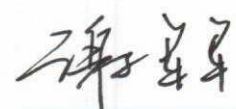


Industrial and Commercial Bank of China Limited - Pakistan Branches  
Condensed Interim Statement of Financial Position  
As at September 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	5	34,077,524	32,354,350
Balances with other banks	6	20,284,483	13,270,408
Lendings to financial institutions	7	146,924,672	214,503,548
Investments	8	344,338,298	211,160,688
Advances	9	25,224,830	29,162,284
Fixed assets	10	630,031	628,978
Intangible assets	11	3,535	3,863
Deferred tax assets	12	405,491	-
Other assets	13	6,006,933	4,313,952
		<b>577,895,797</b>	<b>505,398,071</b>
<b>LIABILITIES</b>			
Bills payable	15	7,632,129	4,125,334
Borrowings	16	387,916,503	351,242,058
Deposits and other accounts	17	121,883,507	94,465,934
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	12	-	93,908
Other liabilities	18	13,135,813	17,756,365
		<b>530,567,952</b>	<b>467,683,599</b>
<b>NET ASSETS</b>		<b>47,327,845</b>	<b>37,714,472</b>
<b>REPRESENTED BY</b>			
Head office capital account		24,855,315	23,227,140
Surplus on revaluation of assets - net of tax	19	(810,306)	124,975
Unremitted profit		23,282,836	14,362,357
		<b>47,327,845</b>	<b>37,714,472</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		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 nine months period ended September 30, 2020

		Quarter ended		Nine months period ended	
	Note	July 2020 - September 2020	July 2019 - September 2019	January 2020 - September 2020	January 2019 - September 2019
----- (Rupees in '000) -----					
Mark-up / return / interest earned	21	11,565,191	14,706,921	41,133,995	37,798,102
Mark-up / return / interest expensed	22	5,737,637	12,466,421	27,246,516	24,533,452
Net mark-up / interest income		5,827,554	2,240,500	13,887,479	13,264,650
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and commission income	23	260,315	171,400	840,532	781,688
Dividend income		-	-	-	-
Foreign exchange income		361,958	89,775	1,504,944	1,066,862
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income / (loss)	24	427	(153)	2,717	(20)
Total non-markup / interest income		622,700	261,022	2,348,193	1,848,530
Total income		6,450,254	2,501,522	16,235,672	15,113,180
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	25	297,282	297,401	1,003,880	936,472
Workers welfare fund		120,998	42,312	299,559	278,442
Other charges		-	-	-	-
Total non-markup / interest expenses		418,280	339,713	1,303,439	1,214,914
Profit before provisions and taxation		6,031,974	2,161,809	14,932,233	13,898,266
(Reversals) / Provisions and write offs - net	26	(15,355)	49,223	(39,770)	(20,830)
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		6,047,329	2,112,586	14,972,003	13,919,096
Taxation	27	2,412,062	841,606	6,051,524	5,755,895
<b>PROFIT AFTER TAXATION</b>		3,635,267	1,270,980	8,920,479	8,163,201

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 nine months period ended September 30, 2020

	Quarter Ended		Nine months period ended	
	July 2020 - September 2020	July 2019 - September 2019	January 2020 - September 2020	January 2019 - September 2019
	(Rupees in '000)			
Profit after taxation for the period	3,635,267	1,270,980	8,920,479	8,163,201
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(2,039,246)	180,175	(935,281)	137,254
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
<b>Total comprehensive income</b>	<b>1,596,021</b>	<b>1,451,155</b>	<b>7,985,198</b>	<b>8,300,455</b>

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

  
Chief Executive Officer

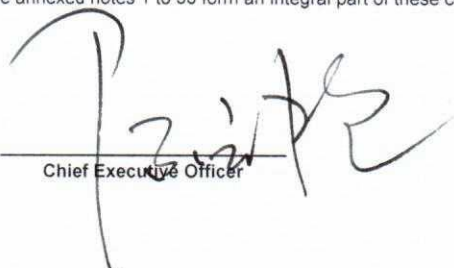
  
Head of Finance



Industrial and Commercial Bank of China Limited - Pakistan Branches  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the nine months period ended September 30, 2020

