

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Financial Position
As at March 31, 2021

	Note	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020
ASSETS			
Cash and balances with treasury banks	5	31,008,504	31,226,025
Balances with other banks	6	5,815,893	2,497,170
Lendings to financial institutions	7	61,796,023	187,430,652
Investments	8	380,517,495	252,704,902
Advances	9	35,279,615	33,423,105
Fixed assets	10	676,137	704,761
Intangible assets	11	10,462	2,459
Deferred tax assets	12	437,067	300,496
Other assets	13	4,718,800	6,815,787
		520,259,996	515,105,357
LIABILITIES			
Bills payable	14	13,760,749	2,425,126
Borrowings	15	311,474,366	325,902,342
Deposits and other accounts	16	121,191,968	119,301,294
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	12	-	-
Other liabilities	17	25,804,714	19,162,748
		472,231,797	466,791,510
NET ASSETS		48,028,199	48,313,847
REPRESENTED BY			
Head office capital account		22,913,790	23,975,160
Deficit on revaluation of assets - net of tax	18	(842,376)	(603,210)
Unremitted profit		25,956,785	24,941,897
		48,028,199	48,313,847
CONTINGENCIES AND COMMITMENTS	19		

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, 2021

	Note	Quarter Ended	
		March 31, 2021	March 31, 2020
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	20	8,649,766	15,313,000
Mark-up / return / interest expensed	21	7,314,142	14,088,549
Net mark-up / interest income		1,335,624	1,224,451
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	22	437,922	250,829
Dividend Income		-	-
Foreign Exchange Income		308,119	402,675
Income / (loss) from derivatives		-	-
(loss) / Gain on securities	23	(115)	-
Other Income	24	1,698	483
Total non-markup / interest Income		747,624	653,987
Total Income		2,083,248	1,878,438
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	25	352,606	340,560
Workers' Welfare Fund		33,738	30,059
Other charges		-	-
Total non-markup / interest expenses		386,344	370,619
Profit before provisions		1,696,904	1,507,819
Provisions and write offs - net	26	18,753	7,631
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,678,151	1,500,188
Taxation	27	663,263	597,495
PROFIT AFTER TAXATION		1,014,888	902,693

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, 2021

	Quarter Ended	
	March 31, 2021	March 31, 2020
	----- (Rupees in '000) -----	
Profit after taxation for the period	1,014,888	902,693
Other comprehensive (loss) / 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	(239,166)	1,056,786
Total comprehensive income	<u>775,722</u>	<u>1,959,479</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, 2021

	Head office capital account	Surplus / (deficit) on revaluation of investments	Unremitted profit	Total
	(Rupees in '000)			
Balance as at December 31, 2019	23,227,140	124,975	14,933,238	38,285,353
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
	-	1,056,786	902,693	1,959,479
Transactions with owners, recorded directly in equity				
Translation gain on revaluation of capital	1,778,415	-	-	1,778,415
Balance as at March 31, 2020 (un -audited)	25,005,555	1,181,761	15,835,931	42,023,247
Total comprehensive income for the nine month ended December 31, 2020				
Profit after taxation for the nine months ended December 31, 2020	-	-	9,105,212	9,105,212
Other comprehensive (loss) / income - net of tax	-	(1,784,971)	754	(1,784,217)
	-	(1,784,971)	9,105,966	7,320,995
Transactions with owners, recorded directly in equity				
Translation gain on revaluation of capital	(1,030,395)	-	-	(1,030,395)
Balance as at December 31, 2020 (audited)	23,975,160	(603,210)	24,941,897	48,313,847
Total comprehensive income for the quarter ended March 31, 2021				
Profit after taxation for the quarter ended March 31, 2021	-	-	1,014,888	1,014,888
Other comprehensive (loss) / income - net of tax	-	(239,166)	-	(239,166)
Total comprehensive income for the quarter ended March 31, 2021	-	(239,166)	1,014,888	775,722
Transactions with owners, recorded directly in equity				
Translation gain on revaluation of capital	(1,061,370)	-	-	(1,061,370)
Balance as at March 31, 2021 (un-audited)	22,913,790	(842,376)	25,956,785	48,028,199

