

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

Condensed Interim Financial  
Statements for the Half Year Ended  
June 30, 2021

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

### **Report on review of condensed interim financial statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Industrial and Commercial Bank of China – Pakistan Branches (the Branches) as at June 30, 2021 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Other Matter**

The figures for the quarters ended June 30, 2021 and June 30, 2020 in the condensed interim profit and loss account and condensed interim statement of comprehensive income and figures for half year ended December 31, 2020 in condensed interim statement of changes in equity have not been subject to review and therefore, we do not express a conclusion on them.

The financial statements of the Branches for the year ended December 31, 2020 and half year ended June 30, 2020 were audited and reviewed by KPMG Taseer Hadi & Co, Chartered Accountants, who had expressed an unmodified opinion / conclusion on those statements vide their reports dated March 29, 2021 and August 29, 2020 respectively.

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



**Yousuf Adil**  
Chartered Accountants

**Place:** Karachi  
**Date:** August 30, 2021

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	32,530,667	31,226,025
Balances with other banks	8	7,561,487	2,497,170
Lendings to financial institutions	9	60,545,689	187,430,652
Investments	10	384,519,739	252,704,902
Advances	11	36,215,386	33,423,105
Fixed assets	12	649,767	704,761
Intangible assets	13	9,778	2,459
Deferred tax assets - net	14	164,822	300,496
Other assets	15	10,938,482	6,815,787
		<b>533,135,817</b>	<b>515,105,357</b>
<b>LIABILITIES</b>			
Bills payable	16	1,499,112	2,425,126
Borrowings	17	340,294,392	325,902,342
Deposits and other accounts	18	123,398,238	119,301,294
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	18,369,783	19,162,748
		<b>483,561,525</b>	<b>466,791,510</b>
<b>NET ASSETS</b>			
		<b>49,574,292</b>	<b>48,313,847</b>
<b>REPRESENTED BY</b>			
Head office capital account		23,631,555	23,975,160
Deficit on revaluation of assets - net of tax	20	(347,896)	(603,210)
Unremitted profit		26,290,633	24,941,897
		<b>49,574,292</b>	<b>48,313,847</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Executive Officer (Acting)

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Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2021

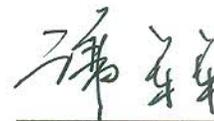
		Quarter ended		Half Year ended	
		April 2021 - June 2021	April 2020 - June 2020	January 2021 - June 2021	January 2020 - June 2020
Note ----- (Rupees in '000) -----					
Mark-up / return / interest earned	22	8,911,049	14,255,804	17,560,815	29,568,804
Mark-up / return / interest expensed	23	8,645,151	7,420,330	15,959,293	21,508,879
Net mark-up / interest income		265,898	6,835,474	1,601,522	8,059,925
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	24	305,335	329,388	743,257	580,217
Foreign exchange income		410,766	740,311	718,885	1,142,986
Loss on securities	25	-	-	(115)	-
Other income	26	974	1,807	2,672	2,290
Total non-markup / interest income		717,075	1,071,506	1,464,699	1,725,493
Total income		982,973	7,906,980	3,066,221	9,785,418
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	390,583	366,038	743,189	706,598
Workers welfare fund		11,575	148,502	45,313	178,561
Other charges	28	1,312	-	1,312	-
Total non-markup / interest expenses		403,470	514,540	789,814	885,159
Profit before provisions		579,503	7,392,440	2,276,407	8,900,259
Provisions / (Reversals) and write offs - net	29	9,449	(32,046)	28,202	(24,415)
<b>PROFIT BEFORE TAXATION</b>		570,054	7,424,486	2,248,205	8,924,674
Taxation	30	236,206	3,041,967	899,469	3,639,462
<b>PROFIT AFTER TAXATION</b>		333,848	4,382,519	1,348,736	5,285,212

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Executive Officer (Acting)



Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2021

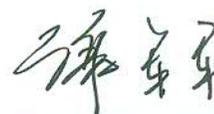
	Quarter ended		Half Year ended	
	April 2021 - June 2021	April 2020 - June 2020	January 2021 - June 2021	January 2020 - June 2020
----- (Rupees in '000) -----				
Profit after taxation for the period	333,848	4,382,519	1,348,736	5,285,212
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>				
Movement in surplus on revaluation of investments - net of tax	494,480	47,179	255,314	1,103,965
<b>Total comprehensive income</b>	<b>828,328</b>	<b>4,429,698</b>	<b>1,604,050</b>	<b>6,389,177</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Executive Officer (Acting)



Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Head office capital account	Surplus / (deficit) on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 01, 2020	23,227,140	124,975	14,933,238	38,285,353
Profit after taxation for the half year ended June 30, 2020	-	-	5,285,212	5,285,212
Other comprehensive income - net of tax	-	1,103,965	-	1,103,965
	-	1,103,965	5,285,212	6,389,177
<b>Transactions with owners, recorded directly in equity</b>				
Translation gain on revaluation of capital	1,980,450	-	-	1,980,450
Balance as at June 30, 2020	25,207,590	1,228,940	20,218,450	46,654,980
Profit after taxation for the half year ended December 31, 2020	-	-	4,722,693	4,722,693
Other comprehensive (loss) / income - net of tax	-	(1,832,150)	754	(1,831,396)
	-	(1,832,150)	4,723,447	2,891,297
<b>Transactions with owners, recorded directly in equity</b>				
Translation loss on revaluation of capital	(1,232,430)	-	-	(1,232,430)
Balance as at December 31, 2020	23,975,160	(603,210)	24,941,897	48,313,847
<b>Total comprehensive income for the half year ended June 30, 2021</b>				
Profit after taxation for the half year ended June 30, 2021	-	-	1,348,736	1,348,736
Other comprehensive income - net of tax	-	255,314	-	255,314
	-	255,314	1,348,736	1,604,050
<b>Transactions with owners, recorded directly in equity</b>				
Translation loss on revaluation of capital	(343,605)	-	-	(343,605)
Balance as at June 30, 2021	23,631,555	(347,896)	26,290,633	49,574,292

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Executive Officer (Acting)

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Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ------(Rupees in '000)-----	June 30, 2020 ------(Rupees in '000)-----
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,248,205	8,924,674
<b>Adjustments</b>			
Depreciation	27	64,228	44,035
Amortisation	27	1,614	1,899
Provision / (reversal) and write-offs - net	29	28,202	(24,415)
Gain on disposal of fixed assets	26	(165)	-
Finance cost against lease liability	23	3,971	2,812
Other income		-	(118)
		97,850	24,213
		2,346,055	8,948,887
Decrease / (increase) in operating assets			
Lendings to financial institutions		126,884,963	58,243,296
Advances		(2,820,483)	2,442,318
Others assets		(4,122,695)	(11,029,450)
		119,941,785	49,656,164
Increase / (decrease) in operating liabilities			
Bills payable		(926,014)	(3,398,807)
Borrowings from financial institutions		14,392,050	50,387,357
Deposits		4,096,944	27,843,236
Other liabilities		(714,658)	(8,395,368)
		16,848,322	66,436,418
		139,136,162	125,041,469
Income tax paid		(973,314)	(1,546,716)
<b>Net cash flow generated from operating activities</b>		<b>138,162,848</b>	<b>123,494,753</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(130,792,641)	(132,201,851)
Net investments in held to maturity securities		(629,405)	(549,820)
Investments in fixed assets	12.1	(9,234)	(9,230)
Investment in intangible assets	13.1	(8,933)	-
Proceeds from disposal of fixed assets		165	-
<b>Net cash flow used in investing activities</b>		<b>(131,440,048)</b>	<b>(132,760,901)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Translation (loss) / gain on revaluation of capital		(343,605)	1,980,450
Lease rental payments		(10,236)	(9,488)
<b>Net cash flow (used) / generated from financing activities</b>		<b>(353,841)</b>	<b>1,970,962</b>
<b>Increase / (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		33,723,195	45,624,758
Cash and cash equivalents at end of the period	31	40,092,154	38,329,572

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Executive Officer (Acting)

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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, 2021**

**1 STATUS AND NATURE OF BUSINESS**

Industrial and Commercial Bank of China Limited – Pakistan Branches (the Bank or the Branches) operates as branches of Industrial and Commercial Bank of China Limited (Head office), which is a foreign banking company incorporated in People's Republic of China.