	Head office capital account	(Deficit) / Surplus 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
<b>Total comprehensive income for the nine months period ended September 30, 2019</b>				
Profit after taxation for the nine months period ended September 30, 2019	-	-	8,163,201	8,163,201
Other comprehensive income / (loss) - net of tax	-	137,254	-	137,254
Total	-	137,254	8,163,201	8,300,455
<b>Transactions with owners, recorded directly in equity</b>				
Exchange adjustments on revaluation of capital	2,625,525	-	-	2,625,525
Balance as at September 30, 2019	23,454,810	79,724	13,649,549	37,184,083
<b>Total comprehensive income for the three month period ended December 31, 2019</b>				
Profit after taxation for the three months period ended December 31, 2019	-	-	1,413,721	1,413,721
Other comprehensive income / (loss) - net of tax	-	45,251	(1,413)	43,838
Total	-	45,251	1,412,308	1,457,559
<b>Transactions with owners, recorded directly in equity</b>				
Transfer from un-remitted profit to head office account	-	-	(699,500)	(699,500)
Exchange adjustments on revaluation of capital	(227,670)	-	-	(227,670)
Balance as at December 31, 2019	23,227,140	124,975	14,362,357	37,714,472
<b>Total comprehensive income for the nine months period ended September 30, 2020</b>				
Profit after taxation for the nine months period ended September 30, 2020	-	-	8,920,479	8,920,479
Other comprehensive income / (loss) - net of tax	-	(935,281)	-	(935,281)
Total	-	(935,281)	8,920,479	7,985,198
<b>Transactions with owners, recorded directly in equity</b>				
Exchange adjustments on revaluation of capital	1,628,175	-	-	1,628,175
Balance as at September 30, 2020	24,855,315	(810,306)	23,282,836	47,327,845

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

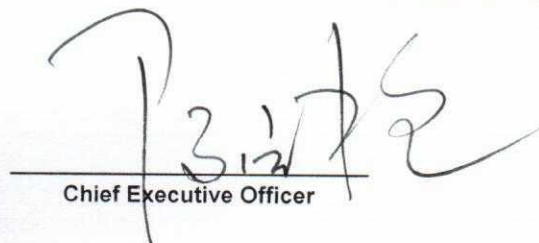
  
Chief Executive Officer

  
Head of Finance

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

		September 30, 2020	September 30, 2019
	Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		14,972,003	13,919,096
Adjustments:			
Depreciation on operating fixed assets	25	54,859	45,467
Depreciation on right-of-use of assets	25	13,508	8,681
Amortisation on intangible assets	25	3,288	638
(Reversal) / Provision and write-offs	26	(39,770)	(20,830)
Loss / (gain) on disposal of operating fixed assets		-	20
Finance cost against leases	22	4,242	3,209
Other income		(118)	-
		36,009	37,185
		15,008,012	13,956,281
Decrease / (increase) in operating assets			
Lendings to financial institutions		67,578,876	6,470,296
Advances		3,977,224	2,083,038
Others assets		(1,692,981)	14,637,819
		69,863,119	23,191,153
Increase / (decrease) in operating liabilities			
Bills payable		3,506,795	4,727,835
Borrowings from financial institutions		36,674,445	10,721,303
Deposits and other accounts		27,417,573	19,609,825
Other liabilities		(7,439,645)	9,729,654
		60,159,168	44,788,617
		145,030,299	81,936,051
Income tax paid		(3,739,918)	(3,641,310)
Net cash flow generated from operating activities		141,290,381	78,294,741
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(133,272,680)	(48,748,080)
Net investments in held-to-maturity securities		(840,211)	(22,855,505)
Investments in operating fixed assets	10.1	(19,886)	(14,473)
Investments in intangible assets	11.1	(2,960)	-
Proceeds from sale of operating fixed assets		-	45
Net cash flow used in investing activities		(134,135,737)	(71,618,013)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Exchange adjustments on revaluation of capital		1,628,175	2,625,525
Payments in respect of lease liability		(45,570)	(10,191)
Net cash flow generated from financing activities		1,582,605	2,615,334
<b>Increase / (Decrease) in cash and cash equivalents</b>		<b>8,737,249</b>	<b>9,292,062</b>
Cash and cash equivalents at beginning of the period		45,624,758	31,674,159
Cash and cash equivalents at end of the period		54,362,007	40,966,221