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, 2021

	March 31, 2021	March 31, 2020
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,678,151	1,500,188
Adjustments:		
Depreciation on fixed assets	16,455	18,144
Depreciation on right-of-use assets	15,388	4,029
Amortisation	931	1,059
Provisions and write-offs	18,753	7,631
(Gain) / loss on disposal of fixed assets	(72)	-
Finance cost against lease liability	2,038	1,462
Workers' Welfare Fund	33,738	30,059
	87,231	62,384
	1,765,382	1,562,572
<i>Decrease / (Increase) in operating assets</i>		
Lendings to financial institutions	125,634,629	36,868,709
Advances	(1,875,263)	(765,506)
Others assets	2,096,987	(16,327,630)
	125,856,353	19,775,573
<i>Increase/ (Decrease) in operating liabilities</i>		
Bills Payable	11,335,623	(1,896,986)
Borrowings from financial institutions	(14,427,976)	19,173,563
Deposits	1,890,674	36,567,340
Other liabilities	6,706,766	(10,701,594)
	5,505,087	43,142,323
	133,126,822	64,480,468
Income tax paid	(766,511)	(721,365)
Net cash flow from / (used in) from operating activities	132,360,311	63,759,103
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(127,875,156)	(64,454,230)
Net investments in held to maturity securities	(305,385)	(265,420)
Investments in fixed assets	(3,219)	(8,845)
Investment in intangible assets	(8,934)	-
Proceeds from sale of fixed assets	72	-
Net cash flow used in investing activities	(128,192,622)	(64,728,495)
CASH FLOW FROM FINANCING ACTIVITIES		
Translation gain on revaluation of capital	(1,061,370)	1,778,415
Lease rental payments	(5,117)	(4,739)
Net cash flow (used in) / generated from financing activities	(1,066,487)	1,773,676
Increase in cash and cash equivalents	3,101,202	804,284
Cash and cash equivalents at beginning of the period	33,723,195	45,624,758
Cash and cash equivalents at end of the period	36,824,397	46,429,042

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 the Condensed Interim Financial Statements (un-audited)

For the quarter ended March 31, 2021

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 Branches presently operates through three branches (December 31, 2020: 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.

Moody's Investor Services Inc. has assigned a long term credit rating of A1 and a short term credit rating of P-1 to the head office of the Branches as at November 24, 2020 (June 26, 2018: 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 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 under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- 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 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 Branches for the year ended December 31, 2020.

2.3 Standards, interpretations of and amendments to accounting and reporting standards that have become 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 Branches accounting and reporting periods beginning on or after 01 January 2021. These are considered either to not be relevant or not to have any significant impact on the Branches' financial statements.

2.4 Standards, interpretations and amendments to 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 was deferred to accounting periods beginning on or after January 1, 2021 and detailed guidelines are awaited regarding the same.

2.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Branches for the year ended December 31, 2020.

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, 2020.

	Note	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
		----- (Rupees in '000) -----	
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		235,120	124,190
Foreign currency		208,232	161,990
		443,352	286,180
With State Bank of Pakistan in			
Local currency current account		6,982,451	6,249,861
Foreign currency current account		110,750	115,880
Foreign currency deposit account		23,471,951	24,574,104
		30,565,152	30,939,845
		<u>31,008,504</u>	<u>31,226,025</u>
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		1	1
Outside Pakistan			
In current account		589,969	472,024
In deposit accounts		5,225,923	2,025,145
		5,815,892	2,497,169
		<u>5,815,893</u>	<u>2,497,170</u>
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	7.1	61,796,023	187,430,652
Others		-	-
		61,796,023	187,430,652
Less: Provision held against Lending to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		<u>61,796,023</u>	<u>187,430,652</u>

7.1 These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 7.00% to 7.04% (December 31, 2020: 6.00% to 7.02% per annum) with maturity in April 2021 (December 31, 2020: January 2021).

