


Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Statement of Financial Position

As at March 31, 2020

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Note		
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	30,487,158	32,354,350
Balances with other banks	6	15,941,884	13,270,408
Lendings to financial institutions	7	177,634,839	214,503,548
Investments	8	276,937,124	211,160,688
Advances	9	29,920,159	29,162,284
Fixed assets	10	615,650	628,978
Intangible assets	11	2,804	3,863
Deferred tax assets	12	-	-
Other assets	13	20,641,582	4,313,952
		552,181,200	505,398,071
LIABILITIES			
Bills payable	15	2,228,348	4,125,334
Borrowings	16	370,415,621	351,242,058
Deposits and other accounts	17	131,033,274	94,465,934
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	12	662,542	93,908
Other liabilities	18	6,389,049	17,756,365
		510,728,834	467,683,599
NET ASSETS		41,452,366	37,714,472
REPRESENTED BY			
Head office capital account		25,005,555	23,227,140
Surplus on revaluation of assets - net of tax	19	1,181,761	124,975
Unremitted profit		15,265,050	14,362,357
		41,452,366	37,714,472
CONTINGENCIES AND COMMITMENTS		20	

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


Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2020

	Note	Quarter Ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	21	15,313,000	10,811,236
Mark-up /return / interest expensed	22	14,088,549	3,777,955
Net mark-up / interest income		1,224,451	7,033,281
NON MARK-UP/INTEREST INCOME			
Fee and Commission Income	23	250,829	305,570
Dividend Income		-	-
Foreign Exchange Income		402,675	74,925
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other Income	24	483	(25)
Total non-markup / interest Income		653,987	380,470
Total Income		1,878,438	7,413,751
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	25	340,560	304,840
Workers Welfare Fund		30,059	139,416
Other charges		-	-
Total non-markup/interest expenses		370,619	444,256
Profit before provisions		1,507,819	6,969,495
Provisions and write offs - net	26	7,631	-
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,500,188	6,969,495
Taxation	27	597,495	2,990,924
PROFIT AFTER TAXATION		902,693	3,978,571

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


Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2020

	Quarter Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
Profit after taxation for the period	902,693	3,978,571
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods		
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,056,786	(8,311)
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-
Total comprehensive income	<u>1,959,479</u>	<u>3,970,260</u>

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

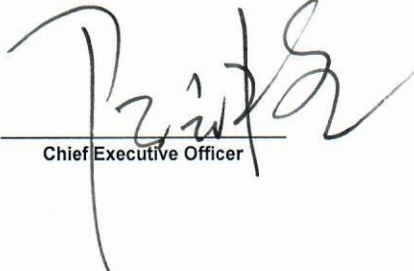

Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended March 31, 2020

	Head office capital account	Surplus / (deficit) on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 1, 2019	20,829,285	(57,530)	5,486,348	26,258,103
Total comprehensive income for the quarter ended March 31, 2019				
Profit after taxation for the quarter ended March 31, 2019	-	-	3,978,571	3,978,571
Other comprehensive income - net of tax	-	(8,311)	-	(8,311)
Total	-	(8,311)	3,978,571	3,970,260
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	287,805	-	-	287,805
Balance as at March 31, 2019 (un-audited)	21,117,090	(65,841)	9,464,919	30,516,168
Total comprehensive income for the nine month ended December 31, 2019				
Profit after taxation for the nine months ended December 31, 2019	-	-	5,598,351	5,598,351
Other comprehensive income - net of tax	-	190,816	(1,413)	189,403
	-	190,816	5,596,938	5,787,754
Transactions with owners, recorded directly in equity				
Transferred from payable to head office	-	-	-	-
Transfer from un-remitted profit to head office account	-	-	(699,500)	(699,500)
Exchange adjustments on revaluation of capital	2,110,050	-	-	2,110,050
Balance as at December 31, 2019 (audited)	23,227,140	124,975	14,362,357	37,714,472
Total comprehensive income for the quarter ended March 31, 2020				
Profit after taxation for the quarter ended March 31, 2020	-	-	902,693	902,693
Other comprehensive income - net of tax	-	1,056,786	-	1,056,786
Total comprehensive income for the quarter ended March 31, 2020	-	1,056,786	902,693	1,959,479
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	1,778,415	-	-	1,778,415
Balance as at March 31, 2020 (un-audited)	25,005,555	1,181,761	15,265,050	41,452,366