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

  
Chief Executive Officer

  
Head of Finance



# Industrial and Commercial Bank of China Limited - Pakistan Branches

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

*For the nine months period ended September 30, 2020*

### **1 STATUS AND NATURE OF BUSINESS**

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

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

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

### **2 BASIS OF PRESENTATION**

#### **2.1 STATEMENT OF COMPLIANCE**

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

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

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 IFRSs, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Branches 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' condensed interim financial statements. These have, therefore, not been considered or disclosed in these condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, 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 on the Bank's 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 Branches are 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, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points since the beginning of the year, to 7%. 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 or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities/new hospitals and import of plant and machinery for new/existing industrial projects.

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 has further strengthened its credit review procedures in the light of COVID-19. The Branch is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19

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

### **4.2 Liquidity Risk Management**

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

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

#### 4.3 Operational Risk Management

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

#### 4.4 Capital Adequacy Ratio (CAR)

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

	Note	September 30, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		169,608	133,120
Foreign currency		128,671	52,829
		298,279	185,949
With State Bank of Pakistan in			
Local currency current account		8,266,179	8,296,299
Foreign currency current account		103,564	96,780
Foreign currency deposit account		25,409,502	23,775,322
		33,779,245	32,168,401
		<u>34,077,524</u>	<u>32,354,350</u>
<b>6 BALANCES WITH OTHER BANKS</b>			
Outside Pakistan			
In current accounts		11,688,367	1,558,582
In deposit accounts		8,596,116	11,711,826
		<u>20,284,483</u>	<u>13,270,408</u>
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)	7.1	146,924,672	214,503,548
Others		-	-
		<u>146,924,672</u>	<u>214,503,548</u>
Less: Provision held against Lending to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		<u>146,924,672</u>	<u>214,503,548</u>
<b>7.1</b>	These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 7% to 7.01% (December 31, 2019: 13.00% to 13.35% per annum) with maturity in October 2020 (December 31, 2019: January 2020).		



## 8 INVESTMENTS

### 8.1 Investments by type:

	September 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>Available-for-sale securities</b>								
Federal Government Securities	320,714,745	-	(1,246,625)	319,468,120	186,938,452	-	192,269	187,130,721
	320,714,745	-	(1,246,625)	319,468,120	186,938,452	-	192,269	187,130,721
<b>Held-to-maturity securities</b>								
Federal Government Securities	24,870,178	-	-	24,870,178	24,029,967	-	-	24,029,967
	24,870,178	-	-	24,870,178	24,029,967	-	-	24,029,967
<b>Total Investments</b>	<b>345,584,923</b>	<b>-</b>	<b>(1,246,625)</b>	<b>344,338,298</b>	<b>210,968,419</b>	<b>-</b>	<b>192,269</b>	<b>211,160,688</b>

Surplus / (Deficit) (Un-audited) December 31, 2019 (Audited)  
(Rupees in '000)

