensed interim financial statements do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the audited financial statements of the Bank for the year ended December 31, 2019.

2.3 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the year 2020:

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank effective for the annual periods beginning on or after 01 January 2020. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements. 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:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

16/07/20

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS 16 IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.

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- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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 Branches for the year ended December 31, 2019.

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 Branches for the year ended December 31, 2019.

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4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Branches are consistent with those disclosed in the financial statements for the year ended December 31, 2019. These risk management policies continue to remain robust and Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points subsequent to mid March 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis point to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year; and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cyber security threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

4.1 Credit Risk Management

The Risk Management function of the Branches is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Branches has further strengthened its credit review procedures in the light of COVID-19. The Branch is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

IFRS 9 is applicable to the head office of the Branches and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Branches has reviewed the potential impact of the COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in ECL estimates. The Branch is assessing the situation as it develops and is in the process of accounting for the same in its ECL estimates.

4.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Branches. The Asset and Liability Committee (ALCO) of the Branches is continuously monitoring the liquidity position and the Branch is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

The impact of SBPs relief for deferral of principal and rescheduling / restructuring of loans on the maturity profile and liquidity position is mentioned in note 9.4.

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4.3 Operational Risk Management

The Branch is closely monitoring the situation and has invoked required actions to ensure the safety and security of Bank staff and uninterrupted service to customers. The senior management of the Branches is continuously monitoring the situation and is taking timely decisions to resolve any concerns. The Branches has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored and the Branches continue to meet the expectations of its employees and customers.

4.4 Capital Adequacy Ratio (CAR)

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----			
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		192,739	133,120
Foreign currency		40,276	52,829
		233,015	185,949
With State Bank of Pakistan in			
Local currency current account		8,785,660	8,296,299
Foreign currency current account		105,032	96,780
Foreign currency deposit account		25,769,632	23,775,322
		34,660,324	32,168,401
		34,893,339	32,354,350
6 BALANCES WITH OTHER BANKS			
Outside Pakistan			
In current accounts		216,112	1,558,582
In deposit accounts		3,220,121	11,711,826
		3,436,233	13,270,408
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	7.1	156,260,252	214,503,548
Others		-	-
		156,260,252	214,503,548
Less: Provision held against Lending to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		156,260,252	214,503,548

- 7.1** These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 7% to 8% (December 31, 2019: 13.00% to 13.35% per annum) with maturity in August 2020 (December 31, 2019: January 2020).

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8 INVESTMENTS

8.1 Investments by type:

	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	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	318,545,860	-	1,890,677	320,436,537	186,938,452	-	192,269	187,130,721
	318,545,860	-	1,890,677	320,436,537	186,938,452	-	192,269	187,130,721
Held-to-maturity securities								
Federal Government Securities	24,579,787	-	-	24,579,787	24,029,967	-	-	24,029,967
	24,579,787	-	-	24,579,787	24,029,967	-	-	24,029,967
Total Investments	343,125,647	-	1,890,677	345,016,324	210,968,419	-	192,269	211,160,688

8.2 There is no provision for diminution in value of investments as at June 30, 2020.

8.3 The market value of securities classified as held-to-maturity as at June 30, 2020 amounted to Rs. 26,172 million (December 31, 2019: Rs.24,163 million).

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

	Performing		Non Performing		Total	
	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)						
Loans, cash credits, running finances, etc.	25,039,495	27,120,810	-	-	25,039,495	27,120,810
Bills discounted and purchased	1,975,037	2,336,040	-	-	1,975,037	2,336,040
Advances - gross	27,014,532	29,456,850	-	-	27,014,532	29,456,850
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(270,151)	(294,566)	-	-	(270,151)	(294,566)
	(270,151)	(294,566)	-	-	(270,151)	(294,566)
Advances - net of provision	26,744,381	29,162,284	-	-	26,744,381	29,162,284

9.1 Particulars of advances (Gross)

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)		
In local currency	26,406,429	29,182,904
In foreign currency	608,103	273,946
	27,014,532	29,456,850

9.2 No advances have been placed under non-performing status (December 31, 2019: Nil).

9.3 Particulars of provision against advances

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	-	294,566	294,566	-	229,428	229,428
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	-	-	-	-	65,138	65,138
Reversals	-	(24,415)	(24,415)	-	-	-
	-	(24,415)	(24,415)	-	65,138	65,138
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	-	270,151	270,151	-	294,566	294,566

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.

