

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

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	35,656,371	31,226,025
Balances with other banks	8	5,470,262	2,497,170
Lendings to financial institutions	9	105,970,211	187,430,652
Investments	10	378,911,306	252,704,902
Advances	11	34,853,059	33,423,105
Fixed assets	12	626,931	704,761
Intangible assets	13	9,587	2,459
Deferred tax assets - net	14	377,725	300,496
Other assets	15	18,225,854	6,815,787
		580,101,306	515,105,357
LIABILITIES			
Bills payable	16	1,486,007	2,425,126
Borrowings	17	365,207,264	325,902,342
Deposits and other accounts	18	155,284,073	119,301,294
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities - net	14	-	-
Other liabilities	19	5,380,858	19,162,748
		527,358,202	466,791,510
NET ASSETS		52,743,104	48,313,847
REPRESENTED BY			
Head office capital account		25,598,640	23,975,160
Deficit on revaluation of assets - net of tax	20	(743,373)	(603,210)
Unremitted profit		27,887,837	24,941,897
		52,743,104	48,313,847

CONTINGENCIES AND COMMITMENTS

21

The annexed notes 1 to 37 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, 2021

		Quarter ended		Nine months period ended	
		July 2021 - September 2021	July 2020 - September 2020	January 2021 - September 2021	January 2020 - September 2020
Note ----- (Rupees in '000) -----					
Mark-up / return / interest earned	22	9,451,255	11,565,191	27,012,070	41,133,995
Mark-up / return / interest expensed	23	7,258,464	5,737,637	23,217,757	27,246,516
Net mark-up / interest income		2,192,791	5,827,554	3,794,313	13,887,479
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	337,088	260,315	1,080,345	840,532
Foreign exchange income		503,368	361,958	1,222,253	1,504,944
Loss on securities	25	-	-	(115)	-
Other income	26	638	427	3,310	2,717
Total non-markup / interest income		841,094	622,700	2,305,793	2,348,193
Total income		3,033,885	6,450,254	6,100,106	16,235,672
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	336,358	297,282	1,079,547	1,003,880
Workers welfare fund		52,627	120,998	97,940	299,559
Other charges	28	13,542	-	14,854	-
Total non-markup / interest expenses		402,527	418,280	1,192,341	1,303,439
Profit before provisions and taxation		2,631,358	6,031,974	4,907,765	14,932,233
Provisions / (Reversals) and write offs - net	29	(12,646)	(15,355)	15,556	(39,770)
PROFIT BEFORE TAXATION		2,644,004	6,047,329	4,892,209	14,972,003
Taxation	30	1,046,800	2,412,062	1,946,269	6,051,524
PROFIT AFTER TAXATION		1,597,204	3,635,267	2,945,940	8,920,479

The annexed notes 1 to 37 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, 2021

	Quarter Ended		Nine months period ended	
	July 2021 - September 2021	July 2020 - September 2020	January 2021 - September 2021	January 2020 - September 2020
	(Rupees in '000)			
Profit after taxation for the period	1,597,204	3,635,267	2,945,940	8,920,479
Other comprehensive (loss) / income				
Items that may be reclassified to profit and loss account in subsequent periods				
Movement in deficit on revaluation of investments - net of tax	(395,477)	(2,039,246)	(140,163)	(935,281)
Total comprehensive income	1,201,727	1,596,021	2,805,777	7,985,198

The annexed notes 1 to 37 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, 2021