8 INVESTMENTS

8.1 Investments by type:

	March 31, 2021 (Un- audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- (Rupees in '000) -----							
Available for sale securities								
Federal Government Securities	356,328,348	-	(1,295,963)	355,032,385	228,453,192	-	(928,015)	227,525,177
	356,328,348	-	(1,295,963)	355,032,385	228,453,192	-	(928,015)	227,525,177
Held to maturity securities								
Federal Government Securities	25,485,110	-	-	25,485,110	25,179,725	-	-	25,179,725
	25,485,110	-	-	25,485,110	25,179,725	-	-	25,179,725
Total Investments	381,813,458	-	(1,295,963)	380,517,495	253,632,917	-	(928,015)	252,704,902

8.1.1 Investments given as collateral

March 31,
2021
(Un-audited)
 ----- (Rupees in '000) -----

The market value of investments given as collateral against borrowings is as follows:

Federal Government Securities

- Market Treasury Bills **5,957,448** -

8.2 There is no provision for diminution in value of investments as at March 31, 2021.

8.3 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 26,017 million (December 31, 2020: Rs.26,076 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, 2021 (Un-audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	34,257,837	32,523,937	-	-	34,257,837	32,523,937
Bills discounted and purchased	1,378,138	1,236,775	-	-	1,378,138	1,236,775
Advances - gross	35,635,975	33,760,712	-	-	35,635,975	33,760,712
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(356,360)	(337,607)	-	-	(356,360)	(337,607)
	(356,360)	(337,607)	-	-	(356,360)	(337,607)
Advances - net of provision	35,279,615	33,423,105	-	-	35,279,615	33,423,105

9.1 Particulars of advances (Gross)

March 31,
2021
(Un-audited)
 ----- (Rupees in '000) -----

In local currency **35,635,975** 33,760,712
 In foreign currency - -
35,635,975 33,760,712

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

9.3 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	-	337,607	337,607	-	294,566	294,566
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	-	-	-	-	43,041	43,041
Reversal for the period	-	18,753	18,753	-	-	-
	-	18,753	18,753	-	43,041	43,041
Closing balance	-	356,360	356,360	-	337,607	337,607

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.

	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- (Rupees in '000) -----	
10 FIXED ASSETS		
Property and equipment	518,281	531,517
Right of use of asset	157,856	173,244
	<u>676,137</u>	<u>704,761</u>

	March 31, 2021 (Un-audited)	March 31, 2020 (Un-audited)
	----- (Rupees in '000) -----	
10.1 Additions to fixed assets		

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

Property and equipment

Furniture and fixture	661	3,012
Electrical office and computer equipment	2,558	5,833
	<u>3,219</u>	<u>8,845</u>

10.2 There were no disposals of fixed assets during the period (March 31, 2020 : nil)

	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- (Rupees in '000) -----	
11 INTANGIBLE ASSETS		
Computer Software	10,462	2,459

	March 31, 2021 (Un-audited)	March 31, 2020 (Un-audited)
	----- (Rupees in '000) -----	
11.1 Additions to intangible assets		

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

Computer Software	8,934	-
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11.2 There were no disposals of intangible during the period (March 31, 2020 : nil)

	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- (Rupees in '000) -----	
12 Deferred Tax Assets / (Liabilities)		
Deductible Temporary Differences on		
- Post retirement employee benefits	775	775
- Deficit on revaluation of investments	453,587	324,805
	<u>454,362</u>	<u>325,580</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation	(17,295)	(25,084)
Net deferred tax assets / (liabilities)	<u>437,067</u>	<u>300,496</u>