The Bank is engaged in banking business as permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 16th Floor, Ocean Tower, Block 9, Clifton, Karachi. The Bank presently operates through 3 branches (December 31, 2020: 3 branches) in Pakistan.

Moody's Investor Services Inc. has assigned a long term credit rating of A1 and a short term credit rating of P-1 to the head office of the Branches as at November 24, 2020 (June 26, 2018: A2 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 Accounting Standard (IAS) 34, Interim Financial Reporting, 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; and
- Directives issued by the State Bank of Pakistan (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 March 22, 2019 and the requirements of the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and do not include all of the information and disclosures required for annual financial statements. Accordingly these interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended December 31, 2020.

**3 Application of new and revised International Financial Reporting Standards (IFRSs)**

**3.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2021. These are either considered to be not relevant or do not have any significant impact on these unconsolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. Meanwhile, banks are required to submit IFRS 9 compatible pro forma financial statements for the year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements. Currently, the Bank is in the process of assessing the impact of application of IFRS 9 on the Bank's financial statements on the basis of draft guidelines issued by the State Bank of Pakistan.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

#### 4 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, 2020.

#### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2020.

#### 6 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, 2020. 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.

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- (Rupees in '000) -----	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	220,518	124,190
Foreign currency	98,969	161,990
	<b>319,487</b>	286,180
With State Bank of Pakistan in		
Local currency current account	7,967,754	6,249,861
Foreign currency current account	114,219	115,880
Foreign currency deposit account	24,129,207	24,574,104
	<b>32,211,180</b>	30,939,845
	<b>32,530,667</b>	31,226,025
<b>8 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	1	1
Outside Pakistan		
In current accounts	612,251	472,024
In deposit accounts	6,949,235	2,025,145
	<b>7,561,486</b>	2,497,169
	<b>7,561,487</b>	2,497,170
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)	9.1	<b>60,545,689</b>
		<b>187,430,652</b>

9.1 These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 6.50% to 7.50% per annum (2020: 6.00% to 7.02% per annum) with maturity in July 2021 (December 31, 2020 : January 2021).

10 INVESTMENTS

10.1 Investments by type:

	June 30, 2021 (Un-audited)			December 31, 2020 (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	359,245,833	-	(535,224)	358,710,609	228,453,192	-	(928,015)	227,525,177
<b>Held to maturity securities</b>								
Federal Government Securities	25,809,130	-	-	25,809,130	25,179,725	-	-	25,179,725
<b>Total Investments</b>	<b>385,054,963</b>	<b>-</b>	<b>(535,224)</b>	<b>384,519,739</b>	<b>253,632,917</b>	<b>-</b>	<b>(928,015)</b>	<b>252,704,902</b>

10.2 There is no provision for diminution in value of investments as at June 30, 2021.

10.3 The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 26,044 million (December 31, 2020: Rs.26,076 million).

10.4 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.

11 ADVANCES

	Performing		Non Performing		Total	
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	34,595,921	32,523,937	-	-	34,595,921	32,523,937
Bills discounted and purchased	1,985,274	1,236,775	-	-	1,985,274	1,236,775
Advances - gross	36,581,195	33,760,712	-	-	36,581,195	33,760,712
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(365,809)	(337,607)	-	-	(365,809)	(337,607)
	(365,809)	(337,607)	-	-	(365,809)	(337,607)
Advances - net of provision	36,215,386	33,423,105	-	-	36,215,386	33,423,105

11.1 Particulars of advances (Gross)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
----- (Rupees in '000) -----		
In local currency	36,581,195	33,760,712
In foreign currency	-	-
	<b>36,581,195</b>	<b>33,760,712</b>

11.2 No advances have been placed under non-performing status (December 31, 2020: Nil).

11.3 Particulars of provision against advances

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	-	337,607	337,607	-	294,566	294,566
Charge for the period / year	-	28,202	28,202	-	43,041	43,041
Closing balance	-	365,809	365,809	-	337,607	337,607

