STATEMENT ON INTERNAL CONTROL

It is the responsibility of the management of ICBC Pakistan Operations to establish, improve and effectively implement internal controls and to evaluate the effectiveness of the internal controls of the Branch. The objective for the internal control system of the Bank is to reasonably assure that the Bank's operations and management are in compliance with relevant laws, safety of Bank assets, as well as the timeliness, authenticity and completeness of its business record, financial information and other management information, to enhance operation efficiency and results, and to facilitate the Bank in achieving its development strategy and operating target.

The Bank has adopted internationally accepted COSO Internal Control - Integrated Framework covering all sets of Internal Controls and ensuring compliance with SBP Guidelines. SBP's Guidelines on ICFR have been implemented and the same is updated as and when required and subject to annual review by Internal Auditors.

The Internal Audit Department of the Bank reviews the adequacy and effectiveness of bank wide internal controls and believed that during the reporting period, internal control system of the Bank was sound and effectively implemented. Keeping in view the risk exposure, internal controls are regularly reviewed and reported on their soundness.

For the year under review, it has been endeavored to follow the Guidelines on Internal Controls and that it is an ongoing process for the identification, evaluation and management of significant risks faced by the bank. The system is designed to manage, rather than eliminate the risk of failure in order to achieve the business objectives, and can only provide reasonable assurance against material misstatement or loss.

The Bank is under the process of completing the cycle of Internal Control over Financial Reporting exercises for the Year 2020. Report will be submitted to the State Bank of Pakistan during the year 2021.

Chen Yuncheng CEO	Shamwial Sohail Head of Compliance	David Xie Head of Finance & Accounting

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Risk Management Framework

In 2020, ICBC Pakistan Operations ("The Bank") continued to push for development of the enterprise risk management system, upgraded risk management technologies and methods and enhanced the capacity of risk pre-judgment and dynamic adjustment capabilities. Risk management guidelines are strictly followed to manage Credit Risk, Market Risk, Liquidity Risk and Operational Risk. Emphasis has been placed on the further strengthening the development of the three lines of defense for risk management and to intensify the management of risk appetite and risk limits. Overall risk management under the global pandemic has been enhanced along with the implementation of SBP Regulatory Relief to reduce the effects of COVID 19.

While credit business steady growth during the year, several enhanced management measures to control credit risk has been implemented. There has been no non-performing loan since the inception of the operations. The Bank has continued to strengthen the constitution of the credit policy system, renewed the policy on corporate client management, and also made Business Development Plan on Housing and Construction Sector. It was observed that various sectors were impacted during the peak of COVID-19 as most of the business and industries were not fully operational due to the Government restrictions. To manage the expected increase in credit risk, several effective credit risk management measures including the post-disbursement management and the Pre-maturity inspections are adopted.

The management of market risk is controlled through risk limits. The Bank has used Global Market Risk Management (GMRM) system and Financial Market Business Management (FMBM) system to establish an integrated and unified data and risk measurement management platform. Proper mechanism for the measurement and monitoring of interest and exchange rate risk is in place.

Asset and Liability Management Team (ALMT) has implemented the steady and prudent liquidity management strategy to strengthen the liquidity risk monitoring and management of on and off balance sheet items in local and foreign currencies. Strict compliance with the limit management requirements of SBP and the Head Office has been ensured. The management has ensured a reasonable balance between the source of funds and the use of funds.

The Bank has continued to push operational & compliance risk management to a higher level in line with the regulatory focus and operational & compliance risk trends. The Bank has conducted in-depth campaign to improve and update policies, procedures, systems, mechanisms and the procedure-based control over key links. External fraud risk management has been strengthened to effectively protect customer's funds. Operational risk management has been reinforced to ensure adequate monitoring and reporting of limit indications.

Chen Yuncheng	Song Zhe
Chief Executive Officer	Deputy Director of RMD t

Industrial and Commercial Bank of China Limited - Pakistan Branches

Profit and Loss Account

For the year ended December 31, 2020

	Note	2020	2019
		------------ (Rupees in '000) ------------	
Mark-up / return / interest earned	22	**50,601,065**	53,566,088
Mark-up / return / interest expensed	23	**34,999,460**	37,245,090
Net mark-up / interest income		**15,601,605**	16,320,998
NON MARK-UP / INTEREST INCOME			
Fee and commission income	24	**1,061,607**	1,033,567
Dividend income		**-**	-
Foreign exchange income		**1,936,527**	1,289,562
Income / (loss) from derivatives		**-**	-
Gain / (loss) on securities		**-**	-
Other income	25	**3,634**	469
Total non-markup / interest income		**3,001,768**	2,323,598
Total income		**18,603,373**	18,644,596
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	26	**1,424,419**	1,990,152
Workers Welfare Fund	27	**336,151**	325,281
Other charges		**-**	-
Total non-markup / interest expenses		**1,760,570**	2,315,433
Profit before provisions		**16,842,803**	16,329,163
Provisions and write offs - net	28	**43,041**	65,138
Extra ordinary / unusual items		**-**	-
PROFIT BEFORE TAXATION		**16,799,762**	16,264,025
Taxation	29	**6,791,857**	6,687,103
PROFIT AFTER TAXATION		**10,007,905**	9,576,922

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer **Head of Finance**

Industrial and Commercial Bank of China Limited - Pakistan Branches

Statement of Financial Position

As at December 31, 2020

	Note	31 December 2020	31 December 2019 (Restated)	1 January 2019 (Restated)
		(Rupees in '000)		
ASSETS				
Cash and balances with treasury banks	6	**31,226,025**	32,354,350	27,658,474
Balances with other banks	7	**2,497,170**	13,270,408	4,015,685
Lendings to financial institutions	8	**187,430,652**	214,503,548	207,924,067
Investments	9	**252,704,902**	211,160,688	175,857,020
Advances	10	**33,423,105**	29,162,284	22,713,422
Fixed assets	11	**704,761**	628,978	590,331
Intangible assets	12	**2,459**	3,863	2,788
Deferred tax assets - net	13	**300,496**	-	7,961
Other assets	14	**6,815,787**	4,313,952	20,493,816
		515,105,357	505,398,071	459,263,564
LIABILITIES				
Bills payable	15	**2,425,126**	4,125,334	1,292,129
Borrowings	16	**325,902,342**	351,242,058	355,486,464
Deposits and other accounts	17	**119,301,294**	94,465,934	66,540,142
Liabilities against assets subject to finance lease		**-**	-	-
Subordinated debt		**-**	-	-
Deferred tax liabilities - net	13	**-**	93,908	-
Other liabilities	18	**19,162,748**	17,185,484	9,115,845
		466,791,510	467,112,718	432,434,580
NET ASSETS		**48,313,847**	38,285,353	26,828,984
REPRESENTED BY				
Head office capital account	19	**23,975,160**	23,227,140	20,829,285
(Deficit) / Surplus on revaluation of assets - net of tax	20	**(603,210)**	124,975	(57,530)
Unremitted profit		**24,941,897**	14,933,238	6,057,229
		48,313,847	38,285,353	26,828,984
CONTINGENCIES AND COMMITMENTS	21			

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	--------- (Rupees in '000) ---------	
Profit after taxation for the year	**10,007,905**	9,576,922
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods		
Movement in (deficit) / surplus on revaluation of investments - net of tax	**(728,185)**	182,505
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement gain / (loss) on defined benefit plan - net of tax	**754**	(1,413)
	(727,431)	181,092
Total comprehensive income	**9,280,474**	9,758,014

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Statement of Changes in Equity
For the year ended December 31, 2020

	Head office capital account	(Deficit) / Surplus on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 1, 2019 as previously reported	20,829,285	(57,530)	5,486,348	26,258,103
Impact of restatement of accrual for bonus provision (note 4.4)	-	-	570,881	570,881
Restated balance as at January 1, 2019	20,829,285	(57,530)	6,057,229	26,828,984
Profit after taxation for the year ended December 31, 2019	-	-	9,576,922	9,576,922
Other comprehensive income / (loss) - net of tax	-	182,505	(1,413)	181,092
	-	182,505	9,575,509	9,758,014
Transactions with owners, recorded directly in equity				
Remittance of unremitted profit	-	-	(699,500)	(699,500)
Translation gain on revaluation of capital	2,397,855	-	-	2,397,855
Restated balance as at December 31, 2019	**23,227,140**	**124,975**	**14,933,238**	**38,285,353**
Profit after taxation for the year ended December 31, 2020	-	-	**10,007,905**	**10,007,905**
Other comprehensive (loss) / income - net of tax	-	**(728,185)**	**754**	**(727,431)**
	-	**(728,185)**	**10,008,659**	**9,280,474**
Transactions with owners, recorded directly in equity				
Translation gain on revaluation of capital	**748,020**	-	-	**748,020**
Balance as at December 31, 2020	**23,975,160**	**(603,210)**	**24,941,897**	**48,313,847**

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Cash Flow Statement

For the year ended December 31, 2020

	Note	2020	2019 (Restated)
		------------ (Rupees in '000) ------------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**16,799,762**	16,264,025
Adjustments			
Depreciation	11	**105,976**	79,819
Amortisation	12	**4,363**	2,451
Gain on disposal of fixed assets		**(209)**	(310)
Finance cost against lease liability	23	**7,205**	4,258
Charge for defined benefit plan	33.8.1	**5,530**	4,800
Other income		**(130)**	-
Provisions and write offs - net	28	**43,041**	65,138
		16,965,538	16,420,181
Decrease / (Increase) in operating assets			
Lendings to financial institutions		**27,072,896**	(6,579,481)
Advances		**(4,303,862)**	(6,514,000)
Other assets		**(2,499,332)**	16,179,864
		20,269,702	3,086,383
Increase / (Decrease) in operating liabilities			
Bills payable		**(1,700,208)**	2,833,205
Borrowings from financial institutions		**(25,339,716)**	(4,244,406)
Deposits		**24,835,360**	27,925,792
Other liabilities		**1,981,881**	7,755,050
		(222,683)	34,269,641
		37,012,557	53,776,205
Contributions made to defined benefit plan	33.7	**(7,942)**	(8,714)
Income tax paid		**(6,835,503)**	(6,317,698)
Net cash flow from operating activities		**30,169,112**	47,449,793
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held to maturity securities		**(1,149,758)**	(24,029,967)
Net investments in available for sale securities		**(41,514,740)**	(11,091,196)
Investments in fixed assets	11	**(26,696)**	(61,960)
Proceeds from sale of fixed assets		**209**	375
Net cash flow used in investing activities		**(42,690,985)**	(35,182,748)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rental payments		**(127,710)**	(14,801)
Remittance of unremitted profit		**-**	(699,500)
Translation gain on revaluation of capital		**748,020**	2,397,855
Net cash flow from financing activities		**620,310**	1,683,554
(Decrease) / Increase in cash and cash equivalents		**(11,901,563)**	13,950,599
Cash and cash equivalents at beginning of the year		**45,624,758**	31,674,159
Cash and cash equivalents at end of the year	30	**33,723,195**	45,624,758

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Head of Finance

1. STATUS AND NATURE OF BUSINESS

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

The Branches presently operate through three branches (December 31, 2019: three branches) in Pakistan and are engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 15th Floor, Ocean Tower, Block 9, Clifton, Karachi. The credit rating of the Head office is disclosed in note 31 to these financial statements.

2. BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 2, dated January 25, 2018.

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued by the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter no. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008.

Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.2 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current year

- 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 January 1, 2020). The Board 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.

- 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 January 1, 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 Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On March 29, 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately containing changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board 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 January 1, 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 January 1, 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 Branches' accounting policies have been consistantly applied in accordance with the applicable laws and reporting standards, as applicable in Pakistan and have not been materially impacted due to the applicability of said framework.