	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- (Rupees in '000) -----	
13 OTHER ASSETS		
Mark-up / return / interest accrued in local currency	2,454,240	5,042,580
Mark-up / return / interest accrued in foreign currency	-	-
Advances, deposits, advance rent and other prepayments	55,473	93,602
Mark to market gain on forward foreign exchange contracts	942,139	1,087,604
Acceptances	377,341	585,969
Local clearing account	880,300	59
Receivable from defined benefit plan	2,503	2,503
Others	6,804	3,470
	<u>4,718,800</u>	<u>6,815,787</u>

14 BILLS PAYABLE		
In Pakistan	13,760,749	2,425,126
Outside Pakistan	-	-
	<u>13,760,749</u>	<u>2,425,126</u>

15 BORROWINGS		
<i>Secured</i>		
Repurchase agreements	5,957,166	-
<i>Unsecured</i>		
Call borrowings	305,517,200	325,902,342
	<u>311,474,366</u>	<u>325,902,342</u>

16 DEPOSITS AND OTHER ACCOUNTS	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	6,600,806	28,190,544	34,791,350	7,527,820	25,852,528	33,380,348
Savings deposits	57,403,222	1,497,182	58,900,404	50,680,333	4,332,027	55,012,360
Term deposits	25,640,383	-	25,640,383	29,685,683	-	29,685,683
	<u>89,644,411</u>	<u>29,687,726</u>	<u>119,332,137</u>	<u>87,893,836</u>	<u>30,184,555</u>	<u>118,078,391</u>
Financial Institutions						
Current deposits	32,400	1,821,092	1,853,492	34,046	1,185,535	1,219,581
Savings deposits	6,339	-	6,339	3,322	-	3,322
	<u>38,739</u>	<u>1,821,092</u>	<u>1,859,831</u>	<u>37,368</u>	<u>1,185,535</u>	<u>1,222,903</u>
	<u>89,683,150</u>	<u>31,508,818</u>	<u>121,191,968</u>	<u>87,931,204</u>	<u>31,370,090</u>	<u>119,301,294</u>

17 OTHER LIABILITIES	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency	950,149	1,782,994
Mark-up / return / interest payable in foreign currency	928,288	813,618
Performance bonus payable	318,537	600,000
Commission received in advance against unfunded exposure	278,555	266,301
Current taxation (provisions less payments)	1,292,362	1,419,683
Acceptances	377,341	585,969
Mark to market loss on forward foreign exchange contracts	19,597,084	11,744,236
Lease liability against right-of-use assets	83,862	86,941
Workers' Welfare Fund payable	1,036,049	1,002,311
Withholding tax payable	39,120	7,258
Clearing and settlement account	870,661	819,546
Others	32,706	33,891
	<u>25,804,714</u>	<u>19,162,748</u>

	Note	March 31, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited)
18 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
(Deficit) / surplus on revaluation of available for sale securities		(1,295,963)	(928,015)
Deferred tax asset / (liability) on revaluation of available for sale securities	8.1	<u>453,587</u>	<u>324,805</u>
		<u>(842,376)</u>	<u>(603,210)</u>
19 CONTINGENCIES AND COMMITMENTS			
Guarantees		<u>291,467,849</u>	<u>300,843,002</u>
Commitments		<u>854,313,426</u>	<u>1,001,196,413</u>
Other contingent liabilities		<u>-</u>	<u>-</u>
		<u>1,145,781,275</u>	<u>1,302,039,415</u>
19.1 Guarantees			
Financial guarantees		<u>563,251</u>	<u>563,251</u>
Performance guarantees		<u>156,475,940</u>	<u>161,788,210</u>
Other guarantees		<u>134,428,658</u>	<u>138,491,541</u>
		<u>291,467,849</u>	<u>300,843,002</u>
19.2 Commitments:			
Documentary credits and short-term trade-related transactions		<u>13,339,110</u>	<u>19,389,007</u>
- letters of credit			
Commitments in respect of:			
- Forward foreign exchange contracts	19.2.1	<u>767,143,850</u>	<u>794,023,239</u>
Commitment in respect of forward government securities transactions	19.2.2	<u>73,830,466</u>	<u>187,784,167</u>
		<u>854,313,426</u>	<u>1,001,196,413</u>
19.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		<u>368,996,448</u>	<u>387,483,841</u>
Sale		<u>398,147,402</u>	<u>406,539,398</u>
		<u>767,143,850</u>	<u>794,023,239</u>
19.2.2 Commitment in respect of forward government securities transactions			
Purchase		<u>5,958,426</u>	<u>-</u>
Sale		<u>67,872,040</u>	<u>187,784,167</u>
		<u>73,830,466</u>	<u>187,784,167</u>
19.3 For contingencies relating to taxation, refer note 26.1			
20 MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		<u>652,820</u>	<u>1,079,229</u>
Investments		<u>5,996,775</u>	<u>7,882,672</u>
Lendings to financial institutions		<u>1,996,096</u>	<u>6,328,470</u>
Balances with banks		<u>4,075</u>	<u>22,629</u>
		<u>8,649,766</u>	<u>15,313,000</u>