9.4 Advances - Deferred & Restructured/Rescheduled

	No. of borrowers	Amount of Principal Deferred up to One year*	Amount of Restructuring / Rescheduling Allowed
(Rupees in '000)			
Corporate and Commercial	2	700,000	-
Total	2	700,000	-

* The total amount of principal that was deferred by banks / DFIs under the SBP's relief announced on March 26, 2020

Principal Deferred during the Period

	Principal Amount Due (Deferred)
Rupees in '000	
Corporate and Commercial	700,000
Total	700,000

10	FIXED ASSETS	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	
	Property and equipment	553,961	580,681
	Right-of-use asset	40,330	48,297
		594,291	628,978

10.1	Additions to fixed assets	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
		----- (Rupees in '000) -----	

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

Property and equipment

Furniture and fixture	3,397	3,320
Electrical office and computer equipment	5,833	151
Vehicles	-	11,002
Total	9,230	14,473

10.2 Disposal of fixed assets

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

	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
	----- (Rupees in '000) -----	
Furniture and fixture	-	65

11 INTANGIBLE ASSETS

Computer Software	1,964	3,863
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11.1 There were no additions made to intangibles during the period ended June 30, 2020 (June 30, 2019 : nil)

11.2 There were no disposals of intangible assets during the period ended June 30, 2020 (June 30, 2019 : nil)

12	Deferred Tax (Liabilities) / Assets	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	

Deductible Temporary Differences on
- Remeasurement of defined benefit liability

1,181	1,181
1,181	1,181

Taxable Temporary Differences on
- Surplus on revaluation of investments
- Accelerated tax depreciation

(661,737)	(67,294)
(26,602)	(27,795)
(688,339)	(95,089)

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(687,158)	(93,908)
------------------	----------

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
13 OTHER ASSETS		
Income / mark-up accrued in local currency	1,857,712	3,304,271
Income / mark-up accrued in foreign currency	8,120	680
Advances, deposits, advance rent and other prepayments	147,208	136,558
Mark to market gain on forward foreign exchange contracts	11,778,774	397,187
Acceptances	645,476	74,901
Local clearing account	901,156	396,526
Others	4,956	3,829
	<u>15,343,402</u>	<u>4,313,952</u>

14 CONTINGENT ASSETS

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

15 BILLS PAYABLE

In Pakistan	726,527	4,125,334
	<u>726,527</u>	<u>4,125,334</u>

16 BORROWINGS

Unsecured		
Call borrowings	401,629,415	351,242,058
	<u>401,629,415</u>	<u>351,242,058</u>

17 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	10,201,470	24,415,452	34,616,922	21,845,160	22,839,265	44,684,425
Savings deposits	44,982,288	1,178,280	46,160,568	27,675,238	692,590	28,367,828
Term deposits	39,383,949	-	39,383,949	20,296,200	-	20,296,200
	<u>94,567,707</u>	<u>25,593,732</u>	<u>120,161,439</u>	<u>69,816,598</u>	<u>23,531,855</u>	<u>93,348,453</u>
Financial Institutions						
Current deposits	59,719	2,088,012	2,147,731	28,012	1,089,469	1,117,481
	<u>59,719</u>	<u>2,088,012</u>	<u>2,147,731</u>	<u>28,012</u>	<u>1,089,469</u>	<u>1,117,481</u>
	<u>94,627,426</u>	<u>27,681,744</u>	<u>122,309,170</u>	<u>69,844,610</u>	<u>24,621,324</u>	<u>94,465,934</u>

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
18 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,055,652	1,635,705
Mark-up / return / interest payable in foreign currency	1,366,169	1,451,268
Performance bonus payable	1,733,538	1,926,281
Commission received in advance against unfunded exposure	326,014	352,073
Current taxation (provisions less payments)	2,550,976	1,057,829
Acceptances	645,476	74,901
Mark to market loss on forward foreign exchange contracts	317,513	10,349,523
Lease liability against right-of-use assets	42,878	49,554
Payable to defined benefit plan	1,069	1,069
Workers' welfare fund	825,761	647,200
Withholding tax payable	39,285	32,936
Clearing and settlements	937,715	159,983
Others	11,771	18,043
	<u>10,853,817</u>	<u>17,756,365</u>