#### 8.1.1 Investments given as collateral

##### Federal Government Securities

- Market Treasury Bills

13,978,244 -

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

8.3 The market value of securities classified as held-to-maturity as at September 30, 2020 amounted to Rs. 26,062 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	
	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)						
Loans, cash credits, running finances, etc.	25,073,489	27,120,810	-	-	25,073,489	27,120,810
Bills discounted and purchased	406,137	2,336,040	-	-	406,137	2,336,040
Advances - gross	25,479,626	29,456,850	-	-	25,479,626	29,456,850
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(254,796)	(294,566)	-	-	(254,796)	(294,566)
	(254,796)	(294,566)	-	-	(254,796)	(294,566)
Advances - net of provision	25,224,830	29,162,284	-	-	25,224,830	29,162,284

#### 9.1 Particulars of advances (Gross)

In local currency  
In foreign currency

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

25,479,626 29,182,904  
- 273,946  
25,479,626 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

	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	-	294,566	294,566	-	229,428	229,428
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	-	-	-	-	-	-
Reversals for the period / year	-	(39,770)	(39,770)	-	65,138	65,138
	-	(39,770)	(39,770)	-	65,138	65,138
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	-	254,796	254,796	-	294,566	294,566

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

#### 9.4 Advances - Deferred & Restructured/Rescheduled

	No. of borrowers	Amount of Principal Deferred up to One year* (Rupees in '000)	Amount of Restructuring / Rescheduling Allowed
Corporate and Commercial	1	300,000	-
<b>Total</b>	<b>1</b>	<b>300,000</b>	<b>-</b>

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

##### Principal Deferred during the Period

Corporate and Commercial

Total

Principal Amount Due (Deferred) Rupees in '000  
300,000  
300,000

10	FIXED ASSETS	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	

Property and equipment  
Right-of-use asset

545,708	580,681
84,323	48,297
<u>630,031</u>	<u>628,978</u>

#### 10.1 Additions to fixed assets

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

##### Property and equipment

Furniture and fixture  
Electrical office and computer equipment  
Vehicles  
Total

September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
----- (Rupees in '000) -----	
12,665	3,320
7,221	151
-	11,002
<u>19,886</u>	<u>14,473</u>

#### 10.2 Disposal of fixed assets

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

Furniture and fixture

September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
----- (Rupees in '000) -----	
-	65

#### 11 INTANGIBLE ASSETS

Computer Software

<u>3,535</u>	<u>3,863</u>
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#### 11.1 Additions to intangible assets

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

Directly purchased software

<u>2,960</u>	<u>-</u>
--------------	----------

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

#### 12 Deferred Tax Assets / (Liabilities)

Deductible Temporary Differences on  
- Remeasurement of defined benefit liability  
- Deficit on revaluation of investments

September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----	
1,181	1,181
436,319	-
<u>437,500</u>	<u>1,181</u>

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

-	(67,294)
(32,009)	(27,795)
<u>(32,009)</u>	<u>(95,089)</u>
<u>405,491</u>	<u>(93,908)</u>



	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>13 OTHER ASSETS</b>		
Income / mark-up accrued in local currency	2,468,086	3,304,271
Income / mark-up accrued in foreign currency	-	680
Advances, deposits, advance rent and other prepayments	143,781	136,558
Mark to market gain on forward foreign exchange contracts	2,127,391	397,187
Acceptances	617,634	74,901
Local clearing account	642,562	396,526
Others	7,479	3,829
	<u>6,006,933</u>	<u>4,313,952</u>

**14 CONTINGENT ASSETS**

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

**15 BILLS PAYABLE**

In Pakistan	7,632,129	4,125,334
	<u>7,632,129</u>	<u>4,125,334</u>

**16 BORROWINGS**

<b>Secured</b>		
Repurchase agreement borrowings (Repo)	13,978,160	-
<b>Unsecured</b>		
Call borrowings	373,938,343	351,242,058
	<u>387,916,503</u>	<u>351,242,058</u>