	March 31, 2021 (Un-audited) ----- (Rupees in '000) -----	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----
21 MARK-UP / RETURN/ INTEREST EXPENSED		
Deposits	1,293,295	1,850,585
Borrowings	611,072	1,944,576
Cost of foreign currency swaps against foreign currency deposits / borrowings	5,407,737	10,291,926
Finance cost against liability	2,038	1,462
	<u>7,314,142</u>	<u>14,088,549</u>
22 FEE AND COMMISSION INCOME		
Branch banking customer fees	2,180	1,997
Card related fees	14	120
Investment banking fees	8,094	38,732
Commission on trade	41,795	28,236
Commission on guarantees	182,469	142,841
Commission on syndicated facility	154,125	-
Commission on remittances including home remittances	24,913	28,144
Others	24,332	10,759
	<u>437,922</u>	<u>250,829</u>
23 (LOSS) / GAIN ON SECURITIES - NET		
Realised	(115)	-
23.1 (Loss) / Gain on securities - realised		
On:		
Federal Government securities		
- Market Treasury Bills	(115)	-
24 OTHER INCOME		
Charges recovered	-	483
Gain on disposal of fixed assets	72	-
Refunds	1,626	-
	<u>1,698</u>	<u>483</u>
25 OPERATING EXPENSES		
Total compensation expense	269,993	258,290
Property expense		
Rent & taxes	146	9,411
Insurance	2,119	802
Utilities cost	4,722	3,361
Security (including guards)	5,230	4,942
Repair & maintenance (including janitorial charges)	265	369
Depreciation	21,333	13,617
Property Management fee	4,429	3,280
	<u>38,244</u>	<u>35,782</u>
Information technology expenses		
Software maintenance	858	188
Hardware maintenance	510	42
Depreciation	4,079	4,754
Amortisation	931	1,059
Network charges	11,121	17,004
	<u>17,499</u>	<u>23,047</u>
Other operating expenses		
Legal & professional charges	718	2,680
Outsourced services costs	9,315	6,634
Travelling & conveyance	1,583	4,391
NIFT clearing charges	61	159
Entertainment expense	216	703
Depreciation	6,431	3,802
Training & development	509	30
Postage & courier charges	504	598
Communication	2,031	296
Stationery & printing	782	879
Marketing, advertisement & publicity	1,928	2
Commission expense	910	1,029
Others	1,882	2,238
	<u>26,870</u>	<u>23,441</u>
	<u>352,606</u>	<u>340,560</u>

		March 31, 2021	March 31, 2020
		(Un-audited) (Rupees in '000)	(Un-audited) (Rupees in '000)
26	PROVISIONS & WRITE OFFS - NET		
	Provisions against loans & advances	18,753	7,631
27	TAXATION		
	Current	671,052	597,900
	Deferred	(7,789)	(405)
		663,263	597,495

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

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:

		March 31, 2021 (Un-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	355,032,385	-	355,032,385	-	355,032,385
Financial assets - not measured at fair value					
Investments					
Federal Government Securities	25,485,110	-	26,016,648	-	26,016,648
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	767,143,850	-	(18,654,945)	-	(18,654,945)

		December 31, 2020 (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	227,525,177	-	227,525,177	-	227,525,177
Financial assets - 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)

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, 2021 (Un-audited)				
	Corporate finance	Treasury	Branch Banking	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	652,820	1,974,062	(1,289,220)	(2,038)	1,335,624
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	378,389	(115)	367,652	1,698	747,624
Total income	1,031,209	1,973,947	(921,568)	(340)	2,083,248
Segment direct expenses	26,903	357,576	983	883	386,344
Inter segment expense allocation	-	-	-	-	-
Total expenses	26,903	357,576	983	883	386,344
Provisions	(18,753)	-	-	-	(18,753)
Profit before tax	985,553	1,616,371	(922,551)	(1,223)	1,678,151
Balance Sheet					
Cash & Bank balances	-	36,381,045	443,352	-	36,824,397
Investments	-	380,517,495	-	-	380,517,495
Net inter segment lending	-	61,796,023	-	-	61,796,023
Lendings to financial institutions	-	-	-	-	-
Advances - performing	35,279,615	-	-	-	35,279,615
Others	948,033	2,825,687	880,300	1,188,446	5,842,466
Total Assets	36,227,648	481,520,250	1,323,652	1,188,446	520,259,996
Borrowings	-	311,474,366	-	-	311,474,366
Deposits & other accounts	-	-	121,191,968	-	121,191,968
Net inter segment borrowing	-	-	-	-	-
Others	655,896	21,471,802	874,380	16,563,385	39,565,463
Total liabilities	655,896	332,946,168	122,066,348	16,563,385	472,231,797
Equity	35,571,752	148,574,082	(120,742,696)	(15,374,939)	48,028,199
Total Equity & liabilities	36,227,648	481,520,250	1,323,652	1,188,446	520,259,996
Contingencies & Commitments	304,806,959	840,974,316	-	-	1,145,781,275

	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

	December 31, 2020 (Audited)				Total
	Corporate finance	Treasury	Branch Banking	Others	
	(Rupees in '000)				
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	1,017,291	7,733,503
Total Assets	34,481,165	479,230,662	286,239	1,017,291	515,015,357
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 & liabilities	34,481,165	479,230,662	286,239	1,107,291	515,105,357
Contingencies & Commitments	320,232,009	981,807,406	-	-	1,302,039,415