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


Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Cash Flow Statement (Un-audited)
For the quarter ended March 31, 2020

March 31, 2020 March 31, 2019
------(Rupees in '000)-----

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation 1,500,188 6,969,495

Adjustments:

Depreciation on fixed assets	18,144	14,602
Depreciation on right of use of assets	4,029	-
Amortisation on intangible assets	1,059	244
Provisions and write-offs	7,631	-
Loss on disposal of fixed assets	-	25
Finance cost against leases	1,462	-
Charge for defined benefit plan	-	-
	32,325	14,871
	1,532,513	6,984,366

Decrease / (Increase) in operating assets

Lendings to financial institutions	36,868,709	(64,973,083)
Advances	(765,506)	11,901,520
Others assets	(16,327,630)	11,392,834
	19,775,573	(41,678,729)

Increase/ (Decrease) in operating liabilities

Bills Payable	(1,896,986)	1,351,845
Borrowings from financial institutions	19,173,563	(2,267,939)
Deposits	36,567,340	10,108,886
Other liabilities	(10,671,535)	(304,465)
	43,172,382	8,888,327
	64,480,468	(25,806,036)

Income tax paid (721,365) (1,177,088)
Net cash flow from / (used in) from operating activities **63,759,103 (26,983,124)**

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities	(64,454,230)	31,446,697
Net investments in held-to-maturity securities	(265,420)	(7,270,494)
Investments in operating fixed assets	(8,845)	(3,295)
Proceeds from sale of fixed assets	-	39
Net cash flow (used in) / from investing activities	(64,728,495)	24,172,947

CASH FLOW FROM FINANCING ACTIVITIES

Exchange adjustments on revaluation of capital	1,778,415	287,805
Payments in respect of lease liability	(4,739)	-
Net cash flow generated from financing activities	1,773,676	287,805

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period	804,284	(2,522,372)
Cash and cash equivalents at end of the period	45,624,758	31,674,159
	46,429,042	29,151,787

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


Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches

Notes to and forming part of the Condensed Interim Financial Statements (un-audited)

For the quarter ended March 31, 2020

1 STATUS AND NATURE OF BUSINESS

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

The Bank presently operates through three branches (December 31, 2019: three branches) in Pakistan and is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Branches is located at 16th Floor, Ocean Tower, Block 9, Clifton, Karachi.

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

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

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

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

The applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2021. The impact of the application of IFRS 9 in Pakistan has on Branches' financial statements is being assessed.

2.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Branches for the year ended December 31, 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Branches for the year ended December 31, 2019.

4 FINANCIAL RISK MANAGEMENT

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

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

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again 200 basis point to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

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

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

4.1 Credit Risk Management

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

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

4.2 Liquidity Risk Management

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

4.3 Operational Risk Management

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

4.4 Capital Adequacy Ratio (CAR)

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

	Note	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----			
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		193,312	133,120
Foreign currency		35,767	52,829
		229,079	185,949
With State Bank of Pakistan in			
Local currency current account		4,424,236	8,296,299
Foreign currency current account		104,190	96,780
Foreign currency deposit account		25,729,653	23,775,322
		30,258,079	32,168,401
		30,487,158	32,354,350
6 BALANCES WITH OTHER BANKS			
Outside Pakistan			
In current accounts		474,423	1,558,582
In deposit accounts		15,467,461	11,711,826
		15,941,884	13,270,408
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	7.1	177,634,839	214,503,548
Others		-	-
		177,634,839	214,503,548
Less: Provision held against Lending to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		177,634,839	214,503,548
7.1	These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 10.5% to 13.3% (December 31, 2019: 13.00% to 13.35% per annum) with maturity in May 2020 (December 31, 2019: January 2020).		