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

	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited)
<b>12 FIXED ASSETS</b>		
Property and equipment	507,306	531,517
Right-of-use asset	142,461	173,244
	<u>649,767</u>	<u>704,761</u>
	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2020 (Un-audited)
<b>12.1 Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:		
<b>Property and equipment</b>		
Furniture and fixture	6,676	3,397
Electrical office and computer equipment	2,558	5,833
Total	<u>9,234</u>	<u>9,230</u>
<b>12.2 Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is Nil (2020: Nil)		
	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited)
<b>13 INTANGIBLE ASSETS</b>		
Computer Software	<u>9,778</u>	<u>2,459</u>
	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2020 (Un-audited)
<b>13.1 Additions to intangible assets</b>		
The following addition has been made to intangible assets during the period:		
Directly purchased	<u>8,933</u>	<u>-</u>
<b>13.2</b>	There were no disposals of intangible assets during the period ended June 30, 2021 (June 30, 2020 : Nil)	
	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited)
<b>14 DEFERRED TAX ASSETS / (LIABILITIES)</b>		
Deductible temporary differences on		
- Deficit on revaluation of investments	187,328	324,805
- Post retirement employee benefit plan	775	775
	<u>188,103</u>	<u>325,580</u>
Taxable temporary differences on		
- Accelerated tax depreciation	(23,281)	(25,084)
	<u>164,822</u>	<u>300,496</u>

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)				
	----- (Rupees in '000) -----					
<b>15 OTHER ASSETS</b>						
Income / mark-up accrued in local currency	4,955,599	5,042,580				
Advances, deposits, advance rent and other prepayments	274,165	93,602				
Mark to market gain on forward foreign exchange contracts	3,256,638	1,087,604				
Acceptances	1,440,557	585,969				
Local clearing account	1,004,045	59				
Receivable from defined benefit plan	2,503	2,503				
Others	4,975	3,470				
	<u>10,938,482</u>	<u>6,815,787</u>				
<b>16 BILLS PAYABLE</b>						
In Pakistan	1,499,112	2,425,126				
Outside Pakistan	-	-				
	<u>1,499,112</u>	<u>2,425,126</u>				
<b>17 BORROWINGS</b>						
<b>Unsecured</b>						
Call borrowings	<u>340,294,392</u>	<u>325,902,342</u>				
<b>18 DEPOSITS AND OTHER ACCOUNTS</b>						
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)				
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	6,910,220	17,316,756	24,226,976	7,527,820	25,852,528	33,380,348
Savings deposits	73,852,152	1,283,531	75,135,683	50,680,333	4,332,027	55,012,360
Term deposits	20,882,983	-	20,882,983	29,685,683	-	29,685,683
	<u>101,645,355</u>	<u>18,600,287</u>	<u>120,245,642</u>	<u>87,893,836</u>	<u>30,184,555</u>	<u>118,078,391</u>
<b>Financial Institutions</b>						
Current deposits	71,086	3,076,360	3,147,446	34,046	1,185,535	1,219,581
Savings deposits	5,150	-	5,150	3,322	-	3,322
	<u>76,236</u>	<u>3,076,360</u>	<u>3,152,596</u>	<u>37,368</u>	<u>1,185,535</u>	<u>1,222,903</u>
	<u>101,721,591</u>	<u>21,676,647</u>	<u>123,398,238</u>	<u>87,931,204</u>	<u>31,370,090</u>	<u>119,301,294</u>
				June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	
				----- (Rupees in '000) -----		
<b>19 OTHER LIABILITIES</b>						
Mark-up / return / interest payable in local currency	1,645,878	1,782,994				
Mark-up / return / interest payable in foreign currency	707,943	813,618				
Performance bonus payable	318,451	600,000				
Commission received in advance against unfunded exposure	260,340	266,301				
Current taxation (provisions less payments)	1,342,353	1,419,683				
Acceptances	1,440,557	585,969				
Mark to market loss on forward foreign exchange contracts	10,268,054	11,744,236				
Lease liability against right-of-use assets	80,677	86,941				
Workers' welfare fund payable	1,047,624	1,002,311				
Withholding tax payable	12,545	7,258				
Clearing and settlement account	1,218,602	819,546				
Others	26,759	33,891				
	<u>18,369,783</u>	<u>19,162,748</u>				