**17 DEPOSITS AND OTHER ACCOUNTS**

	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	9,083,625	27,527,119	36,610,744	21,845,160	22,839,265	44,684,425
Savings deposits	58,448,722	2,049,141	60,497,863	27,675,238	692,590	28,367,828
Term deposits	23,306,200	-	23,306,200	20,296,200	-	20,296,200
	<u>90,838,547</u>	<u>29,576,260</u>	<u>120,414,807</u>	<u>69,816,598</u>	<u>23,531,855</u>	<u>93,348,453</u>
<b>Financial Institutions</b>						
Current deposits	45,899	1,422,801	1,468,700	28,012	1,089,469	1,117,481
	<u>45,899</u>	<u>1,422,801</u>	<u>1,468,700</u>	<u>28,012</u>	<u>1,089,469</u>	<u>1,117,481</u>
	<u>90,884,446</u>	<u>30,999,061</u>	<u>121,883,507</u>	<u>69,844,610</u>	<u>24,621,324</u>	<u>94,465,934</u>

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>18 OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	1,024,721	1,635,705
Mark-up / return / interest payable in foreign currency	898,828	1,451,268
Performance bonus payable	1,566,824	1,926,281
Commission received in advance against unfunded exposure	325,313	352,073
Current taxation (provisions less payments)	3,845,451	1,057,829
Acceptances	617,634	74,901
Mark to market loss on forward foreign exchange contracts	2,954,134	10,349,523
Lease liability against right-of-use assets	57,642	49,554
Payable to defined benefit plan	1,069	1,069
Workers' welfare fund	946,759	647,200
Withholding tax payable	56,319	32,936
Clearing and settlements	829,729	159,983
Others	11,390	18,043
	<u>13,135,813</u>	<u>17,756,365</u>

	Note	September 30, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited) ----- (Rupees in '000) -----
<b>19 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS</b>			
(Deficit) / Surplus on revaluation of available for sale securities	8.1	(1,246,625)	192,269
Deferred tax asset / (liability) on revaluation of available for sale securities		436,319	(67,294)
		<u>(810,306)</u>	<u>124,975</u>
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees		298,649,076	228,873,652
Commitments		1,025,541,848	1,052,545,726
		<u>1,324,190,924</u>	<u>1,281,419,378</u>
<b>20.1 Guarantees:</b>			
Financial guarantees		563,251	563,251
Performance guarantees		166,469,017	152,410,005
Other guarantees		131,616,808	75,900,396
		298,649,076	228,873,652
<b>20.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		16,101,564	9,601,962
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	848,176,913	826,290,638
- Forward government securities transactions	20.2.2	161,263,371	216,653,126
		<u>1,025,541,848</u>	<u>1,052,545,726</u>
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		420,330,678	403,704,903
Sale		427,846,235	422,585,735
		<u>848,176,913</u>	<u>826,290,638</u>
<b>20.2.2 Commitment in respect of `</b>			
Purchase		13,983,320	-
Sale		147,280,051	216,653,126
		<u>161,263,371</u>	<u>216,653,126</u>
<b>20.3 For contingencies relating to taxation, refer note 27.2</b>			
<b>21 MARK-UP / RETURN / INTEREST EARNED</b>		September 30, 2020 (Un-audited) ----- (Rupees in '000) -----	September 30, 2019 (Un-audited) ----- (Rupees in '000) -----
Loans and advances		2,420,592	1,530,485
Investments		26,154,048	14,815,773
Lendings to financial institutions		12,529,007	21,416,322
Balances with banks		30,348	35,522
		<u>41,133,995</u>	<u>37,798,102</u>