8 INVESTMENTS

8.1 Investments by type:

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Available-for-sale securities								
Federal Government Securities	250,823,643	-	1,818,094	252,641,737	186,938,452	-	192,269	187,130,721
	250,823,643	-	1,818,094	252,641,737	186,938,452	-	192,269	187,130,721
Held-to-maturity securities								
Federal Government Securities	24,295,387	-	-	24,295,387	24,029,967	-	-	24,029,967
	24,295,387	-	-	24,295,387	24,029,967	-	-	24,029,967
Total Investments	275,119,030	-	1,818,094	276,937,124	210,968,419	-	192,269	211,160,688

8.2 There is no provision for diminution in value of investments as at March 31, 2020.

8.3 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 25,140 million (December 31, 2019: Rs. 24,163 million).

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

9 ADVANCES

	Performing		Non Performing		Total	
	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	27,059,657	27,120,810	-	-	27,059,657	27,120,810
Bills discounted and purchased	3,162,699	2,336,040	-	-	3,162,699	2,336,040
Advances - gross	30,222,356	29,456,850	-	-	30,222,356	29,456,850
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(302,197)	(294,566)	-	-	(302,197)	(294,566)
	(302,197)	(294,566)	-	-	(302,197)	(294,566)
Advances - net of provision	29,920,159	29,162,284	-	-	29,920,159	29,162,284

9.1 Particulars of advances (Gross)

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----		
In local currency	29,430,591	29,182,904
In foreign currency	791,765	273,946
	30,222,356	29,456,850

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

9.3 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	-	294,566	294,566	-	229,428	229,428
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	-	-	-	-	65,138	65,138
Reversals	-	7,631	7,631	-	-	-
	-	7,631	7,631	-	65,138	65,138
Closing balance	-	302,197	302,197	-	294,566	294,566

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

10	FIXED ASSETS	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
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Property and equipment	571,382	580,681
Right of use of asset	44,268	48,297
	<u>615,650</u>	<u>628,978</u>

10.1	Additions to fixed assets	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	March 31, 2019 (Un-audited)
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The following additions have been made to fixed assets during the period:

Property and equipment		
Furniture and fixture	3,012	3,144
Electrical office and computer equipment	5,833	151
Total	<u>8,845</u>	<u>3,295</u>

10.2 Disposal of fixed assets

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

Furniture and fixture	-	65
Electrical office and computer equipment	-	-
	<u>-</u>	<u>65</u>

11	INTANGIBLE ASSETS	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
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Computer Software	<u>2,804</u>	<u>3,863</u>
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11.1 There were no additions made to intangibles during the period (March 31, 2019 : nil)

11.2 There were no disposals of intangible during the period (March 31, 2019 : nil)

12	Deferred Tax (Liabilities) / Assets	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
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Deductible Temporary Differences on		
- Remeasurement of defined benefit liability	1,181	1,181
- Surplus on revaluation of investments	(636,333)	(67,294)
	<u>(635,152)</u>	<u>(66,113)</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation	(27,390)	(27,795)
	<u>(662,542)</u>	<u>(93,908)</u>

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
13 OTHER ASSETS		
Income / mark-up accrued in local currency	2,819,480	3,304,271
Income / mark-up accrued in foreign currency	5,081	680
Advances, deposits, advance rent and other prepayments	100,734	136,558
Mark to market gain on forward foreign exchange contracts	17,386,353	397,187
Acceptances	68,800	74,901
Local clearing account	255,203	396,526
Others	5,931	3,829
	<u>20,641,582</u>	<u>4,313,952</u>

14 CONTINGENT ASSETS

There were no contingent assets as at the statement of financial position date (December 31, 2019 : Nil).