3.3 Standards, interpretations and amendments to 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 January 1, 2021:

- IFRS 9, 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated October 23, 2019 directed the banks in Pakistan to implement IFRS 9 with effect from January 1, 2021. IFRS 9 replaced the existing guidiance in IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidiance on the classification and measurement of financial instruments, a new expected credit loss method for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Branches have been complying with the requirement of BPRD Circular letter No.15 of 2020 to have parallel run of IFRS 9 from July 1, 2020. The impact of the application of IFRS 9 in Pakistan on the Branches' financial statements is being assessed and implementation guidelines are awaited.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) 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 June 1, 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 June 30, 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 1, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarify what costs of fulfilling a contract comprise of. Costs 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.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 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 per cent' 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.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual periods beginning on or after January 1, 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 presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual periods beginning on or after January 1, 2023. 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.

  The above amendments are effective for annual periods beginning on or after January 1, 2021 and are not likely to have a material impact on the Branches' financial statements.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except available for sale investments and forward foreign exchange contracts which have been measured at fair value and obilgations in respect of gratuity scheme which are measured at present value of defined benefit obligations less fair value of plan assets and lease liabilities which are measured at their present value.

4.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in

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which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where critical judgements were made by the management in the application of accounting policies are as follows:

- depreciation and amortisation rates for fixed assets (note 5.7)
- classification and provisioning against non-performing loans and advances (note 5.6)
- defined benefit plan (note 5.10)
- contingencies and commitments (note 21)

4.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Branches' functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4.4 RESTATEMENT OF ACCRUAL FOR BONUS PROVISION

During 2020, the Branches discovered that provision for bonus was over accrued over the years since last many years. As a consequence, bonus expense, related tax effect and related liabilities were overstated. The errors have been corrected by restating each of the effected financial statement line items for prior periods. The following table summarize the impacts on the Branches' financial statements:

Effect on statement of financial position	**Impact of restatement**		
1 January 2019	**As previously reported**	**Adjustments**	**As restated**
	(Rupees in '000)		
Total Assets	**459,263,564**	**-**	**459,263,564**
Other Liabilities	9,686,726	(570,881)	9,115,845
Others	423,318,735	-	423,318,735
Total Liabilities	**433,005,461**	**(570,881)**	**432,434,580**
Retained Earnings	5,486,348	570,881	6,057,229
Others	20,771,755	-	20,771,755
Total Equity	**26,258,103**	**570,881**	**26,828,984**
31 December 2019			
Total Assets	**505,398,071**	-	**505,398,071**
Other Liabilities	17,756,365	(570,881)	17,185,484
Others	449,927,234	-	449,927,234
Total Liabilities	**467,683,599**	**(570,881)**	**467,112,718**
Retained Earnings	14,362,357	570,881	14,933,238
Others	23,352,115	-	23,352,115
Total Equity	**37,714,472**	**570,881**	**38,285,353**
Effect on profit and loss account			
For the year ended 31 December 2019			
Profit before taxation	**16,264,025**	**-**	**16,264,025**
Taxation	(6,687,103)	-	(6,687,103)
Profit after taxation	**9,576,922**	**-**	**9,576,922**
Total comprehensive income	**9,758,014**	**-**	**9,758,014**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous financial year.

5.2 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash in hand, balances with treasury banks, balances with other banks and overdrawn nostros.

5.3 Lendings to / borrowings from financial institutions

The Branches enter into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

Sale of securities under repurchase agreement

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counterparty liability is included in borrowings. The difference between the sale and contracted repurchase price is recognised on time proportion basis over the period of the contract and recorded as an expense.

Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counterparty is included in lendings to financial institutions. The difference between the purchase and contracted resale price is recognised on time proportion basis over the period of the contract and recorded as income.

Securities held as collateral are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

5.4 Investments

5.4.1 Classification

The Branches classify investments as follows:

a) Held for trading

These are investments, which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These are carried at market value.

b) Held to maturity

These are investments with fixed or determinable payments and fixed maturities and are held with the intent and ability to hold them till maturity. These are carried at amortised cost.

c) Available for sale

These are investments which do not fall under 'held for trading' or 'held to maturity' categories and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is included in equity. Market value of investments in Government securities is determined based on the relevant PKRV rates.

Investments are initially recognized at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

All 'regular way' purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at settlement date, which is the date at which the Branches agree to settle the purchase or sale of investments.

5.4.2 Impairment

Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position is removed therefrom and recognised in the profit and loss account.

5.5 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions.

5.6 Advances

Advances are stated net of provisions against non-performing advances. Specific and general provisions are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time. The net provision made / reversed during the year is charged to profit and loss account and accumulated provision is adjusted against advances. Advances are written off when there are no realistic prospects of recovery. The amount so written off is a book entry and does not necessarily prejudice the Branches' right of recovery against the customer.

The Branches determine write-offs in accordance with the criteria prescribed by the SBP vide BPRD Circular No. 6 dated June 5, 2007.

5.7 Operating fixed assets

5.7.1 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

5.7.2 Property and equipment and depreciation

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged to profit and loss account by applying the straight-line method using the rates specified in note 11 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The depreciation method, residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date in which the assets become available for use while no depreciation is charged for the month in which the asset is disposed off.

Costs of maintenance and normal repairs are charged to profit and loss account as and when incurred. Subsequent costs are included in the assets' carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branches and the cost of the item can be measured reliably.

Gains and losses on disposal of operating fixed assets are taken to the profit and loss account in the period to which it relates.

5.7.3 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Branches mainly lease properties for its operations. The Branches recognize a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Branches' incremental borrowing rate. The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Branches have elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

5.7.4 Intangible assets and amortisation

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful live as specified in note 12 to the financial statements. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less accumulated impairment losses, if any.

5.8 Impairment of non-financial assets

The carrying amounts of the Branches' non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

5.9 Borrowings / deposits and their cost

a) Borrowings / deposits are initially recorded at the amount of proceeds received.

b) Costs of borrowings / deposits are recognized as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalized as part of the cost of that asset.

5.10 Staff retirement benefits

Defined benefit plan

The Branches operate an approved funded gratuity scheme covering eligible employees (excluding expatriates) whose period of employment with the Branches is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for the actuarial valuation. Actuarial gains and losses are recognised in other comprehensive income with no subsequent recycling through profit and loss account. Gratuity is payable to staff on completion of the prescribed qualifying period of service under the scheme.

Defined contribution plan

The Branches operate an approved Provident Fund for all of its permanent employees (excluding expatriates) in respect of which contributions are made to discharge liability under the respective rules of the schemes. Equal monthly contributions are made by both the Branches and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme. The Branches have no further payment obligation once the contributions have been paid. The contributions are recognized as an expense when the obligation to make payments to the fund has been established. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future contributions.

5.11 Financial instruments

5.11.1 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, bills payable, borrowings from financial institutions, deposits, and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

5.11.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date at which the derivative contract is entered into and subsequently re-measured at fair value using appropriate valuation techniques. All derivative instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to profit and loss account.

5.11.3 Off-setting

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Branches intend either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

5.12 Foreign currency translation

Transactions and balances

Transactions in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

Forward contracts are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract.

Forward contracts other than contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract.

Forward purchase contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee payable on such contracts is amortised over the term of the contracts.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rate prevailing at the reporting date.

5.13 Revenue recognition

Mark-up / return on advances and investments are recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Mark-up recoverable on classified loans, advances and investments is recognised on receipt basis in accordance with the requirements of Prudential Regulations issued by the State Bank of Pakistan. Mark-up on rescheduled / restructured loans, advances and investments is also recognised in accordance with the requirements of these Prudential Regulations.

Where debt securities are purchased at a premium or discount, those premiums / discounts are amortised through profit and loss account over the remaining maturity, using the effective interest method.

Fee and commission income is recognised upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when the transaction takes place.

Dividend income is recognised when the right to receive income is established.

5.14 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

5.14.1 Current tax

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Branches. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

5.14.2 Deferred tax

Deferred tax is recognized using the balance sheet method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided reflects the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.15 Provisions

5.15.1 Provision for guarantee claims and other off balance sheet obligations is recognised when intimated and reasonable certainty exists for the Branches to settle the obligation. Expected recoveries are recognised from the customer's account. Charge to profit and loss account is stated net of expected recoveries.

5.15.2 Other provisions are recognised when the Branches have a present obligation, legal or constructive, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

5.15.3 Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

5.16 Segment reporting

A segment is a distinguishable component of the Branches that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Branches' primary format of reporting is based on business segments. The details are as follows:

5.16.1 Business segments

a) Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

b) Branch Banking

It includes deposits and banking services to private individuals and businesses.

c) Corporate finance

This represents the banking services (on and off balance sheet finance and guarantees) including treasury and international trade activities to large corporate customers, multinational companies, Government and semi-Government departments and institutions and SMEs treated as corporate under Prudential Regulations.

5.16.2 There are no geographical segments as the Branches only operate in Pakistan.

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2020	2019
		----------- (Rupees in '000) -----------	
In hand			
Local currency		**124,190**	133,120
Foreign currencies		**161,990**	52,829
		286,180	185,949
With State Bank of Pakistan in			
Local currency current accounts	6.1	**6,249,861**	8,296,299
Foreign currency current account	6.2	**115,880**	96,780
Foreign currency deposit accounts	6.3	**24,574,104**	23,775,322
		30,939,845	32,168,401
		31,226,025	32,354,350

6.1 This includes statutory liquidity reserve maintained with the State Bank of Pakistan (SBP) under Section 22 of the Banking Companies Ordinance, 1962. This section requires branches to maintain a reserve in the current account opened with the SBP at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by the SBP.

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

6.3 This includes special cash reserve of 15% required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 14 dated June 21, 2008. Profit rates on these deposits are fixed by SBP on a monthly basis. These carry mark-up rates from 0.00% to 0.76% (2019: 0.70% to 1.50%). It also includes capital maintained with SBP in accordance with the requirements of Section 13 of Banking Companies Ordinance, 1962 amounting to USD 150 million (December 31, 2019: USD 150 million).

7 BALANCES WITH OTHER BANKS

	Note	2020	2019
		----------- (Rupees in '000) -----------	
In Pakistan			
In current account		**1**	-
Outside Pakistan			
In current account		**472,024**	1,558,582
In deposit accounts	7.1	**2,025,145**	11,711,826
		2,497,169	13,270,408
		2,497,170	13,270,408

7.1 This represents balances with other ICBC branches outside Pakistan at interest rates ranging from 0% to 0.85% per annum (December 31,2019: 0% to 1.6% per annum).

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2020	2019
		----------- (Rupees in '000) -----------	
Repurchase agreement lendings (Reverse Repo)	8.1	**187,430,652**	214,503,548

8.1 These represent repurchase agreement lendings with various local banks at a mark-up rates ranging from 6.00% to 7.02% (December 31, 2019: 13.00% to 13.35% per annum) and are due to mature in January 2021 (December 31, 2019: January 2020).

8.2 Particulars of lending

	2020	2019
	----------- (Rupees in '000) -----------	
In local currency	**187,430,652**	214,503,548

8.3 Securities held as collateral against lendings to financial institutions

	2020			2019		
	Held by Bank	**Further given as collateral**	**Total**	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	**187,430,652**	-	**187,430,652**	214,503,548	-	214,503,548
Total	**187,430,652**	-	**187,430,652**	214,503,548	-	214,503,548

8.4 The market value of securities held as collateral against lendings to financial institutions amounted to Rs. 187,581 million.