	September 30, 2020 (Un-audited) ----- (Rupees in '000) -----	September 30, 2019 (Un-audited) ----- (Rupees in '000) -----
<b>22 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	4,818,400	3,840,365
Borrowings	4,910,700	8,968,315
Cost of foreign currency swaps against foreign currency deposits / borrowings	17,513,174	11,721,563
Finance cost	4,242	3,209
	<u>27,246,516</u>	<u>24,533,452</u>
<b>23 FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	4,553	2,572
Card related fees (debit and credit cards)	265	230
Investment banking fees	168,509	157,198
Commission on trade	93,319	47,996
Commission on guarantees	459,355	455,180
Commission on undrawn syndicated facility	19,014	68,322
Commission on remittances including home remittances	66,782	41,555
Others	28,735	8,635
	<u>840,532</u>	<u>781,688</u>
<b>24 OTHER INCOME / (LOSS)</b>		
Loss on disposal of operating fixed assets	-	(20)
Charges recovered	1,057	-
Liabilities no longer required written back	1,451	-
Scrap sales	209	-
	<u>2,717</u>	<u>(20)</u>
<b>25 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>759,240</b>	<b>712,774</b>
<b>Property expense</b>		
Rent & taxes	24,797	30,199
Insurance	5,674	4,797
Utilities cost	14,568	14,516
Security (including guards)	14,886	14,299
Repair & maintenance (including janitorial charges)	1,063	847
Depreciation on operating fixed assets	26,122	22,901
Depreciation - Right-of-use assets	9,649	4,915
Property management fee	12,105	11,381
	<u>108,864</u>	<u>103,855</u>
<b>Information technology expenses</b>		
Software maintenance	1,672	428
Hardware maintenance	1,045	1,966
Depreciation on operating fixed assets	14,137	4,793
Amortisation	3,288	638
Network charges	37,564	18,553
	<u>57,706</u>	<u>26,378</u>
<b>Other operating expenses</b>		
Legal & professional charges	9,831	10,915
Outsourced services costs	23,817	22,004
Travelling & conveyance	6,871	14,654
NIFT clearing charges	430	373
Entertainment expense	1,518	2,888
Depreciation on operating fixed assets	14,600	17,773
Depreciation - Right-of-use assets	3,859	3,766
Training & development	1,095	1,032
Postage & courier charges	1,449	1,533
Communication	1,073	1,354
Stationery & printing	3,533	4,935
Marketing, advertisement & publicity	1,693	3,922
Donations	500	-
Commission expense	2,688	3,324
Auditors Remuneration	305	64
Others	4,808	4,928
	<u>78,070</u>	<u>93,465</u>
	<u>1,003,880</u>	<u>936,472</u>

		September 30, 2020 (Un-audited) ----- (Rupees in '000) -----	September 30, 2019 (Un-audited) ----- (Rupees in '000) -----
26	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	(Reversal) / Provisions against loans & advances	<u>(39,770)</u>	<u>(20,830)</u>
27	<b>TAXATION</b>		
	Current	6,047,310	5,537,744
	Prior periods	-	217,711
	Deferred	<u>4,214</u>	<u>440</u>
		<u><b>6,051,524</b></u>	<u><b>5,755,895</b></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.

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 favour 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 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:

	September 30, 2020 (Un-audited)				
	Carrying / Notional value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- (Rupees in '000) -----				
Financial assets measured at fair value					
Investments					
Federal Government Securities (AFS)	319,468,120	-	319,468,120	-	319,468,120
Financial assets not measured at fair value					
Investments					
Federal Government Securities (HTM)	24,870,178	-	26,062,080	-	26,062,080
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	848,176,913	-	(826,743)	-	(826,743)
Forward sale of government securities	-	-	150,468,166	-	150,468,166
			</		