		June 30, 2021	December 31, 2020
		(Un-audited)	(Audited)
	Note	----- (Rupees in '000) -----	-----
<b>20</b>	<b>DEFICIT ON REVALUATION OF ASSETS - NET OF TAX</b>		
	Deficit on revaluation of available for sale securities	10.1 (535,224)	(928,015)
	Deferred tax on deficit on revaluation of available for sale securities	187,328	324,805
		<u>(347,896)</u>	<u>(603,210)</u>
<b>21</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	Guarantees	336,388,819	300,843,002
	Commitments	908,131,741	1,001,196,413
		<u>1,244,520,560</u>	<u>1,302,039,415</u>
<b>21.1</b>	<b>Guarantees</b>		
	Financial guarantees	563,251	563,251
	Performance guarantees	164,247,574	161,788,210
	Other guarantees	171,577,994	138,491,541
		<u>336,388,819</u>	<u>300,843,002</u>
<b>21.2</b>	<b>Commitments</b>		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit	15,520,937	19,389,007
	Commitments in respect of:		
	- Forward foreign exchange contracts	21.2.1 831,931,536	794,023,239
	- Forward government securities transactions	21.2.2 60,679,268	187,784,167
		<u>908,131,741</u>	<u>1,001,196,413</u>
<b>21.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	408,748,933	387,483,841
	Sale	423,182,603	406,539,398
		<u>831,931,536</u>	<u>794,023,239</u>
<b>21.2.2</b>	<b>Commitment in respect of forward government securities transactions - Sale</b>	<u>60,679,268</u>	<u>187,784,167</u>
<b>21.3</b>	For contingencies related to taxation, refer note 30.1		
<b>22</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	On:		
	Loans and advances	1,363,934	1,891,773
	Investments	13,252,939	17,262,971
	Lendings to financial institutions	2,935,062	10,387,422
	Balances with other banks	8,880	26,638
		<u>17,560,815</u>	<u>29,568,804</u>

June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
----- (Rupees in '000) -----	

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

Deposits	2,745,292	3,346,736
Borrowings	1,034,581	3,667,012
Cost of foreign currency swaps against foreign currency deposits / borrowings	12,175,449	14,492,319
Finance cost against lease liability	3,971	2,812
	<u>15,959,293</u>	<u>21,508,879</u>

**24 FEE AND COMMISSION INCOME**

Branch banking customer fees	4,417	3,245
Card related fees (debit cards)	36	189
Investment banking fees	262,547	172,338
Commission on trade	87,677	57,658
Commission on guarantees	325,550	299,324
Commission on remittances including home remittances	59,315	44,970
Others	3,715	2,493
	<u>743,257</u>	<u>580,217</u>

**25 LOSS ON SECURITIES - NET**

Realised	<u>(115)</u>	<u>-</u>
<b>Loss on securities - realised</b>		
On:		
Federal Government securities		
- Market Treasury Bills	<u>(115)</u>	<u>-</u>

**26 OTHER INCOME**

Charges recovered	2,507	630
Liabilities no longer required written back	-	1,451
Gain on disposal of fixed assets	165	-
Scrap sales	-	209
	<u>2,672</u>	<u>2,290</u>