	Note	June 30, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
19 SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of available for sale securities		1,890,677	192,269
Deferred tax (liability) on revaluation of available for sale securities	8.1	(661,737)	(67,294)
		<u>1,228,940</u>	<u>124,975</u>
20 CONTINGENCIES AND COMMITMENTS			
Guarantees		306,702,730	228,873,652
Commitments		1,049,667,094	1,052,545,726
		<u>1,356,369,824</u>	<u>1,281,419,378</u>
20.1 Guarantees:			
Financial guarantees		563,251	563,251
Performance guarantees		167,408,072	152,410,005
Other guarantees		138,731,407	75,900,396
		306,702,730	228,873,652
20.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		10,835,291	9,601,962
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	882,041,019	826,290,638
Other commitments	20.2.2	156,790,784	216,653,126
		<u>1,049,667,094</u>	<u>1,052,545,726</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		443,980,885	403,704,903
Sale		438,060,134	422,585,735
		<u>882,041,019</u>	<u>826,290,638</u>
20.2.2 Commitment in respect of forward government securities transactions - Sale		<u>156,790,784</u>	<u>216,653,126</u>
20.3 For contingencies relating to taxation, refer note 27.1			
21 MARK-UP / RETURN / INTEREST EARNED		June 30, 2020 (Un-audited) ----- (Rupees in '000) -----	June 30, 2019 (Un-audited)
Loans and advances		1,891,773	935,688
Investments		17,262,971	8,212,469
Lendings to financial institutions		10,387,422	13,927,993
Balances with banks		26,638	15,031
		<u>29,568,804</u>	<u>23,091,181</u>

22 MARK-UP / RETURN / INTEREST EXPENSED

	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
	----- (Rupees in '000) -----	
Deposits	3,346,736	2,455,318
Borrowings	3,667,012	6,030,281
Cost of foreign currency swaps against foreign currency deposits / borrowings	14,492,319	3,579,220
Finance cost	2,812	2,212
	<u>21,508,879</u>	<u>12,067,031</u>

23 FEE & COMMISSION INCOME

Branch banking customer fees	3,245	1,655
Consumer finance related fees	189	141
Investment banking fees	162,141	194,214
Commission on trade	57,658	41,200
Commission on guarantees	299,324	313,521
Commission on undrawn syndicated facility	14	26,958
Commission on remittances including home remittances	44,970	24,462
Others	12,676	8,137
	<u>580,217</u>	<u>610,288</u>

24 OTHER INCOME

Charges recovered	630	40
Liabilities no longer required written back	1,451	93
Scrap sales	209	-
	<u>2,290</u>	<u>133</u>

25 OPERATING EXPENSES

Total compensation expense	544,210	489,592
Property expense		
Rent & taxes	18,783	17,904
Insurance	1,489	3,776
Utilities cost	8,381	9,024
Security (including guards)	9,683	9,407
Repair & maintenance (including janitorial charges)	706	208
Depreciation	14,788	14,707
Depreciation - Right-of-use assets	5,517	3,277
Property management fee	7,953	7,115
	<u>67,300</u>	<u>65,418</u>
Information technology expenses		
Software maintenance	847	300
Hardware maintenance	943	1,173
Depreciation	9,578	3,177
Amortisation	1,899	441
Network charges	25,013	15,558
	<u>38,280</u>	<u>20,649</u>
Other operating expenses		
Legal & professional charges	8,378	6,343
Outsourced services costs	15,500	15,689
Travelling & conveyance	6,021	8,484
NIFT clearing charges	318	216
Entertainment expense	1,033	1,852
Depreciation	11,584	12,103
Depreciation - Right-of-use assets	2,568	2,510
Training & development	1,044	660
Postage & courier charges	1,066	1,220
Communication	668	729
Stationery & printing	1,731	3,679
Marketing, advertisement & publicity	1,292	3,809
Donations	500	-
Commission expense	2,003	2,231
Others	3,102	3,887
	<u>56,808</u>	<u>63,412</u>
	<u>706,598</u>	<u>639,071</u>

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	December 31, 2019 (Audited)				
	Carrying / Notional value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
			(Rupees in '000)		
Financial assets - measured at fair value					
Investments					
Federal Government Securities (AFS)	187,130,721	-	187,130,721	-	187,130,721
Financial assets not measured at fair value					
Investments					
Federal Government Securities (HTM)	24,029,967	-	24,163,275	-	24,163,275
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	826,290,638	-	(9,952,336)	-	(9,952,336)
Forward sale of government securities	216,653,126	-	215,607,672	-	215,607,672

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.