15 BILLS PAYABLE

In Pakistan	2,228,348	4,125,334
Outside Pakistan	-	-
	<u>2,228,348</u>	<u>4,125,334</u>

16 BORROWINGS

<i>Unsecured</i>		
Call borrowings	370,415,621	351,242,058
Overdrawn nostro accounts	-	-
Total unsecured	<u>370,415,621</u>	<u>351,242,058</u>

17 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	11,329,378	45,764,349	57,093,727	21,845,160	22,839,265	44,684,425
Savings deposits	43,368,375	1,065,616	44,433,991	27,675,238	692,590	28,367,828
Term deposits	28,567,600	-	28,567,600	20,296,200	-	20,296,200
	<u>83,265,353</u>	<u>46,829,965</u>	<u>130,095,318</u>	<u>69,816,598</u>	<u>23,531,855</u>	<u>93,348,453</u>
Financial Institutions						
Current deposits	17,707	920,249	937,956	28,012	1,089,469	1,117,481
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
	<u>17,707</u>	<u>920,249</u>	<u>937,956</u>	<u>28,012</u>	<u>1,089,469</u>	<u>1,117,481</u>
	<u>83,283,060</u>	<u>47,750,214</u>	<u>131,033,274</u>	<u>69,844,610</u>	<u>24,621,324</u>	<u>94,465,934</u>

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
18 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	1,213,910	1,635,705
Mark-up / return / interest payable in foreign currency	897,541	1,451,268
Performance bonus payable	1,733,563	1,926,281
Commission received in advance against unfunded exposure	396,262	352,073
Current taxation (provisions less payments)	358,438	1,057,829
Acceptances	68,800	74,901
Mark to market loss on forward foreign exchange contracts	170,337	10,349,523
Lease liability against right-of-use assets	46,277	49,554
Payable to defined benefit plan	1,069	1,069
Workers' Welfare Fund	677,259	647,200
Withholding tax payable	39,823	32,936
Clearing and settlements	772,328	159,983
Others	13,442	18,043
	<u>6,389,049</u>	<u>17,756,365</u>

	Note	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited) ----- (Rupees in '000) -----
19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of available for sale securities		1,818,094	192,269
Deferred tax (liability) / asset on revaluation of available for sale securities	8.1	<u>(636,333)</u>	<u>(67,294)</u>
		<u>1,181,761</u>	<u>124,975</u>
20 CONTINGENCIES AND COMMITMENTS			
Guarantees		244,163,642	228,873,652
Commitments		1,046,266,600	1,052,545,726
Other contingent liabilities		-	-
		<u>1,290,430,242</u>	<u>1,281,419,378</u>
20.1 Guarantees			
Financial guarantees		563,251	563,251
Performance guarantees		164,537,993	152,410,005
Other guarantees		79,062,398	75,900,396
		244,163,642	228,873,652
20.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		19,979,706	9,601,962
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	845,880,195	826,290,638
- Forward lending	20.2.2	-	-
Commitment in respect of forward government securities transactions - Sale	20.2.3	180,406,699	216,653,126
		1,046,266,600	1,052,545,726
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		428,706,598	403,704,903
Sale		417,173,597	422,585,735
		<u>845,880,195</u>	<u>826,290,638</u>
20.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	20.2.2.1	-	-
20.2.2.1 These represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
		March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited) ----- (Rupees in '000) -----
20.2.3 Commitment in respect of forward government securities transactions - Sale		<u>180,406,699</u>	<u>216,653,126</u>
20.3 For contingencies relating to taxation, refer note 27.1			
21 MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		1,079,229	505,487
Investments		7,882,672	3,322,809
Lendings to financial institutions		6,328,470	6,975,604
Balances with banks		22,629	7,336
		<u>15,313,000</u>	<u>10,811,236</u>