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

	September 30, 2020 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
<b>Profit &amp; Loss</b>					
Net mark-up / return / profit	2,420,592	16,259,181	(4,788,052)	(4,242)	13,887,479
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	571,688	1,504,944	268,844	2,717	2,348,193
Total Income	2,992,280	17,764,125	(4,519,208)	(1,525)	16,235,672
Segment direct expenses	59,210	1,193,671	47,874	2,684	1,303,439
Inter segment expense allocation	-	-	-	-	-
Total expenses	59,210	1,193,671	47,874	2,684	1,303,439
(Reversal) / Provision	(39,770)	-	-	-	(39,770)
Profit / (loss) before tax	2,972,840	16,570,454	(4,567,082)	(4,209)	14,972,003
<b>Balance Sheet</b>					
Cash & Bank balances	-	33,779,245	20,582,762	-	54,362,007
Investments	-	344,338,298	-	-	344,338,298
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	146,924,672	-	-	146,924,672
Advances - performing	25,224,830	-	-	-	25,224,830
- non-performing	-	-	-	-	-
Others	1,026,508	4,186,603	642,562	1,190,317	7,045,990
<b>Total Assets</b>	26,251,338	529,228,818	21,225,324	1,190,317	577,895,797
Borrowings	-	387,916,503	-	-	387,916,503
Deposits & other accounts	-	-	121,883,507	-	121,883,507
Net inter segment borrowing	-	-	-	-	-
Others	942,946	4,875,603	831,810	14,117,583	20,767,942
<b>Total liabilities</b>	942,946	392,792,106	122,715,317	14,117,583	530,567,952
Equity	25,308,392	136,436,712	(101,489,993)	(12,927,266)	47,327,845
<b>Total Equity &amp; liabilities</b>	26,251,338	529,228,818	21,225,324	1,190,317	577,895,797
<b>Contingencies &amp; Commitments</b>	314,750,640	1,009,440,284	-	-	1,324,190,924

	September 30, 2019 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
<b>Profit &amp; Loss</b>					
Net mark-up / return / profit	1,530,485	15,542,217	(3,804,843)	(3,209)	13,264,650
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	571,498	1,066,862	210,190	(20)	1,848,530
Total Income	2,101,983	16,609,079	(3,594,653)	(3,229)	15,113,180
Segment direct expenses	50,354	1,136,083	26,800	1,677	1,214,914
Inter segment expense allocation	-	-	-	-	-
Total expenses	50,354	1,136,083	26,800	1,677	1,214,914
(Reversal) / Provision	(20,830)	-	-	-	(20,830)
Profit / (loss) before tax	2,072,459	15,472,996	(3,621,453)	(4,906)	13,919,096

	December 31, 2019 (Audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
<b>Balance Sheet</b>					
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
<b>Total Assets</b>	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
<b>Total liabilities</b>	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
<b>Total Equity &amp; liabilities</b>	32,542,136	458,229,824	13,852,883	773,228	505,398,071
<b>Contingencies &amp; Commitments</b>	238,475,614	1,042,943,764	-	-	1,281,419,378

### 30 RELATED PARTY TRANSACTIONS

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

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

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

	September 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
<b>Balances with other banks</b>								
In deposit accounts	-	7,875,549	720,567	-	-	10,639,332	1,072,494	-
In current accounts	-	-	11,688,367	-	-	-	1,558,582	-
	-	7,875,549	12,408,934	-	-	10,639,332	2,631,076	-
<b>Lendings to financial institutions</b>								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	59,100,411	-
Repaid during the period / year	-	-	-	-	-	-	(59,100,411)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

	September 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
<b>Other Assets</b>								
Interest / Mark-up accrued	-	-	-	-	-	-	-	-
Forward exchange contract	-	-	298,145	-	-	-	247,952	-
<b>Borrowings</b>								
Opening balance	-	30,969,520	320,272,538	-	-	-	355,486,464	-
Borrowings during the period / year	-	74,565,945	1,413,365,748	-	-	70,455,658	1,790,696,787	-
Settled during the period / year	-	(105,535,465)	(1,359,699,943)	-	-	(39,486,138)	(1,825,910,713)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	373,938,343	-	-	30,969,520	320,272,538	-
<b>Deposits and other accounts</b>								
Opening balance	3,044	-	-	-	2,325	-	-	-
Received during the period / year	297,984	-	-	-	329,045	-	-	-
Withdrawn during the period / year	(297,051)	-	-	-	(328,326)	-	-	-
Transfer in / (out) - net	(13)	-	-	-	-	-	-	-
Closing balance	3,964	-	-	-	3,044	-	-	-