29 Segment Details with respect to Business Activities

	June 30, 2020 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	1,891,773	9,491,062	(3,320,098)	(2,812)	8,059,925
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	356,996	-	1,366,207	2,290	1,725,493
Total Income	2,248,769	9,491,062	(1,953,891)	(522)	9,785,418
Segment direct expenses	44,473	832,601	6,948	1,137	885,159
Inter segment expense allocation	-	-	-	-	-
Total expenses	44,473	832,601	6,948	1,137	885,159
(Reversal) / Provision	(24,415)	-	-	-	(24,415)
Profit before tax	2,228,711	8,658,461	(1,960,839)	(1,659)	8,924,674
Balance Sheet					
Cash & Bank balances	-	34,660,324	3,669,248	-	38,329,572
Investments	-	345,016,324	-	-	345,016,324
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	156,260,252	-	-	156,260,252
Advances - performing	26,744,381	-	-	-	26,744,381
- non-performing	-	-	-	-	-
Others	2,511,308	11,778,774	901,156	748,419	15,939,657
Total Assets	29,255,689	547,715,674	4,570,404	748,419	582,290,186
Borrowings	-	401,629,415	-	-	401,629,415
Deposits & other accounts	-	-	122,309,170	-	122,309,170
Net inter segment borrowing	-	-	-	-	-
Others	971,489	3,730,838	946,212	6,618,963	12,267,502
Total liabilities	971,489	405,360,253	123,255,382	6,618,963	536,206,087
Equity	28,284,200	142,355,421	(118,684,978)	(5,870,544)	46,084,099
Total Equity & liabilities	29,255,689	547,715,674	4,570,404	748,419	582,290,186
Contingencies & Commitments	317,538,021	1,038,831,803	-	-	1,356,369,824

	June 30, 2019 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	935,688	12,530,961	(2,440,287)	(2,212)	11,024,150
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)	(2,079)	12,611,658
Segment direct expenses	30,298	831,541	12,056	1,306	875,201
Inter segment expense allocation	-	-	-	-	-
Total expenses	30,298	831,541	12,056	1,306	875,201
(Reversal) / Provision	70,053	-	-	-	70,053
Profit before tax	1,217,016	12,676,507	(2,223,734)	(3,385)	11,806,510

	December 31, 2019 (Audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Balance Sheet					
Cash & Bank balances	-	32,168,401	13,456,357	-	45,624,758
Investments	-	211,160,688	-	-	211,160,688
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	214,503,548	-	-	214,503,548
Advances - performing	29,162,284	-	-	-	29,162,284
- non-performing	-	-	-	-	-
Others	3,379,852	397,187	396,526	773,228	4,946,793
Total Assets	32,542,136	458,229,824	13,852,883	773,228	505,398,071
Borrowings	-	351,242,058	-	-	351,242,058
Deposits & other accounts	-	-	94,465,934	-	94,465,934
Net inter segment borrowing	-	-	-	-	-
Others	3,513,947	10,349,523	4,285,317	3,826,820	21,975,607
Total liabilities	3,513,947	361,591,581	98,751,251	3,826,820	467,683,599
Equity	29,028,189	96,638,243	(84,898,368)	(3,053,592)	37,714,472
Total Equity & liabilities	32,542,136	458,229,824	13,852,883	773,228	505,398,071
Contingencies & Commitments	238,475,614	1,042,943,764	-	-	1,281,419,378

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30 RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2020 (Un-audited)				December 31, 2019 (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	-	1,419,443	1,800,678	-	-	10,639,332	1,072,494	-
In current accounts	-	-	216,112	-	-	-	1,558,582	-
	-	1,419,443	2,016,790	-	-	10,639,332	2,631,076	-

Lendings to financial institutions

Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	59,100,411	-
Repaid during the period / year	-	-	-	-	-	-	(59,100,411)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