	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	March 31, 2019 (Un-audited) ----- (Rupees in '000) -----
22 MARK-UP / RETURN/ INTEREST EXPENSED		
Deposits	1,850,585	1,197,817
Borrowings	1,944,576	3,066,192
Cost of foreign currency swaps against foreign currency deposits / borrowings	10,291,926	(486,054)
Finance cost against leases	1,462	-
	<u>14,088,549</u>	<u>3,777,955</u>
23 FEE AND COMMISSION INCOME		
Branch banking customer fees	1,997	883
Card related fees	120	59
Investment banking fees	38,732	87,785
Commission on trade	28,236	20,809
Commission on guarantees	142,841	154,704
Commission on undrawn syndicated facility	-	26,620
Commission on remittances including home remittances	28,144	12,279
Others	10,759	2,431
	<u>250,829</u>	<u>305,570</u>
24 OTHER INCOME		
Charges recovered	483	-
Loss on disposal of fixed assets	-	(25)
	<u>483</u>	<u>(25)</u>
25 OPERATING EXPENSES		
Total compensation expense	258,290	233,222
Property expense		
Rent & taxes	9,411	10,591
Insurance	802	2,187
Utilities cost	3,361	3,868
Security (including guards)	4,942	3,474
Repair & maintenance (including janitorial charges)	369	129
Depreciation	13,617	3,639
Property Management fee	3,280	2,724
	<u>35,782</u>	<u>26,612</u>
Information technology expenses		
Software maintenance	188	171
Hardware maintenance	42	35
Depreciation	4,754	1,571
Amortisation	1,059	244
Network charges	17,004	8,862
	<u>23,047</u>	<u>10,883</u>
Other operating expenses		
Legal & professional charges	2,680	3,755
Outsourced services costs	6,634	8,020
Travelling & conveyance	4,391	4,768
NIFT clearing charges	159	111
Entertainment expense	703	770
Depreciation	3,802	9,392
Training & development	30	187
Postage & courier charges	598	504
Communication	296	304
Stationery & printing	879	2,270
Marketing, advertisement & publicity	2	1,115
Commission expense	1,029	876
Auditors Remuneration	-	-
Others	2,238	2,051
	<u>23,441</u>	<u>34,123</u>
	<u>340,560</u>	<u>304,840</u>

	March 31, 2020	March 31, 2019
	(Un-audited) (Rupees in '000)	(Un-audited) (Rupees in '000)
26 PROVISIONS & WRITE OFFS - NET		
Provisions against loans & advances	<u>7,631</u>	<u>-</u>
27 TAXATION		
Current	597,900	2,772,857
Prior periods	-	217,960
Deferred	<u>(405)</u>	<u>307</u>
	<u>597,495</u>	<u>2,990,924</u>

27.1 The returns of income tax have been filed up to and including tax year 2019. 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 income year 2019 (tax year 2020) is due for filing by 30 September 2020.

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

28 FAIR VALUE MEASUREMENTS

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

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

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

28.1 Fair value of financial assets

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

- 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).

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:

Carrying / Notional value	March 31, 2020 (Un-audited)			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	252,641,737	-	252,641,737	-
				252,641,737
Financial assets - not measured at fair value				
Investments				
Federal Government Securities (HTM)	24,295,387	-	25,140,460	-
				25,140,460
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	845,880,195	-	17,216,016	-
				17,216,016
Forward sale of government securities	180,406,699	-	177,634,839	-
				177,634,839

	December 31, 2019 (Audited)				
	Carrying / Notional value	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	187,130,721	-	187,130,721	-	187,130,721
Financial assets - 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 contracts	826,290,638	-	(9,952,336)	-	(9,952,336)
Forward sale of government securities	216,653,126	-	215,607,672	-	215,607,672

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

(a) Financial instruments in level 2

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

Item	Valuation technique and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates.
Forward Foreign Exchange Contracts	The valuation has been determined by interpolating the FX revaluation rates announced by State Bank of Pakistan.