9 INVESTMENTS

9.1 Investments by type

	2020				2019			
	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	**228,453,192**	-	**(928,015)**	**227,525,177**	186,938,452	-	192,269	187,130,721
	228,453,192	-	**(928,015)**	**227,525,177**	186,938,452	-	192,269	187,130,721
Held to maturity securities								
Federal Government Securities	**25,179,725**	-	-	**25,179,725**	24,029,967	-	-	24,029,967
	25,179,725	-	-	**25,179,725**	24,029,967	-	-	24,029,967
Total investments	**253,632,917**	-	**(928,015)**	**252,704,902**	210,968,419	-	192,269	211,160,688

9.2 Investments by segments

	2020				2019			
	Cost / Amortised cost	**Provision for diminution**	**Surplus / (Deficit)**	**Carrying Value**	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	**118,134,463**	-	**(177,596)**	**117,956,867**	186,938,452	-	192,269	187,130,721
Pakistan Investment Bonds	**135,498,454**	-	**(750,419)**	**134,748,035**	24,029,967	-	-	24,029,967
	253,632,917	-	**(928,015)**	**252,704,902**	210,968,419	-	192,269	211,160,688
Total investments	**253,632,917**	-	**(928,015)**	**252,704,902**	210,968,419	-	192,269	211,160,688

9.3 Quality of Available for sale securities

Details regarding quality of Available for sale (AFS) securities are as follows:

	2020	2019
	Cost	
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	**118,134,463**	186,938,452
Pakistan Investment Bonds	**110,318,729**	-
	228,453,192	186,938,452

9.4 Particulars relating to Held to maturity securities are as follows

Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	**25,179,725**	24,029,967

9.5 The market value of securities classified as held to maturity as at December 31, 2020 amounted to Rs. 26,076 million (December 31, 2019: Rs. 24,163 million).

9.6 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.

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2020	2019	**2020**	2019	**2020**	2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		**32,523,937**	27,120,810	-	-	**32,523,937**	27,120,810
Bills discounted and purchased		**1,236,775**	2,336,040	-	-	**1,236,775**	2,336,040
Advances - gross		**33,760,712**	29,456,850	-	-	**33,760,712**	29,456,850
Provision against advances							
- Specific		-	-	-	-	-	-
- General	*10.3*	**(337,607)**	(294,566)	-	-	**(337,607)**	(294,566)
		(337,607)	(294,566)	-	-	**(337,607)**	(294,566)
Advances - net of provision		**33,423,105**	29,162,284	-	-	**33,423,105**	29,162,284

10.1 Particulars of advances (Gross)

	2020	2019
	(Rupees in '000)	
In local currency	**33,760,712**	29,182,904
In foreign currency	-	273,946
	33,760,712	29,456,850

10.2 No advances have been placed under non-performing status as at December 31, 2020 (December 31, 2019: Nil).

10.3 Particulars of provision against advances

	2020			2019		
	Specific	**General**	**Total**	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	**294,566**	**294,566**	-	229,428	229,428
Charge for the year	-	**43,041**	**43,041**	-	65,138	65,138
Closing balance	-	**337,607**	**337,607**	-	294,566	294,566

10.3.1 In line with prudent policies, general provision against advances represents provision maintained at an amount equal to 1% of the performing portfolio for which approval has been obtained from the SBP.

10.3.2 Particulars of provision against advances

	2020			2019		
	Specific	**General**	**Total**	Specific	General	Total
	(Rupees in '000)					
In local currency	-	**337,607**	**337,607**	-	291,827	291,827
In foreign currency	-	-	-	-	2,739	2,739
	-	**337,607**	**337,607**	-	294,566	294,566

11 FIXED ASSETS

	2020	2019
	(Rupees in '000)	
Property and equipment	**531,517**	580,681
Right-of-use assets	**173,244**	48,297
	704,761	628,978

	2020						
	Buildings	**Leasehold improvements**	**Furniture and fixtures**	**Vehicles**	**Electrical, office and computer equipments**	**Right-of-use assets**	**Total**
	(Rupees in '000)						
At January 1, 2020							
Cost	**443,100**	**280,939**	**96,133**	**64,101**	**119,944**	**60,097**	**1,064,314**
Accumulated depreciation	**(59,077)**	**(190,058)**	**(64,461)**	**(23,696)**	**(86,244)**	**(11,800)**	**(435,336)**
Net book value	**384,023**	**90,881**	**31,672**	**40,405**	**33,700**	**48,297**	**628,978**
Year ended December 2020							
Opening net book value	**384,023**	**90,881**	**31,672**	**40,405**	**33,700**	**48,297**	**628,978**
Additions	**-**	**-**	**15,734**	**-**	**8,003**	**156,833**	**180,570**
Disposals - cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals - accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge	**(14,800)**	**(14,939)**	**(14,461)**	**(10,093)**	**(18,608)**	**(33,075)**	**(105,976)**
Other adjustments / transfers	**-**	**-**	**-**	**-**	**-**	**1,189**	**1,189**
Closing net book value	**369,223**	**75,942**	**32,945**	**30,312**	**23,095**	**173,244**	**704,761**
At December 31, 2020							
Cost	**443,100**	**280,939**	**111,867**	**64,101**	**127,947**	**216,930**	**1,244,884**
Accumulated depreciation	**(73,877)**	**(204,997)**	**(78,922)**	**(33,789)**	**(104,852)**	**(43,686)**	**(540,123)**
Net book value	**369,223**	**75,942**	**32,945**	**30,312**	**23,095**	**173,244**	**704,761**
Rate of depreciation (percentage)	**3.33**	**10-33**	**20**	**16.70**	**33**		

	2019						
	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Electrical, office and computer equipments	Right-of-use assets	Total
	(Rupees in '000)						
At January 1, 2019							
Cost	443,100	280,939	84,211	53,099	102,996	-	964,345
Accumulated depreciation	(44,318)	(175,160)	(50,428)	(13,260)	(90,848)	-	(374,014)
Net book value	398,782	105,779	33,783	39,839	12,148	-	590,331
Year ended December 2019							
Opening net book value	398,782	105,779	33,783	39,839	12,148	-	590,331
Adjustment on adoption of IFRS 16	-	-	-	-	-	60,097	60,097
Opening net book value - restated	398,782	105,779	33,783	39,839	12,148	60,097	650,428
Additions	-	-	12,707	11,002	34,725	-	58,434
Disposals - cost	-	-	(785)	-	(17,777)	-	(18,562)
Disposals - accumulated depreciation	-	-	720	-	17,777	-	18,497
Depreciation charge	(14,759)	(14,898)	(14,753)	(10,436)	(13,173)	(11,800)	(79,819)
Other adjustments / transfers	-	-	-	-	-	-	-
Closing net book value	384,023	90,881	31,672	40,405	33,700	48,297	628,978
At December 31, 2019							
Cost	443,100	280,939	96,133	64,101	119,944	60,097	1,064,314
Accumulated depreciation	(59,077)	(190,058)	(64,461)	(23,696)	(86,244)	(11,800)	(435,336)
Net book value	384,023	90,881	31,672	40,405	33,700	48,297	628,978
Rate of depreciation (percentage)	3.33	10-33	20	16.70	33		

11.1 The gross carrying amount of fully depreciated assets still in use are as follows:

	2020	2019
	(Rupees in '000)	
Leasehold improvements	**131,926**	131,926
Electrical, office and computer equipments	**77,427**	68,702
Furniture and fixtures	**59,728**	21,575
	269,081	222,203

12 INTANGIBLE ASSETS

	2020	2019
	---------- (Rupees in '000) ----------	
At January 1		
Cost	**7,037**	3,511
Accumulated amortisation	**(3,174)**	(723)
Net book value	**3,863**	2,788
Year ended December		
Opening net book value	**3,863**	2,788
Additions:		
- directly purchased	**2,959**	3,526
Amortisation charge	**(4,363)**	(2,451)
Closing net book value	**2,459**	3,863
At December 31		
Cost	**9,996**	7,037
Accumulated amortisation	**(7,537)**	(3,174)
Net book value	**2,459**	3,863
Rate of amortisation (percentage)	**20-33**	20-33
Useful life	**3-5 years**	3-5 years

12.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 3.82 million as at December 31, 2020 (December 31, 2019: Rs. 0.14 million).

13 DEFERRED TAX ASSETS / (LIABILITIES)

	2020			
	At January 1, 2020	**Recognised in profit and loss**	**Recognised in OCI**	**At December 31, 2020**
	---------- **(Rupees in '000)** ----------			
Deductible Temporary Differences on				
- Deficit / (surplus) on revaluation of investments	**(67,294)**	**-**	**392,099**	**324,805**
- Post retirement employee benefits	**1,181**	**-**	**(406)**	**775**
	(66,113)	**-**	**391,693**	**325,580**
Taxable Temporary Differences on				
- Accelerated tax depreciation	**(27,795)**	**2,711**	**-**	**(25,084)**
	(93,908)	**2,711**	**391,693**	**300,496**

	2019			
	At January 1, 2019	Recognised in profit and loss	Recognised in OCI	At December 31, 2019
	---------- (Rupees in '000) ----------			
Deductible Temporary Differences on				
- Deficit / (surplus) on revaluation of investments	30,978	-	(98,272)	(67,294)
- Post retirement employee benefits	420	-	761	1,181
	31,398	-	(97,511)	(66,113)
Taxable Temporary Differences on				
- Accelerated tax depreciation	(23,437)	(4,358)	-	(27,795)
	7,961	(4,358)	(97,511)	(93,908)

14 OTHER ASSETS

	Note	**2020**	2019
		---------- **(Rupees in '000)** ----------	
Income / mark-up accrued in local currency		**5,042,580**	3,304,271
Income / mark-up accrued in foreign currency		**-**	680
Advances, deposits, advance rent and other prepayments		**93,602**	136,558
Acceptances		**585,969**	74,901
Mark to market gain on forward foreign exchange contracts		**1,087,604**	397,187
Local clearing account		**59**	396,526
Receivable from defined benefit plan	*33.4*	**2,503**	-
Others		**3,470**	3,829
		6,815,787	4,313,952

15 BILLS PAYABLE

	2020	2019
In Pakistan	**2,425,126**	4,125,334
Outside Pakistan	**-**	-
	2,425,126	4,125,334

16 BORROWINGS

	Note	2020	2019
Unsecured			
Call borrowings	*16.1*	**325,902,342**	351,242,058

16.1 This represents borrowings from ICBC branches outside Pakistan and financial institutions at mark-up rates ranging from 0.68% to 0.95% per annum (December 31, 2019: 1.60% to 2.88% per annum) maturing upto September 2021 (December 31, 2019: upto March 2020).

16.2 Particulars of borrowings with respect to currencies

	2020	2019
	(Rupees in '000)	
In local currency	-	-
In foreign currencies	**325,902,342**	351,242,058
	325,902,342	351,242,058

17 DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**7,527,820**	**25,852,528**	**33,380,348**	21,845,160	22,839,265	44,684,425
Savings deposits	**50,680,333**	**4,332,027**	**55,012,360**	27,675,238	692,590	28,367,828
Term deposits	**29,685,683**	**-**	**29,685,683**	20,296,200	-	20,296,200
	87,893,836	**30,184,555**	**118,078,391**	69,816,598	23,531,855	93,348,453
Financial Institutions						
Current deposits	**34,046**	**1,185,535**	**1,219,581**	28,012	1,089,469	1,117,481
Savings deposits	**3,322**	**-**	**3,322**	-	-	-
	37,368	**1,185,535**	**1,222,903**	28,012	1,089,469	1,117,481
	87,931,204	**31,370,090**	**119,301,294**	69,844,610	24,621,324	94,465,934

17.1 Composition of deposits

	Note	2020	2019
		(Rupees in '000)	
- Individuals		**1,084,075**	132,997
- Public Sector Entities		**661,824**	3,276,727
- Banking Companies		**1,208,538**	1,117,481
- Private Sector		**116,346,857**	89,938,729
	17.2	**119,301,294**	94,465,934

17.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 690 million (December 31, 2019: Rs. 515 million).