	September 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
<b>Other Liabilities</b>								
Interest / mark-up payable	22	-	897,731	-	68	154,390	1,294,508	-
Payable to staff retirement fund	-	-	-	1,069	-	-	-	1,069
Forward exchange contracts	-	-	5,474	-	-	-	142,704	-
Commission received in advance against unfunded exposure	-	102,971	2,334	-	-	144,879	6,712	-
<b>Contingencies and Commitments</b>								
Letter of guarantee	-	171,986,187	76,042	-	-	120,398,013	133,754	-
Forward exchange contract sale	-	-	15,725,164	-	-	-	27,141,352	-
Forward exchange contract purchase	-	-	16,292,169	-	-	-	27,272,598	-

### RELATED PARTY TRANSACTIONS

	September 30, 2020 (Un-audited)				September 30, 2019 (Un-audited)			
	Key management personnel	Head office	Overseas branches / associates	Other related parties	Key management personnel	Head office	Overseas branches / associates	Other related parties
(Rupees in '000)								
<b>Income</b>								
Mark-up / return / interest earned	-	23,761	5,906	-	-	18,607	16,841	-
Fee and commission income	-	223,378	8,707	-	-	5,442	338,566	-
<b>Expense</b>								
Mark-up / return / interest paid	130	442,986	4,457,525	-	49	66,923	8,876,498	-
Compensation expense	286,131	-	-	-	409,993	-	-	-
Contribution to gratuity fund	-	-	-	2,631	-	-	-	3,275
Contribution to provident fund	-	-	-	6,015	-	-	-	6,676



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

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

September 30, 2020 (Un-audited) ----- (Rupees in '000) -----	December 31, 2019 (Audited)
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<u>24,855,315</u>	<u>23,227,140</u>
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**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

<u>47,324,310</u>	<u>37,585,634</u>
<u>-</u>	<u>-</u>
<u>47,324,310</u>	<u>37,585,634</u>
<u>254,796</u>	<u>419,541</u>
<u>47,579,106</u>	<u>38,005,175</u>

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

<u>102,694,474</u>	<u>91,137,044</u>
<u>33,459,433</u>	<u>31,328,831</u>
<u>22,845,375</u>	<u>22,848,036</u>
<u>158,999,282</u>	<u>145,313,911</u>

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

<u>29.76%</u>	<u>25.87%</u>
<u>29.76%</u>	<u>25.87%</u>
<u>29.92%</u>	<u>26.15%</u>

**Leverage Ratio (LR):**

Eligible Tier-1 Capital

Total Exposure

Leverage Ratio

<u>47,324,310</u>	<u>37,585,634</u>
<u>894,498,469</u>	<u>747,882,932</u>
<u>5.29%</u>	<u>5.03%</u>

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

<u>457,034,694</u>	<u>419,193,876</u>
<u>198,399,389</u>	<u>181,988,567</u>
<u>230%</u>	<u>230%</u>

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

<u>210,493,744</u>	<u>108,925,646</u>
<u>85,823,134</u>	<u>84,559,674</u>
<u>245%</u>	<u>129%</u>

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

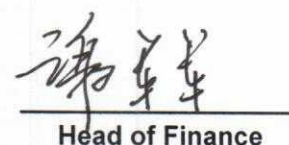
Risk Type	Approach adopted by Bank
Credit Risk	Standardized Approach
Market Risk	Standardized Approach
Operational Risk	Basic

**32 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **29 October, 2020** by the Chief Executive Officer and Head of Finance of the Branches.

**33 GENERAL**

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

  
Chief Executive Officer  
Head of Finance