	June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
	----- (Rupees in '000) -----	
<b>27 OPERATING EXPENSES</b>		
Total compensation expense	586,907	544,210
<b>Property expense</b>		
Rent and taxes	3,016	18,783
Insurance	1,080	1,489
Utilities cost	10,254	8,381
Security (including guards)	10,568	9,683
Repair and maintenance (including janitorial charges)	1,380	706
Depreciation	14,707	14,788
Depreciation - Right-of-use assets	28,041	5,517
Property management fee	8,662	7,953
	<b>77,708</b>	<b>67,300</b>
<b>Information technology expenses</b>		
Software maintenance	3,165	847
Hardware maintenance	873	943
Depreciation	8,183	9,578
Amortisation	1,614	1,899
Network charges	927	25,013
	<b>14,762</b>	<b>38,280</b>
<b>Other operating expenses</b>		
Legal and professional charges	751	8,378
Outsourced services costs	16,076	15,500
Travelling and conveyance	3,355	6,021
NIFT clearing charges	425	318
Entertainment expense	393	1,033
Depreciation	10,555	11,584
Depreciation on right-of-use assets	2,742	2,568
Training and development	833	1,044
Postage and courier charges	922	1,066
Communication	18,170	668
Stationery and printing	2,098	1,731
Marketing, advertisement and publicity	2,538	1,292
Donations	-	500
Commission expense	1,471	2,003
Others	3,483	3,102
	<b>63,812</b>	<b>56,808</b>
	<b>743,189</b>	<b>706,598</b>
<b>28 OTHER CHARGES</b>		
Penalty imposed by the State Bank of Pakistan	1,312	-
<b>29 PROVISIONS / (REVERSAL) AND WRITE OFFS - NET</b>		
Provisions / (reversal) against loans and advances	11.3 28,202	(24,415)

	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2020 (Un-audited) ----- (Rupees in '000) -----
<b>30 TAXATION</b>		
Current	901,271	3,640,655
Deferred	(1,802)	(1,193)
	<u>899,469</u>	<u>3,639,462</u>

30.1 The returns of income tax have been filed up to and including tax year 2020. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001. The return for the year 2020 (tax year 2021) is due for filing by September 30,2021.

30.2 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 favor of the Branches, therefore, no provision is recognised in these condensed interim financial statements.

	June 30, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2020 (Un-audited) ----- (Rupees in '000) -----
<b>31 CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	32,530,667	34,893,339
Balances with other banks	7,561,487	3,436,233
	<u>40,092,154</u>	<u>38,329,572</u>

## 32 FAIR VALUE MEASUREMENTS

### 32.1 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).

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.

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

June 30, 2021 (Un-audited)					
	Carrying 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	358,710,609	-	358,710,609	-	358,710,609
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
Federal Government Securities	25,809,130	-	26,171,839	-	26,171,839
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange					
	831,931,536	-	(7,011,416)	-	(7,011,416)

December 31, 2020 (Audited)					
	Carrying 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	227,525,177	-	227,525,177	-	227,525,177
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
Federal Government Securities	25,179,725	-	26,075,782	-	26,075,782
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange					
	794,023,239	-	(10,656,632)	-	(10,656,632)

There were no transfers between the levels during the period

### 32.2 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.

	June 30, 2021 (Un-audited)				Total
	Corporate finance	Treasury	Branch Banking	Others	
	(Rupees in '000)				
<b>Profit and loss</b>					
Net mark-up / interest income / (expense)	1,363,934	2,977,971	(2,736,412)	(3,971)	1,601,522
Inter segment revenue - net	-	-	-	-	-
Non mark-up / interest income / (expense)	413,227	(115)	1,048,915	2,672	1,464,699
Total income / (loss)	1,777,161	2,977,856	(1,687,497)	(1,299)	3,066,221
Segment direct expenses	56,500	728,409	1,957	2,949	789,815
Inter segment expense allocation	-	-	-	-	-
Total expenses	56,500	728,409	1,957	2,949	789,815
Provision	28,202	-	-	-	28,202
Profit before tax	1,692,459	2,249,447	(1,689,454)	(4,248)	2,248,204
<b>Balance Sheet</b>					
Cash and bank balances	-	39,772,667	319,487	-	40,092,154
Investments	-	384,519,739	-	-	384,519,739
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	60,545,689	-	-	60,545,689
Advances - performing	36,215,386	-	-	-	36,215,386
Others	1,986,372	7,666,422	1,004,045	1,106,010	11,762,849
Total Assets	38,201,758	492,504,517	1,323,532	1,106,010	533,135,817
Borrowings	-	340,294,392	-	-	340,294,392
Deposits and other accounts	-	-	123,398,238	-	123,398,238
Net inter segment borrowing	-	-	-	-	-
Others	1,700,897	12,615,272	1,225,205	4,327,521	19,868,895
Total liabilities	1,700,897	352,909,664	124,623,443	4,327,521	483,561,525
Equity	36,500,861	139,594,853	(123,299,911)	(3,221,511)	49,574,292
Total equity and liabilities	38,201,758	492,504,517	1,323,532	1,106,010	533,135,817
Contingencies and commitments	351,909,756	892,610,804	-	-	1,244,520,560