18 OTHER LIABILITIES

	Note	**December 31, 2020**	December 31, 2019 (Restated)	January 1, 2019 (Restated)
		(Rupees in '000)		
Mark-up / Return / Interest payable in local currency		**1,782,994**	1,635,705	1,225,190
Mark-up / Return / Interest payable in foreign currencies		**813,618**	1,451,268	1,959,336
Performance bonus payable		**600,000**	959,329	678,052
Commission received in advance against unfunded exposure		**266,301**	352,073	385,835
Current taxation (provisions less payments)		**1,419,683**	1,434,940	1,188,660
Acceptances		**585,969**	74,901	1,944,916
Mark to market loss on forward foreign exchange contracts		**11,744,236**	10,349,523	1,269,244
Lease liability against right-of-use assets		**86,941**	49,554	-
Workers' Welfare Fund payable		**1,002,311**	666,160	340,879
Withholding tax payable		**7,258**	32,936	12,441
Clearing and settlement account		**819,546**	159,983	100,718
Payable to defined benefit plan	*33.4*	**-**	1,069	2,809
Others		**33,891**	18,043	7,765
		19,162,748	17,185,484	9,115,845

19 HEAD OFFICE CAPITAL ACCOUNT

Capital held as:	2020	2019
	----------- (Rupees in '000) -----------	
Interest free deposit in approved foreign exchange		
i) Remitted from Head Office (USD 150 million)	**23,227,140**	20,829,285
ii) Revaluation surplus allowed by the State Bank of Pakistan	**748,020**	2,397,855
	23,975,160	23,227,140

19.1 Interest free deposit in approved foreign exchange capital account amounts to USD 150 million as at December 31, 2020 (December 31, 2019: USD 150 million).

20 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

	2020	2019
	----------- (Rupees in '000) -----------	
(Deficit) / surplus on revaluation of available-for-sale securities	**(928,015)**	192,269
Deferred tax on deficit / (surplus) on revaluation of available-for-sale securities	**324,805**	(67,294)
	(603,210)	124,975

21 CONTINGENCIES AND COMMITMENTS

	Note		
Guarantees	*21.1*	**300,843,002**	228,873,652
Commitments	*21.2*	**1,001,196,413**	1,052,545,726
Other contingent liabilities	*21.3*	**-**	-
		1,302,039,415	1,281,419,378

21.1 Guarantees

Financial guarantees	**563,251**	563,251
Performance guarantees	**161,788,210**	152,410,005
Other guarantees	**138,491,541**	75,900,396
	300,843,002	228,873,652

21.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		**19,389,007**	9,601,962
Commitments in respect of:			
- forward foreign exchange contracts	*21.2.1*	**794,023,239**	826,290,638
Commitments in respect of Government securities transactions - sale	*21.2.2*	**187,784,167**	216,653,126
		1,001,196,413	1,052,545,726

21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	**387,483,841**	403,704,903
Sale	**406,539,398**	422,585,735
	794,023,239	826,290,638

The maturities of the above are spread over a period of one year.

21.2.2 Commitments in respect of Government securities transactions - sale	**187,784,167**	216,653,126

21.3 For contingencies relating to taxation, refer note 29.3.

22 MARK-UP / RETURN / INTEREST EARNED

	Note	2020	2019
		(Rupees in '000)	
On:			
Loans and advances		**2,961,166**	2,380,954
Investments		**32,231,089**	21,932,529
Lendings to financial institutions		**15,374,365**	29,202,968
Balances with banks		**34,445**	49,637
		50,601,065	53,566,088

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits		**6,189,766**	5,562,706
Borrowings		**5,656,609**	11,446,768
Costs of foreign currency swaps against foreign currency deposits / borrowings		**23,145,880**	20,231,358
Finance cost against lease liability		**7,205**	4,258
		34,999,460	37,245,090

24 FEE AND COMMISSION INCOME

Branch banking customer fees		**7,200**	3,430
Card related fees (debit cards)		**328**	365
Investment banking fees		**170,360**	170,599
Commission on undrawn syndicated facility		**25,174**	130,531
Commission on trade		**127,417**	65,626
Commission on guarantees		**614,978**	593,424
Commission on remittances including home remittances		**84,887**	59,846
Others		**31,263**	9,746
		1,061,607	1,033,567

25 OTHER INCOME

Gain on disposal of fixed assets		**209**	310
Liabilities no longer required written back		**2,070**	155
Charges recovered		**1,355**	4
		3,634	469

26 OPERATING EXPENSES

Total compensation expense	*26.1*	**1,049,219**	1,612,754
Property expense			
Rent & taxes		**27,612**	36,098
Insurance		**7,257**	3,620
Utilities cost		**21,709**	22,157
Security (including guards)		**19,959**	19,264
Repair & maintenance (including janitorial charges)		**1,805**	1,699
Depreciation		**29,739**	30,377
Depreciation - Right-of-use assets		**27,622**	6,779
Property Management fee		**18,074**	17,081
		153,777	137,075
Information technology expenses			
Software maintenance		**2,446**	521
Hardware maintenance		**2,122**	3,917
Depreciation		**18,608**	13,173
Amortisation		**4,363**	2,451
Network charges		**45,172**	24,764
		72,711	44,826

	Note	2020	2019
		(Rupees in '000)	
Other operating expenses			
Legal & professional charges		**20,717**	19,535
Outsourced services costs	*26.2*	**30,278**	29,006
Travelling & conveyance		**11,362**	31,419
NIFT clearing charges		**719**	542
Entertainment expense		**5,224**	20,693
Depreciation		**24,554**	24,469
Depreciation - Right-of-use assets		**5,453**	5,021
Training & development		**1,634**	4,190
Postage & courier charges		**1,757**	2,345
Communication		**3,002**	2,741
Stationery & printing		**10,619**	12,356
Marketing, advertisement & publicity		**18,924**	23,873
Donations	*26.3*	**500**	1,491
Commission expense		**4,131**	4,599
Auditors Remuneration	*26.4*	**2,588**	5,015
Others		**7,250**	8,202
		148,712	195,497
		1,424,419	1,990,152

26.1 Total compensation expense

	2020	2019
Managerial Remuneration		
i) Fixed	**886,381**	788,776
ii) Variable		
of which:		
a) Cash bonus / awards etc.	**-**	648,294
Charge for defined benefit plan	**5,529**	4,800
Contribution to defined contribution plan	**3,552**	4,146
Rent & house maintenance	**64,121**	78,308
Utilities	**25,306**	19,443
Medical	**4,250**	5,590
Conveyance	**5,164**	4,886
Others		
a) Staff group benefits	**23,479**	21,599
b) Travelling	**15,463**	18,778
c) Education	**2,424**	4,244
d) Suiting	**-**	4,542
e) Covid-19 prevention	**7,518**	-
f) Health & Life Insurance	**6,032**	5,408
g) Spouse allowance	**-**	3,940
	1,049,219	1,612,754

26.2 Total cost for the year relating to outsourcing activities included in other operating activities is Rs. 30.28 million (2019: Rs. 29.01 million) being paid to companies incorporated in Pakistan. The material outsourcing arrangements along with their nature of service are as follows:

Name of Company	Nature of Business	2020	2019
		(Rupees in '000)	
Phoenix Armour	Cash transit service	**2,784**	3,946

26.3 Donations above Rs. 0.5 million

	2020	2019
Prime Minister's Pandemic Relief Fund 2020	**500**	-
Mansehra Elementary School	**-**	1,491
	500	1,491

26.3.1 Donations were not made to any donee in which key management personnel or their spouse had any interest.

26.4 Auditors' remuneration

	2020	2019
	(Rupees in '000)	
Audit fee	**1,387**	1,387
Fee for audit of employee funds	**57**	205
Special certifications and sundry advisory services	**970**	3,261
Out-of-pocket expenses	**174**	162
	2,588	5,015

27 WORKERS' WELFARE FUND

Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged and conflicting judgments were rendered by various courts. Appeals against these orders were filed in the Supreme Court of Pakistan.

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2013 has not been reversed. On prudent basis, the Branches have further charged WWF provision amounting to Rs. 336.15 million for the year 2020 (2019: Rs. 325.28 million).

Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers' Welfare Fund was also introduced by the Government of Sindh (Sindh WWF) which was effective from January 1, 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institions as well. The Bank along with the other banks has challenged applicability of the said law on Banks before the Sindh High Court.

28 PROVISIONS & WRITE OFFS - NET

	Note	2020	2019
		(Rupees in '000)	
Provisions against loans & advances	10.3	**43,041**	65,138
		43,041	65,138

29 TAXATION

	2020	2019
Current	**6,794,568**	6,465,034
Prior years	**-**	217,711
Deferred	**(2,711)**	4,358
	6,791,857	6,687,103

29.1 Relationship between tax expense and accounting profit

	Note	2020	2019
Profit before taxation		**16,799,762**	16,264,025
Tax at the applicable rate of 35% (December 31, 2019: 35%)		**5,879,917**	5,692,409
Effect of:			
- Super tax	29.1.1	**685,748**	650,561
- Prior year		**-**	217,711
- Effect of WWF		**117,652**	126,860
- Additional tax on government securities		**108,521**	-
- Others		**19**	(438)
		6,791,857	6,687,103

29.1.1 Super tax for the year ended December 31, 2020 and December 31, 2019 has been recognised at the rate of 4% of taxable income for tax years 2021 and 2020 respectively.

29.2 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.

29.3 The tax authorities have passed assessment orders for the tax year 2012 to 2014 and raised additional demand of Rs. 45 million on account of minimum tax under section 113 of Income Tax Ordinance, 2001. The Branches have filed appeal before appellate forum against these amendments and has paid full amount under protest to obtain stay on recovery of the receiving demand till the decision of Commissioner Inland Revenue (Appeals). The management is confident that the appeal will be decided in favour of the Branches, therefore, no provision is recognised in these financial statements.