(b) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

29 Segment Details with respect to Business Activities

	March 31, 2020 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	1,079,229	1,974,640	(1,827,956)	(1,462)	1,224,451
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	171,077	-	482,427	483	653,987
Total Income	1,250,306	1,974,640	(1,345,529)	(979)	1,878,438
Segment direct expenses	22,024	337,083	11,025	487	370,619
Inter segment expense allocation	-	-	-	-	-
Total expenses	22,024	337,083	11,025	487	370,619
Provisions	(7,631)	-	-	-	(7,631)
Profit before tax	1,220,651	1,637,557	(1,356,554)	(1,466)	1,500,188
Balance Sheet					
Cash & Bank balances	-	30,258,079	16,170,963	-	46,429,042
Investments	-	276,937,124	-	-	276,937,124
Net inter segment lending	-	177,634,839	-	-	177,634,839
Lendings to financial institutions	-	-	-	-	-
Advances - performing	29,920,159	-	-	-	29,920,159
- non-performing	-	-	-	-	-
Others	2,893,361	17,386,353	255,203	725,119	21,260,036
Total Assets	32,813,520	502,216,395	16,426,166	725,119	552,181,200
Borrowings	-	370,415,621	-	-	370,415,621
Deposits & other accounts	-	-	131,033,274	-	131,033,274
Net inter segment borrowing	-	-	-	-	-
Others	465,062	2,276,881	777,235	5,760,761	9,279,939
Total liabilities	465,062	372,692,502	131,810,509	5,760,761	510,728,834
Equity	32,348,458	129,523,893	(115,384,343)	(5,035,642)	41,452,366
Total Equity & liabilities	32,813,520	502,216,395	16,426,166	725,119	552,181,200
Contingencies & Commitments	264,143,348	1,026,286,894	-	-	1,290,430,242
	March 31, 2019 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	505,487	7,718,275	(1,190,481)	-	7,033,281
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	202,133	-	178,362	(25)	380,470
Total Income	707,620	7,718,275	(1,012,119)	(25)	7,413,751
Segment direct expenses	11,759	429,283	2,548	665	444,256
Inter segment expense allocation	-	-	-	-	-
Total expenses	11,759	429,283	2,548	665	444,256
Provisions	-	-	-	-	-
Profit before tax	695,861	7,288,992	(1,014,667)	(690)	6,969,495
Balance Sheet					
Cash & Bank balances	-	32,168,401	13,456,357	-	45,624,758
Investments	-	211,160,688	-	-	211,160,688
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	214,503,548	-	-	214,503,548
Advances - performing	29,162,284	-	-	-	29,162,284
- non-performing	-	-	-	-	-
Others	3,379,852	397,187	396,526	773,228	4,946,793
Total Assets	32,542,136	458,229,824	13,852,883	773,228	505,398,071
Borrowings	-	351,242,058	-	-	351,242,058
Deposits & other accounts	-	-	94,465,934	-	94,465,934
Net inter segment borrowing	-	-	-	-	-
Others	3,513,947	10,349,523	4,285,317	3,826,820	21,975,607
Total liabilities	3,513,947	361,591,581	98,751,251	3,826,820	467,683,599
Equity	29,028,189	96,638,243	(84,898,368)	(3,053,592)	37,714,472
Total Equity & liabilities	32,542,136	458,229,824	13,852,883	773,228	505,398,071
Contingencies & Commitments	238,475,614	1,042,943,764	-	-	1,281,419,378