June 30, 2020 (Un-audited)

	Corporate finance	Treasury	Branch Banking (Rupees in '000)	Others	Total
<b>Profit &amp; loss</b>					
Net mark-up / interest income / (expense)	1,891,773	9,491,062	(3,320,098)	(2,812)	8,059,925
Inter segment revenue - net	-	-	-	-	-
Non mark-up / interest income	356,996	-	1,366,207	2,290	1,725,493
Total income / (loss)	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 of provision	(24,415)	-	-	-	(24,415)
Profit before tax	2,228,711	8,658,461	(1,960,839)	(1,659)	8,924,674

December 31, 2020 (Audited)

	Corporate finance	Treasury	Branch Banking (Rupees in '000)	Others	Total
<b>Balance Sheet</b>					
Cash and bank balances	-	33,437,015	286,180	-	33,723,195
Investments	-	252,704,902	-	-	252,704,902
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	187,430,652	-	-	187,430,652
Advances - performing	33,423,105	-	-	-	33,423,105
Others	1,058,060	5,658,093	59	1,107,291	7,823,503
<b>Total Assets</b>	34,481,165	479,230,662	286,239	1,107,291	515,105,357
Borrowings	-	325,902,342	-	-	325,902,342
Deposits and other accounts	-	-	119,301,294	-	119,301,294
Net inter segment borrowing	-	-	-	-	-
Others	852,270	12,555,790	5,029,730	3,150,084	21,587,874
<b>Total liabilities</b>	852,270	338,458,132	124,331,024	3,150,084	466,791,510
Equity	33,628,895	140,772,530	(124,044,785)	(2,042,793)	48,313,847
<b>Total Equity and liabilities</b>	34,481,165	479,230,662	286,239	1,107,291	515,105,357
<b>Contingencies and Commitments</b>	320,232,009	981,807,406	-	-	1,302,039,415

### 34 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its Head Office, other overseas IBC branches, employee benefit plans and Key management personnel.

The Bank 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 period end are as follows:

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Key management personnel	Head office	Overseas branches	Other related parties	Key management personnel	Head office	Overseas branches	Other related parties
<b>Balances with other banks</b>								
In deposit accounts	-	3,582,990	3,366,245	-	-	1,924,326	100,820	-
In current accounts	-	-	612,251	-	-	-	472,024	-
	-	3,582,990	3,978,496	-	-	1,924,326	572,844	-
<b>Advances</b>								
Opening balance	768	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	885	-	-	-
Repaid during the period / year	(142)	-	-	-	(117)	-	-	-
Closing balance	626	-	-	-	768	-	-	-
<b>Other Assets</b>								
Receivable from defined benefit plan	-	-	-	2,503	-	-	-	2,503
Forward exchange contract	-	-	1,138,998	-	-	-	1,037,547	-
Closing balance	-	-	1,138,998	2,503	-	-	1,037,547	2,503
<b>Borrowings</b>								
Opening balance	-	-	325,902,341	-	-	30,969,520	320,272,538	-
Borrowings during the period	-	452,150,419	486,639,656	-	-	71,925,480	1,626,699,135	-
Settled during the period	-	(263,097,979)	(661,300,045)	-	-	(102,895,000)	(1,621,069,332)	-
Closing balance	-	189,052,440	151,241,952	-	-	-	325,902,341	-

(Rupees in '000)