30 CASH AND CASH EQUIVALENTS

	2020	2019
	(Rupees in '000)	
Cash and balance with treasury banks	**31,226,025**	32,354,350
Balance with other banks	**2,497,170**	13,270,408
	33,723,195	45,624,758

30.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2020								
	Liabilities					Equity			Total
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities - net	Other liabilities	Head office Capital account	(Deficit) / Surplus on revaluation of assets	Unremitted profit	
	(Rupees in '000)								
Balance as at January 1, 2020	**4,125,334**	**351,242,058**	**94,465,934**	**93,908**	**17,185,484**	**23,227,140**	**124,975**	**14,933,238**	**505,398,071**
Changes from financing cash flows									
Remittances of unremitted profit	-	-	-	-	-	-	-	-	-
Liability related changes									
Changes in bills payable	(1,700,208)	-	-	-	-	-	-	-	(1,700,208)
Changes in borrowings	-	(25,339,716)	-	-	-	-	-	-	(25,339,716)
Changes in deposits and other accounts	-	-	24,835,360	-	-	-	-	-	24,835,360
Changes in other liabilities	-	-	-	-	2,019,268	-	-	-	2,019,268
Charge for defined benefit plan	-	-	-	-	(1,069)	-	-	-	(1,069)
Non-cash based - actuarial loss on re-measurements of defined benefit plan - net of tax	-	-	-	-	-	-	-	754	754
Effect of tax movement	-	-	-	(93,908)	(40,935)	-	-	-	(134,843)
Translation gain on revaluation of capital	-	-	-	-	-	748,020	-	-	748,020
Transfer of profit to reserve	-	-	-	-	-	-	-	10,007,905	10,007,905
Changes in surplus on revaluation of assets	-	-	-	-	-	-	(728,185)	-	(728,185)
	(1,700,208)	(25,339,716)	24,835,360	(93,908)	1,977,264	748,020	(728,185)	10,008,659	9,707,286
Balance as at December 31, 2020	**2,425,126**	**325,902,342**	**119,301,294**	**-**	**19,162,748**	**23,975,160**	**(603,210)**	**24,941,897**	**515,105,357**

	2019 (Restated)								
	Liabilities					Equity			Total
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities - net	Other liabilities	Head office Capital account	(Deficit) / Surplus on revaluation of assets	Unremitted profit	
	(Rupees in '000)								
Balance as at January 1, 2019	1,292,129	355,486,464	66,540,142	-	9,115,845	20,829,285	(57,530)	6,057,229	459,263,564
Changes from financing cash flows									
Remittances of unremitted profit	-	-	-	-	-	-	-	(699,500)	(699,500)
Liability related changes									
Changes in bills payable	2,833,205	-	-	-	-	-	-	-	2,833,205
Changes in borrowing	-	(4,244,406)	-	-	-	-	-	-	(4,244,406)
Changes in deposits and other accounts	-	-	27,925,792	-	-	-	-	-	27,925,792
Changes in other liabilities	-	-	-	-	8,069,639	-	-	-	8,069,639
Charge for defined benefit plan	-	-	-	-	-	-	-	-	-
Non-cash based - actuarial loss on re-measurements of defined benefit plan - net of tax	-	-	-	-	-	-	-	(1,413)	(1,413)
Effect of tax movement	-	-	-	93,908	-	-	-	-	93,908
Translation gain on revaluation of capital	-	-	-	-	-	2,397,855	-	-	2,397,855
Transfer of profit to reserve	-	-	-	-	-	-	-	9,576,922	9,576,922
Changes in surplus on revaluation of assets	-	-	-	-	-	-	182,505	-	182,505
	2,833,205	(4,244,406)	27,925,792	93,908	8,069,639	2,397,855	182,505	9,575,509	46,834,007
Balance as at December 31, 2019	4,125,334	351,242,058	94,465,934	93,908	17,185,484	23,227,140	124,975	14,933,238	505,398,071

31 CREDIT RATING

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 June 28, 2018 (December 2018: A1 for long term and P-1 for short term).

32 STAFF STRENGTH

	2020	2019
	(Number)	
Permanent	**96**	97
On Branches' contract	**3**	3
Branches' own staff strength at the end of the year	**99**	100

32.1 In addition to the above, 11 employees (December 2019: 8 employees) of outsourcing services companies were assigned to the Branches as at the end of the year to perform services other than guarding and janitorial services.

33 DEFINED BENEFIT PLAN

33.1 General description

The Branches operate an approved gratuity fund registered in October 2013 w.e.f July 2013 for all its local permanent employees who have completed the qualifying period as defined in the scheme. In the current year, the branches have carried out an actuarial valuation as at December 31, 2020 using Projected Unit Credit Method and recorded the obligation accordingly.

33.2 Number of Employees under the scheme

The number of employees covered under the defined benefit scheme are as follows:

	2020	2019
	(Number)	
- Gratuity fund	**54**	54

33.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2020 using the following significant assumptions:

	2020	2019
	---------- (Per annum) ----------	
Discount rate	**9.25%**	12.25%
Expected rate of salary increase	**8.75%**	11.75%
Mortality rates	**EFU (61-66) table**	

33.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2020	2019
		------------ (Rupees in '000) ------------	
Present value of defined benefit obligations	*33.5*	**25,024**	22,261
Fair value of plan assets	*33.6*	**(27,527)**	(21,192)
(Receivable from) / payable to defined benefit plan		**(2,503)**	1,069

33.5 Movement in defined benefit obligations

	Note	2020	2019
Obligations at the beginning of the year		**22,261**	17,218
Current service costs		**5,885**	4,997
Interest cost		**2,446**	1,997
Benefits paid		**(4,591)**	(3,110)
Re-measurement (gain) / loss	*33.8.2*	**(977)**	1,159
Obligations at the end of the year		**25,024**	22,261

33.6 Movement in fair value of plan assets

	Note	2020	2019
Fair value at the beginning of the year		**21,192**	14,409
Interest income on plan assets		**2,801**	2,194
Contribution by the Branches		**7,942**	8,714
Benefits paid		**(4,591)**	(3,110)
Re-measurements: Actuarial gain / (loss) on plan assets	33.8.2	**183**	(1,015)
Fair value at the end of the year	33.9	**27,527**	21,192

33.7 Movement in (receivable from) / payable to under defined benefit plan

	Note	2020	2019
Opening balance		**1,069**	2,809
Charge for the year	*33.8.1*	**5,530**	4,800
Contribution by the Branches		**(7,942)**	(8,714)
Re-measurement (gain) / loss recognised in OCI during the year	*33.8.2*	**(1,160)**	2,174
Closing balance		**(2,503)**	1,069

33.8 Charge for defined benefit plans

33.8.1 Cost recognised in profit and loss

	2020	2019
Current service costs	**5,885**	4,997
Net interest expense on defined benefit asset / liability	**(355)**	(197)
	5,530	4,800

33.8.2 Re-measurements recognised in OCI during the year

	2020	2019
(Gain) / loss on obligation		
- Experience adjustment	**(977)**	1,159
Return on plan assets over interest income	**(183)**	1,015
Total re-measurements recognised in OCI	**(1,160)**	2,174

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33.9 Components of plan assets

	2020	2019
	(Rupees in '000)	
Cash and cash equivalents	**27,527**	21,192

33.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the employee benefit scheme. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	Gratuity fund (Rupees in '000)
1% increase in discount rate	**(1,044)**
1% decrease in discount rate	**1,139**
1 % increase in expected rate of salary increase	**1,133**
1 % decrease in expected rate of salary increase	**(1,058)**

33.11 Expected contributions to be paid to the fund in the next financial year	**5,185**
33.12 Expected charge for the next financial year	**5,215**

33.13 Maturity profile

The weighted average duration of the obligation (in years)	**4.8**

33.14 Funding Policy

The Branches endeavour to ensure that liabilities under the employee benefit scheme are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

33.15 The significant risks associated with the staff retirement benefit scheme include:

Asset Volatility
The fund is exposed to asset volatility risk to the extent of change in bond yields.

Changes in Bond Yields
The valuation of the defined benefit liability is discounted with reference to the Government bond yields. So, any increase in bond yields will lower the defined benefit liability, but, it will also lower the plan asset values and vice versa.

Inflation Risk
The salary inflation (especially the final salary risk) is the major risk that the Gratuity liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the ensuing change in salary inflation generally offsets the gains from the decrease in discounted gratuity. But viewed with the fact that, for gratuity, asset values will also decrease; the salary inflation does, as an overall effect, increase the net liability of the Branches.

Life Expectancy / Withdrawal Rate
The Gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Branches for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible.

The withdrawal risk is dependent upon the benefit structure, age and retention profile of the staff, the valuation methodology, and long-term valuation assumptions. In this case, it is not a significant downside risk as higher withdraws, although troublesome for the Branches, will give rise to a release in the liability as retirement benefits for unvested due to earlier withdrawals.

34 DEFINED CONTRIBUTION PLAN

The Branches operate an approved Provident Fund scheme for all of its local permanent employees to which both Branches and employees contribute at the rate of 10% of basic salary in equal monthly contributions. During the year, the Branches contributed an amount of Rs. 3.55 million (2019: Rs. 4.15 million) to the recognized Provident Fund.

35 COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2020	2019	**2020**	2019
	---------(Rupees in '000)	-------------------	**(Rupees in '000)----------**	
Managerial remuneration & bonus	**57,659**	54,874	**321,165**	454,177
Charge for defined benefit plan	**-**	-	**450**	475
Contribution to defined contribution plan	**-**	-	**238**	167
Rent and house maintenance	**2,125**	2,369	**25,221**	22,170
Utilities	**-**	-	**238**	262
Medical	**-**	-	**279**	262
Conveyance	**-**	208	**6,118**	4,354
Others	**56**	20	**3,142**	8,245
	59,840	57,471	**356,851**	490,112
Number of persons	**1**	1	**14**	21

35.1 The chief executive and certain executives are also provided with drivers, security arrangements, accommodation, fees of children and payment of travel bills in accordance with their terms of employment.

36 FAIR VALUE MEASUREMENTS

36.1 Fair value of financial assets

The Branches measure 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:

	2020				
	Carrying /	**Fair value**			
On balance sheet financial instruments	**Notional value**	**Level 1**	**Level 2**	**Level 3**	**Total**
	---------------------------------		**(Rupees in '000)**		**---------------------------------**
Financial assets - measured at fair value					
Investments					
Federal Government Securities	**227,525,177**	**-**	**227,525,177**	**-**	**227,525,177**
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	**25,179,725**	**-**	**26,075,782**	**-**	**26,075,782**
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	**794,023,239**	**-**	**(10,656,632)**	**-**	**(10,656,632)**

	2019				
	Carrying /	Fair value			
On balance sheet financial instruments	Notional value	Level 1	Level 2	Level 3	Total
	-------------------------		(Rupees in '000)		-------------------------
Financial assets - measured at fair value					
Investments					
Federal Government Securities	187,130,721	-	187,130,721	-	187,130,721
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	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	826,290,638	-	(9,952,336)	-	(9,952,336)

36.2 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 approach and input used**
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using 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.

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	2020				
	Corporate finance	**Treasury**	**Branch Banking**	**Others**	**Total**
Profit and Loss	(Rupees in '000)				
Net mark-up / return / profit	**2,961,166**	**18,802,965**	**(6,155,321)**	**(7,205)**	**15,601,605**
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	**937,929**	**1,936,527**	**123,678**	**3,634**	**3,001,768**
Total Income	**3,899,095**	**20,739,492**	**(6,031,643)**	**(3,571)**	**18,603,373**
Segment direct expenses	**117,853**	**1,637,954**	**978**	**3,785**	**1,760,570**
Inter segment expense allocation	-	-	-	-	-
Total expenses	**117,853**	**1,637,954**	**978**	**3,785**	**1,760,570**
Provisions	**(43,041)**	-	-	-	**(43,041)**
Profit before taxation	**3,738,201**	**19,101,538**	**(6,032,621)**	**(7,356)**	**16,799,762**
Balance Sheet					
Cash & 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**
Total Assets	**34,481,165**	**479,230,662**	**286,239**	**1,107,291**	**515,105,357**
Borrowings	-	**325,902,342**	-	-	**325,902,342**
Deposits & 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**
Total Liabilities	**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**
Total Equity and Liabilities	**34,481,165**	**479,230,662**	**286,239**	**1,107,291**	**515,105,357**
Contingencies and Commitments	**320,232,009**	**981,807,406**	-	-	**1,302,039,415**