30 RELATED PARTY TRANSACTIONS

The Branches have 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, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Key management personnel	Head office	Overseas branches	Other related parties	Key management personnel	Head office	Overseas branches	Other related parties
	(Rupees in '000)							
Balances with other banks								
In deposit accounts	-	4,199,166	1,026,757	-	-	1,924,326	100,820	-
In current account	-	-	589,969	-	-	-	472,024	-
	-	4,199,166	1,616,726	-	-	1,924,326	572,844	-
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period	-	-	-	-	-	-	-	-
Repaid during the period	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Advances								
Opening balance	768	-	-	-	-	-	-	-
Addition during the period	-	-	-	-	885	-	-	-
Repaid during the period	(70)	-	-	-	(117)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	698	-	-	-	768	-	-	-
Other Assets								
Interest / mark-up receivable	-	-	-	-	-	-	-	-
Defined benefit asset	-	-	-	2,503	-	-	-	2,503
Forward exchange contract	-	-	890,050	-	-	-	1,037,547	-
Closing balance	-	-	890,050	2,503	-	-	1,037,547	2,503
Borrowings								
Opening balance	-	-	325,902,341	-	-	30,969,520	320,272,538	-
Borrowings during the period	-	175,672,390	254,495,828	-	-	71,925,480	1,626,699,135	-
Settled during the period	-	(68,741,370)	(326,573,595)	-	-	(102,895,000)	(1,621,069,332)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	106,931,020	253,824,574	-	-	-	325,902,341	-
Deposits and other accounts								
Opening balance	4,737	-	-	-	3,044	-	-	-
Received during the period	145,041	-	-	-	327,872	-	-	-
Withdrawn during the period	(145,098)	-	-	-	(326,179)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	4,680	-	-	-	4,737	-	-	-
Other Liabilities								
Interest / mark-up payable	33	3,344	966,761	-	45	-	811,554	-
Forward exchange contracts	-	-	42,133	-	-	-	-	-
Commission received in advance against unfunded exposure	-	109,610	1,663	-	-	95,107	1,612	-
Closing balance	33	112,954	1,010,557	-	45	95,107	813,166	-
Contingencies and Commitments								
Guarantees	-	172,221,927	71,041	-	-	175,872,291	73,775	-
Forward exchange contract sale	-	-	17,589,136	-	-	-	14,054,215	-
Forward exchange contract purchase	-	-	18,591,119	-	-	-	15,271,637	-
	March 31, 2021 (Un-audited)				March 31, 2020 (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	8	2,070	2,005	-	-	20,556	1,534	-
Fee and commission income	-	111,444	5,352	-	-	860	127,088	-
Expense								
Mark-up / return / interest paid	33	10,651	598,807	-	68	192,444	1,752,132	-
Compensation expense	101,279	-	-	-	129,471	-	-	-
Contribution to gratuity fund	-	-	-	2,158	-	-	-	2,120
Contribution to provident fund	-	-	-	1,016	-	-	-	889

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

March 31, **December 31,**
2021 **2020**
(Un-audited) **(Audited)**
----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

<u>22,913,790</u>	<u>23,975,160</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)

<div style="border: 1px solid black; padding: 2px;">48,017,736</div>	<div style="border: 1px solid black; padding: 2px;">48,311,388</div>
<div style="border: 1px solid black; padding: 2px;">-</div>	<div style="border: 1px solid black; padding: 2px;">-</div>
48,017,736	48,311,388
<u>356,360</u>	<u>337,607</u>
<u>48,374,096</u>	<u>48,648,995</u>

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

<div style="border: 1px solid black; padding: 2px;">100,385,896</div>	<div style="border: 1px solid black; padding: 2px;">101,088,255</div>
<div style="border: 1px solid black; padding: 2px;">42,573,801</div>	<div style="border: 1px solid black; padding: 2px;">32,365,182</div>
<div style="border: 1px solid black; padding: 2px;">30,145,591</div>	<div style="border: 1px solid black; padding: 2px;">30,145,591</div>
<u>173,105,288</u>	<u>163,599,028</u>

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

<u>27.74%</u>	<u>29.53%</u>
<u>27.74%</u>	<u>29.53%</u>
<u>27.94%</u>	<u>29.74%</u>

National minimum capital requirements prescribed by the SBP

CET 1 minimum ratio (%)

Tier 1 minimum ratio (%)

Total capital requirement ratio (%)

9.50%	9.50%
11.00%	11.00%
13.50%	13.50%

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposure

Leverage Ratio

48,017,736	48,311,388
<u>830,407,749</u>	<u>909,524,168</u>
<u>5.78%</u>	<u>5.31%</u>

Minimum Requirement (%)

<u>3.00%</u>	<u>3.00%</u>
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Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

415,711,872	454,299,448
<u>218,218,314</u>	<u>180,436,844</u>
<u>191%</u>	<u>252%</u>

Minimum Requirement (%)

<u>100.00%</u>	<u>100.00%</u>
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Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

149,201,097	185,376,723
<u>75,383,324</u>	<u>86,485,584</u>
<u>198%</u>	<u>214%</u>

Minimum Requirement (%)

<u>100.00%</u>	<u>100.00%</u>
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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 April 29, 2021 by the Chief Executive Officer and Head of Finance of the Branches.

33 GENERAL

- 33.1** 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