30 RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	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	-	14,802,068	665,393	-	-	10,639,332	1,072,494	-
In current accounts	-	-	474,423	-	-	-	1,558,582	-
	-	14,802,068	1,139,816	-	-	10,639,332	2,631,076	-
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	59,100,411	-
Repaid during the period / year	-	-	-	-	-	-	(59,100,411)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
(Rupees in '000)								
	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Key management personnel	Head office	Overseas branches	Other related parties	Key management personnel	Head office	Overseas branches	Other related parties
(Rupees in '000)								
Other Assets								
Forward exchange contract	-	-	11,370	-	-	-	247,952	-
Borrowings								
Opening balance	-	30,969,520	320,272,538	-	-	-	355,486,464	-
Borrowings during the period / year	-	75,016,665	455,236,911	-	-	70,455,658	1,790,696,787	-
Settled during the period / year	-	(30,969,520)	(480,110,493)	-	-	(39,486,138)	(1,825,910,713)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	75,016,665	295,398,956	-	-	30,969,520	320,272,538	-
Deposits and other accounts								
Opening balance	3,044	-	-	-	2,325	-	-	-
Received during the period / year	228,128	-	-	-	329,045	-	-	-
Withdrawn during the period / year	(228,106)	-	-	-	(328,326)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	3,066	-	-	-	3,044	-	-	-
Other Liabilities								
Interest / mark-up payable	40	174,618	722,041	-	68	154,390	1,294,508	-
Payable to staff retirement fund	-	-	-	1,069	-	-	-	1,069
Forward exchange contracts	-	-	158,000	-	-	-	142,704	-
Contingencies and Commitments								
Letter of guarantee	-	-	125,566,137	-	-	-	120,397,915	-
Forward exchange contract sale	-	-	12,219,101	-	-	-	27,141,352	-
Forward exchange contract purchase	-	-	12,082,493	-	-	-	27,272,598	-
(Rupees in '000)								
	March 31, 2020 (Un-audited)				March 31, 2019 (Un-audited)			
	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	-	20,556	1,534	-	-	3,839	10,199	-
Fee and commission income	-	860	127,088	-	-	36,696	126,465	-
Expense								
Mark-up / return / interest paid	68	192,444	1,752,132	-	33	-	3,065,993	-
Compensation expense	129,471	-	-	-	138,694	-	-	-
Contribution to gratuity fund	-	-	-	2,120	-	-	-	2,661
Contribution to provident fund	-	-	-	889	-	-	-	1,426

31	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	<u>25,005,555</u>	<u>23,227,140</u>
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	<u>40,267,801</u>	<u>37,585,634</u>
	Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
	Total Eligible Tier 1 Capital	<u>40,267,801</u>	<u>37,585,634</u>
	Eligible Tier 2 Capital	<u>1,483,958</u>	<u>419,541</u>
	Total Eligible Capital (Tier 1 + Tier 2)	<u>41,751,759</u>	<u>38,005,175</u>
	Risk Weighted Assets (RWAs):		
	Credit Risk	<u>111,732,343</u>	<u>91,137,044</u>
	Market Risk	<u>33,541,829</u>	<u>31,328,831</u>
	Operational Risk	<u>22,845,375</u>	<u>22,848,036</u>
	Total	<u>168,119,547</u>	<u>145,313,910</u>
	Common Equity Tier 1 Capital Adequacy Ratio	<u>23.95%</u>	<u>25.87%</u>
	Tier 1 Capital Adequacy Ratio	<u>23.95%</u>	<u>25.87%</u>
	Total Capital Adequacy Ratio	<u>24.83%</u>	<u>26.15%</u>
	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	<u>40,267,801</u>	<u>37,585,634</u>
	Total Exposure	<u>836,325,390</u>	<u>747,882,932</u>
	Leverage Ratio	<u>4.81%</u>	<u>5.03%</u>
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	<u>422,019,458</u>	<u>419,193,876</u>
	Total Net Cash Outflow	<u>220,226,481</u>	<u>181,988,567</u>
	Liquidity Coverage Ratio	<u>192%</u>	<u>230%</u>
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	<u>149,763,171</u>	<u>108,925,646</u>
	Total Required Stable Funding	<u>91,996,622</u>	<u>84,559,674</u>
	Net Stable Funding Ratio	<u>163%</u>	<u>129%</u>

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

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

32 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on May 20, 2020 by the Chief Executive Officer and Head of Finance of the Branches.

33 GENERAL

These condensed interim unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular Letter No. 5 dated March 22, 2019 and related clarifications / modifications.

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