	2019 (Restated)				
	Corporate finance	Treasury	Branch Banking	Others	Total
Profit and Loss	(Rupees in '000)				
Net mark-up / return / profit	2,380,954	19,457,371	(5,513,069)	(4,258)	16,320,998
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	789,581	1,289,562	243,986	469	2,323,598
Total Income	3,170,535	20,746,933	(5,269,083)	(3,789)	18,644,596
Segment direct expenses	149,089	2,099,336	63,466	3,542	2,315,433
Inter segment expense allocation	-	-	-	-	-
Total expenses	149,089	2,099,336	63,466	3,542	2,315,433
Provisions	(65,138)	-	-	-	(65,138)
Profit before taxation	2,956,308	18,647,597	(5,332,549)	(7,331)	16,264,025
Balance Sheet					
Cash & Bank balances	-	45,438,809	185,949	-	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
Others	3,379,852	397,187	396,526	773,228	4,946,793
Total Assets	32,542,136	471,500,232	582,475	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	3,255,939	21,404,726
Total Liabilities	3,513,947	361,591,581	98,751,251	3,255,939	467,112,718
Equity	29,028,189	109,908,651	(98,168,776)	(2,482,711)	38,285,353
Total Equity and Liabilities	32,542,136	471,500,232	582,475	773,228	505,398,071
Contingencies and Commitments	238,475,614	1,042,943,764	-	-	1,281,419,378

38 RELATED PARTY TRANSACTIONS

The Branches have related party transactions with its Head Office, other ICBC Branches, employee benefit plans 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 persons of similar standing. Contributions to and accruals in respect of staff retirement benefits plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2020				2019			
	Key management personnel	**Head office**	**Overseas branches**	**Other related parties**	Key management personnel	Head office	Overseas branches	Other related parties
	---------- (Rupees in '000) ----------							
Balances with other banks								
In deposit accounts	-	1,924,326	100,820	-	-	10,639,332	1,072,494	-
In current accounts	-	-	472,024	-	-	-	1,558,582	-
	-	1,924,326	572,844	-	-	10,639,332	2,631,076	-
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	59,100,411	-
Repaid during the year	-	-	-	-	-	-	(59,100,411)	-
Closing balance	-	-	-	-	-	-	-	-
Advances								
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	885	-	-	-	-	-	-	-
Repaid during the year	(117)	-	-	-	-	-	-	-
Closing balance	768	-	-	-	-	-	-	-
Other Assets								
Interest / mark-up receivable	-	-	-	-	-	-	-	-
Defined benefit asset	-	-	-	2,503	-	-	-	-
Forward exchange contract	-	-	1,037,547	-	-	-	247,952	-
Closing balance	-	-	1,037,547	2,503	-	-	247,952	-
Borrowings								
Opening balance	-	30,969,520	320,272,538	-	-	-	355,486,464	-
Borrowings during the year	-	71,925,480	1,626,699,135	-	-	70,455,658	1,790,696,787	-
Settled during the year	-	(102,895,000)	(1,621,069,332)	-	-	(39,486,138)	(1,825,910,713)	-
Closing balance	-	-	325,902,341	-	-	30,969,520	320,272,538	-
Deposits and other accounts								
Opening balance	3,044	-	-	-	2,325	-	-	-
Received during the year	327,872	-	-	-	329,045	-	-	-
Withdrawn during the year	(326,179)	-	-	-	(328,326)	-	-	-
Closing balance	4,737	-	-	-	3,044	-	-	-
Other Liabilities								
Interest / mark-up payable	45	-	811,554	-	68	154,390	1,294,508	-
Payable to staff retirement fund	-	-	-	-	-	-	-	1,069
Forward exchange contracts	-	-	-	-	-	-	142,704	-
Commission received in advance against unfunded exposure	-	95,107	1,612	-	-	144,879	6,712	-
Closing balance	45	95,107	813,166	-	68	299,269	1,443,924	1,069
Contingencies and Commitments								
Guarantees	-	175,872,291	73,775	-	-	120,398,013	133,754	-
Forward exchange contract sale	-	-	14,054,215	-	-	-	27,141,352	-
Forward exchange contract purchase	-	-	15,271,637	-	-	-	27,272,598	-

	2020				2019			
	Key management personnel	**Head office**	**Overseas branches**	**Other related parties**	Key management personnel	Head office	Overseas branches	Other related parties
	---------- (Rupees in '000) ----------							
Income								
Mark-up / return / interest earned	14	25,952	7,811	-	-	16,775	31,737	-
Fee and commission income	-	336,285	11,356	-	-	5,874	444,006	-
Expense								
Mark-up / return / interest paid	114	443,243	5,194,213	-	43	402,276	11,041,036	-
Compensation expense	416,691	-	-	-	547,583	-	-	-
Contribution to Provident Fund	-	-	-	3,552	-	-	-	4,146
Contribution to Gratuity Fund	-	-	-	5,151	-	-	-	4,800

39 TRUST ACTIVITIES

The Branches are not engaged in any significant trust activities.

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019 (Restated)
	---------(Rupees in '000)-----------	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	**23,975,160**	23,227,140
Capital Adequacy Ratio (CAR)		
Eligible Common Equity Tier 1 (CET 1) Capital	**48,311,388**	38,156,515
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**48,311,388**	38,156,515
Eligible Tier 2 Capital	**337,607**	419,541
Total Eligible Capital (Tier 1 + Tier 2)	**48,648,995**	38,576,056
Risk Weighted Assets (RWAs)		
Credit Risk	**101,088,255**	91,137,044
Market Risk	**32,365,182**	31,328,831
Operational Risk	**30,145,591**	22,845,375
Total	**163,599,028**	145,311,250
Common Equity Tier 1 Capital Adequacy ratio	**29.53%**	26.26%
Tier 1 Capital Adequacy Ratio	**29.53%**	26.26%
Total Capital Adequacy Ratio	**29.74%**	26.55%

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 December 31, 2020 the SBP requires to maintain a ratio of total regulatory capital to the risk - weighted assets 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.

For capital adequacy calculation, Branches have adopted Simple approach for Credit & Market Risk related exposures and Basic Indicator Approach for operational risk.

	2020	2019 (Restated)
	---------(Rupees in '000)-----------	
Leverage Ratio (LR)		
Eligible Tier-1 Capital	**48,311,388**	38,156,515
Total Exposures	**909,524,168**	747,882,932
Leverage Ratio	**5.31%**	5.10%
Minimum Requirement (%)	**3.00%**	3.00%
Liquidity Coverage Ratio (LCR)		
Total High Quality Liquid Assets	**454,299,448**	419,193,876
Total Net Cash Outflow	**180,436,844**	181,966,246
Liquidity Coverage Ratio	**252%**	230%
Minimum Requirement (%)	**100.00%**	100.00%
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	**185,376,723**	109,496,527
Total Required Stable Funding	**86,485,584**	84,559,674
Net Stable Funding Ratio	**214%**	129%
Minimum Requirement (%)	**100.00%**	100.00%

40.1 The full disclosures on the Capital adequacy, leverage ratio & Liquidity ratio requirements as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at http://karachi.icbc.com.cn/ICBC/%E6%B5%B7%E5%A4%96%E5%88%86%E8%A1%8C/%E5%8D%A1%E6%8B%89%E5%A5%87%E7%BD%91%E7%AB%99/en/CustomerService1/Downloads/.

41 RISK MANAGEMENT

The primary objective of the Risk Management System is to safeguard the Branches' capital, their financial resources and profitability from various risks. The Branches' risk management policies are designed to identify and analyse all risks, to set appropriate risk limits and controls, to measure and monitor the same through reliable Management Information Systems.

This section presents information about the Branches' exposure to, and its management and control of risks, in particular the primary risks associated with its use of financial instruments. Most of the functions specified below are performed at Head office level.

41.1 Credit risk

Credit Risk Management processes encompass identification, assessment, measurement, monitoring and control of the credit exposures. In the Branches' experience, the key to effective credit risk management is a well thought out business strategy. The Branches' focus over the coming years is to further enhance risk models, processes and systems infrastructure, in line with its ambition to bring maximum sophistication to the risk management function.

The Head office has delegated responsibility for the management of credit risk to the credit committee which is responsible for the oversight of the Branches' credit risk in respect of:

- Formulating credit policies
- Establishing the authorization structure
- Reviewing and assessing credit risk
- Limiting concentration of exposure to counterparties
- Developing and maintaining the Branches' risk grading
- Reviewing compliance of business units
- Providing advice, guidance and specialist skills to promote best practice in the management of credit risk.

The Branches have built up and maintained a sound loan portfolio in terms of well defined Credit Policy. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in lending activities and ensuring the high quality of asset portfolio. As part of prudent practices, the management conducts pre-fact validation of major cases from integrated risk point of view. The Branches manage its portfolio of loan assets with a view to limit concentrations in terms of risk quality, geography, industry, maturity and large exposure.

Credit Risk - General Disclosures Basel II Specific

The Branches are using 'The Standardized Approach' (TSA) of SBP Basel II accord for the purpose of estimating Credit Risk Weighted Assets. Under TSA, Branches are allowed to take into consideration external rating(s) of counterparty(ies) for the purpose of calculating Risk Weighted Assets.

External

SBP Basel II guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely PACRA, JCR-VIS, Moody's, Fitch and Standard & Poors.

The Branches use external ratings for the purposes of computing the risk weights as per the Basel II framework. For exposures with a contractual maturity of less than or equal to one year, short-term rating given by approved ECAIs is used, whereas for long-term exposure with maturity of greater than one year, long-term ratings are used.

Disclosures with respect to Credit Risk Mitigation for The Standardized Approach - Basel II specific

Credit risk mitigation policy

The Branches define collateral as the assets or rights provided to the Branches by the borrower or a third party in order to secure a credit facility. The Branches would have the rights of secured creditor in respect of the assets or rights offered as security for the obligations of the borrower / obligor.

Collateral valuation and management

As stipulated in the SBP Basel II guidelines, the Branches have a policy to use the simplified approach for collateral valuation. Under this approach, the Branches reduce its credit exposure to a counterparty when calculating its capital requirements to the extent of credit risk mitigation provided by the eligible financial collateral as specified in the Basel II guidelines. In line with Basel II guidelines, the Branches make adjustments in eligible collaterals received for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', are made to produce volatility-adjusted amounts for collateral. These are reduced from the exposure to compute the capital charge based on the applicable risk weights. At December 31, 2020, there are no non-performing advances.

Types of collateral taken by the Branches

The Branches determine the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be taken. Moreover, in order to cover the entire exposure Personal Guarantees of directors of borrowers are also obtained by the Branches.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the approved credit approval authorization policy. Collaterals on facilities are in line with the policy.

Types of eligible financial collateral

For credit risk mitigation purposes, the Branches consider all types of financial collaterals that are eligible under SBP Basel II instructions. These include cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by a recognized credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities. In general, for Capital calculation purposes, the Branches only recognise eligible collaterals as mentioned in the SBP Basel II instructions.

Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single / group borrower. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower and group borrowers. The Branches are compliant with the aforementioned limits.