	June 30, 2020 (Un-audited)				December 31, 2019 (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	-	-	24,734	-	-	-	247,952	-

Borrowings

Opening balance	-	30,969,520	320,272,538	-	-	-	355,486,464	-
Borrowings during the period / year	-	75,622,770	997,310,516	-	-	70,455,658	1,790,696,787	-
Settled during the period / year	-	(72,982,170)	(949,563,759)	-	-	(39,486,138)	(1,825,910,713)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	33,610,120	368,019,295	-	-	30,969,520	320,272,538	-

Deposits and other accounts

Opening balance	3,044	-	-	-	2,325	-	-	-
Received during the period / year	55,256	-	-	-	329,045	-	-	-
Withdrawn during the period / year	(55,064)	-	-	-	(328,326)	-	-	-
Transfer in / (out) - net	(13)	-	-	-	-	-	-	-
Closing balance	3,223	-	-	-	3,044	-	-	-

Other Liabilities

Interest / mark-up payable	69	127,476	1,236,692	-	68	154,390	1,294,508	-
Payable to staff retirement fund	-	-	-	1,069	-	-	-	1,069
Forward exchange contracts	-	-	9,679	-	-	-	142,704	-

Contingencies and Commitments

Letter of guarantee	-	-	178,602,760	-	-	-	120,397,915	-
Forward exchange contract sale	-	-	7,452,062	-	-	-	27,141,352	-
Forward exchange contract purchase	-	-	7,483,755	-	-	-	27,272,598	-

RELATED PARTY TRANSACTIONS

	June 30, 2020 (Un-audited)				June 30, 2019 (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	-	22,310	3,646	-	-	8,685	10,227	-
Fee and commission income	-	-	50,186	-	-	5,442	192,706	-
Expense								
Mark-up / return / interest paid	-	345,438	3,249,064	-	27	-	6,029,745	-
Compensation expense	230,158	-	-	-	231,080	-	-	-
Contribution to gratuity fund	-	-	-	4,052	-	-	-	2,371
Contribution to provident fund	-	-	-	1,751	-	-	-	4,641

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31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

June 30, December 31,
2020 2019
(Un-audited) (Audited)
----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

	<u>25,207,590</u>	<u>23,227,140</u>
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

	<u>44,853,195</u>	<u>37,585,634</u>
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Eligible Additional Tier 1 (ADT 1) Capital

	<u>-</u>	<u>-</u>
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Total Eligible Tier 1 Capital

	<u>44,853,195</u>	<u>37,585,634</u>
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Eligible Tier 2 Capital

	<u>1,499,091</u>	<u>419,541</u>
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Total Eligible Capital (Tier 1 + Tier 2)

	<u>46,352,286</u>	<u>38,005,175</u>
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Risk Weighted Assets (RWAs):

Credit Risk

	<u>99,954,120</u>	<u>91,137,044</u>
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Market Risk

	<u>35,798,291</u>	<u>31,328,831</u>
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Operational Risk

	<u>22,845,375</u>	<u>22,848,036</u>
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Total

	<u>158,597,786</u>	<u>145,313,911</u>
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Common Equity Tier 1 Capital Adequacy Ratio

	<u>28.28%</u>	<u>25.87%</u>
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Tier 1 Capital Adequacy Ratio

	<u>28.28%</u>	<u>25.87%</u>
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Total Capital Adequacy Ratio

	<u>29.23%</u>	<u>26.15%</u>
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Leverage Ratio (LR):

Eligible Tier-1 Capital

	<u>44,853,195</u>	<u>37,585,634</u>
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Total Exposure

	<u>850,512,502</u>	<u>747,882,932</u>
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Leverage Ratio

	<u>5.27%</u>	<u>5.03%</u>
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Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

	<u>446,594,361</u>	<u>419,193,876</u>
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Total Net Cash Outflow

	<u>195,310,528</u>	<u>181,988,567</u>
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Liquidity Coverage Ratio

	<u>229%</u>	<u>230%</u>
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Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

	<u>137,830,452</u>	<u>108,925,646</u>
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Total Required Stable Funding

	<u>82,919,389</u>	<u>84,559,674</u>
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Net Stable Funding Ratio

	<u>166%</u>	<u>129%</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

شماره

32 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 29 AUG, 2020 by the 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.

Chief Executive Officer

Head of Finance