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)			
	Key management personnel	Overseas branches	Other related parties	Key management personnel	Head office	Overseas branches	Other related parties
----- (Rupees in '000) -----							
<b>Deposits and other accounts</b>							
Opening balance	4,737	-	-	3,044	-	-	-
Received during the period	209,633	-	-	327,872	-	-	-
Withdrawn during the period	(209,773)	-	-	(326,179)	-	-	-
Closing balance	4,597	-	-	4,737	-	-	-
<b>Other Liabilities</b>							
Mark-up / return / interest payable	79	54,444	651,539	45	-	811,554	-
Forward exchange contracts	-	-	53,582	-	-	-	-
Commission received in advance against unfunded exposure	-	107,462	769	-	95,107	1,612	-
Closing balance	79	161,906	705,890	45	95,107	813,166	-

#### Contingencies and Commitments

Guarantees	-	184,052,062	674	-	175,872,291	73,775	-
Forward exchange contract sale	-	-	23,898,028	-	-	14,054,215	-
Forward exchange contract purchase	-	-	25,182,864	-	-	15,271,637	-

#### RELATED PARTY TRANSACTIONS

	June 30, 2021 (Un-audited)			June 30, 2020 (Un-audited)			
	Key management personnel	Overseas branches	Other related parties	Key management personnel	Head office	Overseas branches	Other related parties
----- (Rupees in '000) -----							
<b>Income</b>							
Mark-up / return / interest earned	112	4,643	4,237	-	22,310	3,646	-
Fee and commission income	-	199,380	6,557	-	-	50,186	-
<b>Expense</b>							
Mark-up / return / interest expensed	-	99,400	931,265	-	345,438	3,249,064	-
Compensation expense	227,342	-	-	230,158	-	-	-
Contribution to Gratuity fund	-	-	4,199	-	-	-	4,052
Contribution to Provident fund	-	-	2,014	-	-	-	1,751

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

June 30,            December 31,  
2021                2020  
(Un-audited)      (Audited)  
----- (Rupees in '000) -----

**Minimum Capital Requirement**

Paid-up capital (net of losses)	23,631,555	23,975,160
---------------------------------	------------	------------

**Capital Adequacy Ratio**

Eligible Common Equity Tier 1 (CET 1) Capital	49,571,536	48,311,388
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	49,571,536	48,311,388
Eligible Tier 2 Capital	365,809	337,607
Total Eligible Capital (Tier 1 + Tier 2)	49,937,345	48,648,995

**Risk Weighted Assets**

Credit Risk	118,152,068	101,088,255
Market Risk	26,237,640	32,365,182
Operational Risk	30,145,591	30,145,591
Total	174,535,299	163,599,028

Common Equity Tier 1 Capital Adequacy Ratio	28.40%	29.53%
Tier 1 Capital Adequacy Ratio	28.40%	29.53%
Total Capital Adequacy Ratio	28.61%	29.74%

With effect from December 31, 2019 an additional Capital Conversation Buffer of 2.50% was required to be maintained over and above the minimum required level. However, from March 26, 2020 Capital Conservation Buffer requirement has been reduced from its existing level of 2.50% to 1.50% to reduce the effects of COVID-19.

As at June 30, 2021 the SBP requires to maintain Capital Adequacy Ratio at or above the required minimum level of 11.5% and maintain Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5% respectively.

June 30,            December 31,  
2021                2020  
(Un-audited)      (Audited)  
----- (Rupees in '000) -----

**Leverage Ratio**

Eligible Tier-1 Capital	49,571,536	48,311,388
Total Exposure	850,582,203	909,524,168
Leverage Ratio	5.83%	5.31%
Minimum Requirement (%)	3.00%	3.00%

**Liquidity Coverage Ratio**

Total High Quality Liquid Assets	417,266,588	454,299,448
Total Net Cash Outflow	204,074,071	180,436,844
Liquidity Coverage Ratio	204.47%	251.78%
Minimum Requirement (%)	100.00%	100.00%

**Net Stable Funding Ratio**

Total Available Stable Funding	152,651,169	185,376,723
Total Required Stable Funding	82,210,899	86,485,584
Net Stable Funding Ratio	185.68%	214.34%
Minimum Requirement (%)	100.00%	100.00%

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

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

**36 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **30 AUG 2021**, 2021 by the Chief Executive Officer (Acting) and Head of Finance of the Bank.

**37 GENERAL**

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

YA

Chief Executive Officer (Acting)

Head of Finance