Particulars of Branches significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

41.1.1 *Lendings to financial institutions*

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	**187,430,652**	214,503,548	-	-	-	-
	187,430,652	214,503,548	-	-	-	-

41.1.2 *Investment in debt securities*

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees in '000)					
Financial	**252,704,902**	211,160,688	-	-	-	-
Credit risk by public / private sector						
Public / Government	**252,704,902**	211,160,688	-	-	-	-
Private	-	-	-	-	-	-
	252,704,902	211,160,688	-	-	-	-

41.1.3 *Advances*

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees in '000)					
Textile	**6,383,917**	2,940,001	-	-	-	-
Chemical and Pharmaceuticals	**900,000**	2,446,140	-	-	-	-
Cement	**3,079,200**	2,349,009	-	-	-	-
Construction	-	332,761	-	-	-	-
Automobile and transportation equipment	-	600,000	-	-	-	-
Electronics and electrical appliances	**1,723,330**	2,561,692	-	-	-	-
Power (electricity), gas, water, sanitary	**9,896,375**	11,534,125	-	-	-	-
Wholesale and Retail Trade	**400,000**	666,666	-	-	-	-
Services	**2,383,279**	2,455,500	-	-	-	-
Individuals	**39,221**	29,100	-	-	-	-
Others	**8,955,390**	3,541,856	-	-	-	-
	33,760,712	29,456,850	-	-	-	-
Credit risk by public / private sector						
Public / Government	-	-	-	-	-	-
Private	**33,760,712**	29,456,850	-	-	-	-
	33,760,712	29,456,850	-	-	-	-

41.1.4 *Contingencies and Commitments*

Credit risk by industry sector	**2020**	2019
	(Rupees in '000)	
Automobile and transportation equipment	-	1,792,727
Electronics and electrical appliances	**77,352,544**	75,965,538
Construction	**144,646,315**	125,934,013
Power (electricity), gas, water, sanitary	**33,865,717**	25,120,053
Transport, storage and communications	-	2,759,313
Financial	**10,258,273**	6,286,924
Others	**54,109,160**	617,046
	320,232,009	238,475,614
Credit risk by public / private sector		
Public / Government	-	-
Private	**320,232,009**	238,475,614
	320,232,009	238,475,614

41.1.5 Concentration of Advances

The Branches' top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 24,336 million (2019: Rs. 22,466 million) are as follows:

	2020	2019
	(Rupees in '000)	
Funded	**20,922,485**	20,545,187
Non Funded	**3,413,233**	1,921,342
Total Exposure	**24,335,718**	22,466,529

The sanctioned limits against these top 10 exposures aggregated to Rs. 30,725 million (December 31, 2019: Rs. 34,555 million).

41.1.6 Advances - Province / Region-wise Disbursement & Utilization

Province/Region	2020 Disbursements	2020 Utilization Punjab	Sindh	KPK	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	**20,013,432**	**20,013,432**	**-**	**-**	**-**	**-**	**-**
Sindh	**30,190,202**	**499,544**	**20,472,151**	**830,000**	**8,388,507**	**-**	**-**
Islamabad	**4,152,717**	**2,900,001**	**744,416**	**-**	**-**	**508,300**	**-**
Total	**54,356,351**	**23,412,977**	**21,216,567**	**830,000**	**8,388,507**	**508,300**	**-**

Province/Region	2019 Disbursements	2019 Utilization Punjab	Sindh	KPK	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	16,307,987	16,307,987	-	-	-	-	-
Sindh	27,999,907	1,464,433	22,590,621	1,150,000	2,794,853	-	-
Islamabad	3,054,932	1,499,008	749,990	-	-	805,934	-
Total	47,362,826	19,271,428	23,340,611	1,150,000	2,794,853	805,934	-

41.2 Market Risk

Market risk is the risk of loss arising from movement in market variables including observable variables such as interest rates, exchange rates and equity indices, and others which may be only indirectly observable such as volatilities and correlations. The Branches' policy is that all market risk taking activity is undertaken within approved market risk limits, and that the Branches' standards / guiding principles are upheld at all times.

Market Risk Management is an independent control function with clear segregation of duties and reporting lines. Its main responsibility is to ensure that the risk-taking units manage the Branches' market risk exposure within a robust market risk framework and within the Branches' risk appetite. The Branches' standard systems are used to furnish senior trading and market risk staff with risk exposures. All trading activities and any business proposal that commit or may commit the Branch (legally or morally) to deliver risk sensitive products require approval by independent authorized risk professionals or committees, prior to commitment.

41.2.1 Balance sheet split by trading and banking books

	2020 Banking book	2020 Trading book	2020 Total	2019 Banking book	2019 Trading book	2019 Total
	(Rupees in '000)					
Cash and balances with treasury banks	**31,226,025**	**-**	**31,226,025**	32,354,350	-	32,354,350
Balances with other banks	**2,497,170**	**-**	**2,497,170**	13,270,408	-	13,270,408
Lendings to financial institutions	**187,430,652**	**-**	**187,430,652**	214,503,548	-	214,503,548
Investments	**252,704,902**	**-**	**252,704,902**	211,160,688	-	211,160,688
Advances	**33,423,105**	**-**	**33,423,105**	29,162,284	-	29,162,284
Fixed assets	**704,761**	**-**	**704,761**	628,978	-	628,978
Intangible assets	**2,459**	**-**	**2,459**	3,863	-	3,863
Deferred tax assets	**300,496**	**-**	**300,496**	-	-	-
Other assets	**5,728,183**	**1,087,604**	**6,815,787**	3,916,765	397,187	4,313,952
	514,017,753	**1,087,604**	**515,105,357**	505,000,884	397,187	505,398,071

41.2.2 Foreign Exchange Risk

Foreign exchange risk (FX risk) arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. The Branches manage this risk by setting and monitoring dealer, currency and counterparty limits for on and off-balance sheet financial instruments.

FX risk is mainly managed through matched positions. Unmatched positions are covered substantially through derivative instruments such as forwards and swaps.

The currency risk is regulated and monitored against the regulatory/statutory limits enforced by the SBP. The foreign exchange exposure limits in respective currencies are managed against the prescribed limits.

The analysis below represents the concentration of the Branches' foreign currency risk for on and off balance sheet financial instruments:

	2020 Foreign Currency Assets	2020 Foreign Currency Liabilities	2020 Off-balance sheet items	2020 Net foreign currency exposure	2019 Foreign Currency Assets	2019 Foreign Currency Liabilities	2019 Off-balance sheet items	2019 Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	**26,387,290**	**383,701,756**	**357,594,805**	**280,339**	35,805,647	398,793,148	362,796,645	(190,856)
Great Britain Pound Sterling	**6,639**	**-**	**-**	**6,639**	9,133	-	-	9,133
Euro	**186,629**	**-**	**-**	**186,629**	203,084	-	-	203,084
Japanese Yen	**795**	**-**	**-**	**795**	170	-		170
Chinese Yuan	**766,100**	**1,187,747**	**440,199**	**18,552**	1,469,231	1,756,590	262,125	(25,234)
Hong Kong Dollar	**1,692**	**-**	**-**	**1,692**	1,623	-	4,989	6,612
	27,349,145	**384,889,503**	**358,035,004**	**494,646**	37,488,888	400,549,738	363,063,759	2,909

	2020 Banking book	2020 Trading book	2019 Banking book	2019 Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on - Profit and loss account	**4,946**	**-**	2,190	-

41.2.3 *Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific*

The interest rate risk arises from the fluctuation in the value of financial instruments consequent to changes in market interest rates. The Branches are exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or are re-priced in a given period. In order to ensure that this risk is managed within acceptable limits, the Branches' Asset and Liability Management Committee (ALCO) monitors various gap limits and re-pricing of the assets and liabilities on a regular basis.

	2020		2019	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account				
- 1 % Upward change in interest rates	**(1,008,418)**	**-**	(1,053,828)	-
- 1 % Downward change in interest rates	**1,008,418**	**-**	1,053,828	-
- Other comprehensive income				
- 1 % Upward change in interest rates	**(17,557)**	**-**	(8,769)	-
- 1 % Down change in interest rates	**17,664**	**-**	8,718	-

41.2.4 *Mismatch of Interest Rate Sensitive Assets and Liabilities*

	Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
			2020									
			Exposed to Yield / Interest risk									
On-balance sheet financial instruments		**(Rupees in '000)**										
Assets												
Cash and balances with treasury banks	0% - 0.76%	31,226,025	598,944	-	-	-	-	-	-	-	-	30,627,081
Balances with other banks	0% - 0.85%	2,497,170	2,025,145	-	-	-	-	-	-	-	-	472,025
Lending to financial institutions	6.0% - 7.02%	187,430,652	187,430,652	-	-	-	-	-	-	-	-	-
Investments	7.25% - 12.00%	252,704,902	994,630	24,597,850	7,010,829	149,263,448	70,838,145	-	-	-	-	-
Advances	4% - 10.75%	33,423,105	15,815,561	6,915,761	9,018,982	1,633,973	-	-	-	-	-	38,828
Other assets		6,815,787	-	-	-	-	-	-	-	-	-	6,815,787
		514,097,641	206,864,932	31,513,611	16,029,811	150,897,421	70,838,145	-	-	-	-	37,953,721
Liabilities												
Bills payable		2,425,126	-	-	-	-	-	-	-	-	-	2,425,126
Borrowings	0.68% - 0.95%	325,902,342	-	113,322,590	128,666,692	83,913,060	-	-	-	-	-	-
Deposits and other accounts	0% - 8.15%	119,301,294	70,259,182	13,724,800	600,000	117,383	-	-	-	-	-	34,599,929
Other liabilities	-	19,162,748	-	-	-	-	-	-	-	-	-	19,162,748
		466,791,510	70,259,182	127,047,390	129,266,692	84,030,443	-	-	-	-	-	56,187,803
On-balance sheet gap		47,306,131	136,605,750	(95,533,779)	(113,236,881)	66,866,978	70,838,145	-	-	-	-	(18,234,082)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign Exchange contracts forward purchase		387,483,841	69,937,051	89,734,188	117,464,279	110,348,323	-	-	-	-	-	-
- forward foreign Exchange contracts forward sale		(406,539,398)	(74,692,051)	(96,216,764)	(121,071,636)	(114,558,947)	-	-	-	-	-	-
- Government securities transactions - sale		(187,784,167)	(187,784,167)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(206,839,724)	(192,539,167)	(6,482,576)	(3,607,357)	(4,210,624)	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(55,933,417)	(102,016,355)	(116,844,238)	62,656,354	70,838,145	-	-	-	-	(18,234,082)
Cumulative Yield / Interest Risk Sensitivity Gap			(55,933,417)	(157,949,772)	(274,794,010)	(212,137,656)	(141,299,511)	(141,299,511)	(141,299,511)	(141,299,511)	(141,299,511)	(159,533,593)

On-balance sheet financial instruments	Effective Yield / Interest rate	Total	2019 (Restated) Exposed to Yield / Interest risk Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
			(Rupees in '000)									
Assets												
Cash and balances with treasury banks	0% - 1.50%	32,354,350	548,182	-	-	-	-	-	-	-	-	31,806,168
Balances with other banks	0% - 1.6%	13,270,408	11,711,826	-	-	-	-	-	-	-	-	1,558,582
Lending to financial institutions	13.00% - 13.35%	214,503,548	214,503,548	-	-	-	-	-	-	-	-	-
Investments	10.00% - 14.28%	211,160,688	13,918,296	-	81,947,743	91,264,682	20,340,239	3,689,728	-	-	-	-
Advances	5% - 17.35%	29,162,284	13,656,035	10,787,865	4,689,576	-	-	-	-	-	-	28,808
Other assets	-	4,313,952	-	-	-	-	-	-	-	-	-	4,313,952
		504,765,230	254,337,887	10,787,865	86,637,319	91,264,682	20,340,239	3,689,728	-	-	-	37,707,510
Liabilities												
Bills payable		4,125,334	-	-	-	-	-	-	-	-	-	4,125,334
Borrowings	1.60% - 2.88%	351,242,058	136,468,437	214,773,621	-	-	-	-	-	-	-	-
Deposits and other accounts	0.02% - 14.34%	94,465,934	35,257,889	13,334,200	-	77,000	-	-	-	-	-	45,796,845
Other liabilities	-	17,185,484	-	-	-	-	-	-	-	-	-	17,185,484
		467,018,810	171,726,326	228,107,821	-	77,000	-	-	-	-	-	67,107,663
On-balance sheet gap		37,746,420	82,611,561	(217,319,956)	86,637,319	91,187,682	20,340,239	3,689,728	-	-	-	(29,400,153)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign Exchange contracts forward purchases		403,704,903	80,326,341	66,071,528	169,131,123	88,175,911	-	-	-	-	-	-
- forward foreign Exchange contracts forward sales		(422,585,735)	(84,991,041)	(91,681,677)	(175,458,583)	(70,454,434)	-	-	-	-	-	-
- Government securities transactions - sales		(216,653,126)	(216,653,126)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(235,533,958)	(221,317,826)	(25,610,149)	(6,327,460)	17,721,477	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(138,706,265)	(242,930,105)	80,309,859	108,909,159	20,340,239	3,689,728	-	-	-	(29,400,153)
Cumulative Yield / Interest Risk Sensitivity Gap			(138,706,265)	(381,636,370)	(301,326,511)	(192,417,352)	(172,077,113)	(168,387,385)	(168,387,385)	(168,387,385)	(168,387,385)	(197,787,538)

41.3 *Operational Risk*

The Branches' operational risk is related to possible losses which may be incurred as a result of failures occurring in the Branches' day to day operations, such as breakdown in electronic and telecommunication, routines or other systems. Additional factors being insufficient levels of professional skills or human errors. In order to keep the Branches' operational risk to a minimum level, various suites of risk tools are used to manage operational risk using a common categorization of risk.

Branches' approach to operational risk is not designed to eliminate risk, rather, to contain it within the acceptable levels, as determined by senior management, and to ensure that the Branches have used sufficient information to make informed decisions about additional controls, adjustments to controls, or other risk responses.

41.3.1 Operational Risk-Disclosures Basel II Specific

The Branches use Basic Indicator Approach to calculate capital charge for operational risk as per Basel II regulatory framework.

This approach is considered to be most suitable in view of the business model of the Branches.

41.4 *Liquidity Risk*

Liquidity risk is the risk that the Branches will be unable to meet their net funding requirements. Liquidity risk can be caused by market destruction of credit downgrades, which may cause certain sources of funding to become unavailable. To guard against this risk the Branches' assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarizes the maturity profile of the branches assets and liabilities. The contractual maturities of assets and liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the branches deposit retention history and the availability of liquid funds. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realized / settled.

Moreover, the Branches are fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of High Quality Liquidity Assets in relation to its liability profile.

41.4.1 *Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Branches*

2020

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	31,226,025	241,696	1,450,173	1,691,869	3,867,128	-	-	-	-	-	-	-	-	23,975,159
Balances with other banks	2,497,170	83,239	499,434	582,673	1,331,824	-	-	-	-	-	-	-	-	-
Lending to financial institutions	187,430,652	-	99,020,703	58,749,879	29,660,070	-	-	-	-	-	-	-	-	-
Investments	252,704,902	-	-	-	994,630	-	24,597,850	7,010,829	149,263,448	-	70,838,145	-	-	-
Advances	33,423,105	-	247,500	-	98,505	5,158,168	1,351,693	8,236,223	7,352,003	2,953,732	1,063	2,379,854	1,593,678	4,050,686
Fixed assets	704,761	5,513	-	-	53	10,256	21	15,454	17,611	15,568	62,491	41,919	90,711	445,164
Intangible assets	2,459	309	-	-	-	620	-	684	191	132	503	20	-	-
Deferred tax assets - net	300,496	10,017	60,099	70,116	160,264	-	-	-	-	-	-	-	-	-
Other assets	6,815,787	-	551,240	2,070,636	1,267,273	168,457	1,241,105	612,331	863,200	41,545	-	-	-	-
	515,105,357	340,774	101,829,149	63,165,173	37,379,747	5,337,501	27,190,669	15,875,521	157,496,453	3,010,977	70,902,202	2,421,793	1,684,389	28,471,009
Liabilities														
Bills payable	2,425,126	80,838	485,025	565,863	1,293,400	-	-	-	-	-	-	-	-	-
Borrowings	325,902,342	-	-	-	-	80,077,034	33,245,555	128,666,692	83,913,061	-	-	-	-	-
Deposits and other accounts	119,301,294	2,987,187	18,958,622	20,910,309	62,002,993	10,808,000	2,916,800	600,000	40,000	77,383	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,162,748	1,874	981,306	2,203,878	5,551,072	4,463,768	1,448,621	1,442,021	1,511,573	357,629	447,153	310,126	294,931	148,796
	466,791,510	3,069,899	20,424,953	23,680,050	68,847,465	95,348,802	37,610,976	130,708,713	85,464,634	435,012	447,153	310,126	294,931	148,796
Net assets	48,313,847	(2,729,125)	81,404,196	39,485,123	(31,467,718)	(90,011,301)	(10,420,307)	(114,833,192)	72,031,819	2,575,965	70,455,049	2,111,667	1,389,458	28,322,213
Head office capital account	23,975,160													
Unappropriated / Unremitted profit	24,941,897													
Deficit on revaluation of assets	(603,210)													
	48,313,847													

2019 (Restated)

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	32,354,350	304,240	1,825,442	2,129,682	4,867,845	-	-	-	-	-	-	-	-	23,227,141
Balances with other banks	13,270,408	442,347	2,654,082	3,096,429	7,077,550	-	-	-	-	-	-	-	-	-
Lending to financial institutions	214,503,548	-	103,042,313	40,564,575	70,896,660	-	-	-	-	-	-	-	-	-
Investments	211,160,688	-	-	-	13,918,296	-	-	81,947,743	56,100,114	35,164,568	20,340,239	3,689,728	-	-
Advances	29,162,284	-	-	-	1,232,672	2,094,746	2,300,688	10,434,693	3,707,406	4,437,253	258	2,967	1,589,749	3,361,852
Fixed assets	628,978	965	-	-	73	1,195	1,132	4,361	6,363	5,256	27,840	37,519	31,917	512,357
Intangible assets	3,863	355	-	-	-	350	354	840	402	335	704	503	20	-
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	4,313,952	-	1,663,818	1,414,550	843,374	12,901	122,021	168,253	87,953	1,082	-	-	-	-
	505,398,071	747,907	109,185,655	47,205,236	98,836,470	2,109,192	2,424,195	92,555,890	59,902,238	39,608,494	20,369,041	3,730,717	1,621,686	27,101,350
Liabilities														
Bills payable	4,125,334	137,511	825,067	962,578	2,200,178	-	-	-	-	-	-	-	-	-
Borrowings	351,242,058	-	667,092	83,308,009	52,493,336	182,720,168	32,053,453	-	-	-	-	-	-	-
Deposits and other accounts	94,465,934	2,472,323	19,633,947	17,506,271	41,442,192	3,250,000	10,084,200	-	40,000	37,001	-	-	-	-
Deferred tax liabilities - net	93,908	3,130	18,782	21,912	50,084	-	-	-	-	-	-	-	-	-
Other liabilities	17,185,484	13,903	76,336	3,222,593	5,573,072	4,392,448	911,661	1,639,722	161,830	47,179	170,189	199,926	394,007	382,618
	467,112,718	2,626,867	21,221,224	105,021,363	101,758,862	190,362,616	43,049,314	1,639,722	201,830	84,180	170,189	199,926	394,007	382,618
Net assets	38,285,353	(1,878,960)	87,964,431	(57,816,127)	(2,922,392)	(188,253,424)	(40,625,119)	90,916,168	59,700,408	39,524,314	20,198,852	3,530,791	1,227,679	26,718,732
Head office capital account	23,227,140													
Unappropriated / Unremitted profit	14,933,238													
Surplus on revaluation of assets	124,975													
	38,285,353													

41.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Branches

2020 (Rupees in '000)

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	31,226,025	128,247	247,770	307,633	1,329,165	1,649,937	1,838,899	1,228,713	-	24,495,661
Balances with other banks	2,497,170	382,331	605,516	459,770	1,049,553	-	-	-	-	-
Lending to financial institutions	187,430,652	187,430,652	-	-	-	-	-	-	-	-
Investments	252,704,902	994,630	24,597,850	7,010,829	149,263,448	70,838,145	-	-	-	-
Advances	33,423,105	346,005	6,509,861	8,236,223	10,305,735	1,063	2,379,854	1,593,678	4,026,452	24,234
Fixed assets	704,761	5,566	10,277	15,454	33,180	62,491	41,919	90,711	75,940	369,223
Intangible assets	2,459	309	620	684	323	503	20	-	-	-
Deferred tax assets - net	300,496	300,496	-	-	-	-	-	-	-	-
Other assets	6,815,787	3,889,149	1,409,562	612,331	904,745	-	-	-	-	-
	515,105,357	193,477,385	33,381,456	16,642,924	162,886,149	72,552,139	4,260,692	2,913,102	4,102,392	24,889,118
Liabilities										
Bills payable	2,425,126	2,425,126	-	-	-	-	-	-	-	-
Borrowings	325,902,342	-	113,322,590	128,666,692	83,913,060	-	-	-	-	-
Deposits and other accounts	119,301,294	16,152,616	16,644,514	4,770,298	17,249,122	18,941,209	17,114,364	20,356,596	4,036,288	4,036,287
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,162,748	8,738,130	5,912,390	1,442,021	1,869,202	447,154	310,126	294,931	74,397	74,397
	466,791,510	27,315,872	135,879,494	134,879,011	103,031,384	19,388,363	17,424,490	20,651,527	4,110,685	4,110,684
Net assets	48,313,847	166,161,513	(102,498,038)	(118,236,087)	59,854,765	53,163,776	(13,163,798)	(17,738,425)	(8,293)	20,778,434
Head office capital account	23,975,160									
Unappropriated/ Unremitted profit	24,941,897									
Deficit on revaluation of assets	(603,210)									
	48,313,847									

2019 (Restated) (Rupees in '000)

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	32,354,350	2,139,681	2,854,419	1,237,556	2,895,554	-	-	-	-	23,227,140
Balances with other banks	13,270,408	9,833,023	3,198,424	120,925	118,036	-	-	-	-	-
Lending to financial institutions	214,503,548	214,503,548	-	-	-	-	-	-	-	-
Investments	211,160,688	13,918,296	-	81,947,743	91,264,682	20,340,239	3,689,728	-	-	-
Advances	29,162,284	1,232,672	4,395,434	10,434,693	8,144,659	258	2,967	1,589,749	2,072,070	1,289,782
Fixed assets	628,978	1,038	2,327	4,361	11,619	27,840	37,519	31,917	128,335	384,022
Intangible assets	3,863	355	705	840	737	704	503	19	-	-
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	4,313,952	3,921,743	134,922	168,253	89,034	-	-	-	-	-
	505,398,071	245,550,356	10,586,231	93,914,371	102,524,321	20,369,041	3,730,717	1,621,685	2,200,405	24,900,944
Liabilities										
Bills payable	4,125,334	4,125,334	-	-	-	-	-	-	-	-
Borrowings	351,242,058	136,468,437	214,773,621	-	-	-	-	-	-	-
Deposits and other accounts	94,465,934	14,273,397	20,064,711	7,201,322	8,115,974	8,142,742	7,333,558	14,667,115	14,667,115	-
Deferred tax liabilities - net	93,908	93,908	-	-	-	-	-	-	-	-
Other liabilities	17,185,484	8,885,904	5,304,110	1,639,722	209,009	170,189	199,926	394,007	191,308	191,309
	467,112,718	163,846,980	240,142,442	8,841,044	8,324,983	8,312,931	7,533,484	15,061,122	14,858,423	191,309
Net assets	38,285,353	81,703,376	(229,556,211)	85,073,327	94,199,338	12,056,110	(3,802,767)	(13,439,437)	(12,658,018)	24,709,635
Head office capital account	23,227,140									
Unappropriated / Unremitted profit	14,933,238									
Surplus on revaluation of assets	124,975									
	38,285,353									

42 DATE OF AUTHORIZATION FOR ISSUE

29 MAR 2021

The financial statements were authorized for issue on ____________ by the Chief Executive Officer and Head of Finance of the Branches.

43 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