	Head office capital account	Surplus / (deficit) on revaluation of	Unremitted profit	Total
	(Rupees in '000)			
Balance as at January 01, 2020	23,227,140	124,975	14,933,238	38,285,353
Profit after taxation for the nine months period ended September 30, 2020	-	-	8,920,479	8,920,479
Other comprehensive (loss) / income - net of tax	-	(935,281)	-	(935,281)
	-	(935,281)	8,920,479	7,985,198
Transactions with owners, recorded directly in equity				
Translation gain on revaluation of capital	1,628,175	-	-	1,628,175
Balance as at September 30, 2020	24,855,315	(810,306)	23,853,717	47,898,726
Profit after taxation for the three months period ended December 31, 2020	-	-	1,087,426	1,087,426
Other comprehensive income / (loss) - net of tax	-	207,096	754	207,850
	-	207,096	1,088,180	1,295,276
Transactions with owners, recorded directly in equity				
Translation loss on revaluation of capital	(880,155)	-	-	(880,155)
Balance as at December 31, 2020	23,975,160	(603,210)	24,941,897	48,313,847
Total comprehensive income for the nine months period ended September 30, 2021				
Profit after taxation for the nine months period ended September 30, 2021	-	-	2,945,940	2,945,940
Other comprehensive (loss) / income - net of tax	-	(140,163)	-	(140,163)
	-	(140,163)	2,945,940	2,805,777
Transactions with owners, recorded directly in equity				
Translation loss on revaluation of capital	1,623,480	-	-	1,623,480
Balance as at September 30, 2021	25,598,640	(743,373)	27,887,837	52,743,104

The annexed notes 1 to 37 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, 2021

		September 30, 2021	September 30, 2020
		----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,892,209	14,972,003
Adjustments			
Depreciation	27	96,811	68,367
Amortisation	27	1,805	3,288
Provision / (reversal) and write-offs - net	29	15,556	(39,770)
Gain on disposal of fixed assets	26	(237)	-
Finance cost against lease liability	23	5,566	4,242
Other income		-	(118)
		119,501	36,009
		5,011,710	15,008,012
<i>Decrease / (increase) in operating assets</i>			
Lendings to financial institutions		81,460,441	67,578,876
Advances		(1,445,510)	3,977,224
Others assets		(11,410,067)	(1,692,981)
		68,604,864	69,863,119
<i>Increase / (decrease) in operating liabilities</i>			
Bills payable		(939,119)	3,506,795
Borrowings from financial institutions		39,304,922	36,674,445
Deposits		35,982,779	27,417,573
Other liabilities		(13,632,402)	(7,439,645)
		60,716,180	60,159,168
		134,332,754	145,030,299
Income tax paid		(2,070,862)	(3,739,918)
		132,261,892	141,290,381
Net cash flow generated from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(147,725,468)	(133,272,680)
Net investments in held to maturity securities		21,303,429	(840,211)
Investments in fixed assets	12.1	(18,980)	(19,886)
Investment in intangible assets		(8,934)	(2,960)
Proceeds from disposal of fixed assets		237	-
Net cash flow used in investing activities		(126,449,716)	(134,135,737)
CASH FLOW FROM FINANCING ACTIVITIES			
Translation gain on revaluation of capital		1,623,480	1,628,175
Lease rental payments		(32,218)	(45,570)
Net cash flow generated from financing activities		1,591,262	1,582,605
Increase / (decrease) in cash and cash equivalents		7,403,438	8,737,249
Cash and cash equivalents at beginning of the period		33,723,195	45,624,758
Cash and cash equivalents at end of the period	31	41,126,633	54,362,007

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

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, 2021

1 STATUS AND NATURE OF BUSINESS

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

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

Moody's Investor Services Inc. has assigned a long term credit rating of A1 and a short term credit rating of P-1 to the head office of the Branches as at November 24, 2020 (June 26, 2018: A2 for long term and P-1 for short term).

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) 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 IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No.5 dated March 22, 2019 and the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and do not include all of the information and disclosures required for annual financial statements. Accordingly these interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended December 31, 2020.

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

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

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

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

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and final implementations guidelines are awaited.

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended December 31, 2020.

		September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited) -----
	Note		
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		331,432	124,190
Foreign currency		129,753	161,990
		461,185	286,180
With State Bank of Pakistan in			
Local currency current account		8,933,742	6,249,861
Foreign currency current account		123,727	115,880
Foreign currency deposit account		26,137,717	24,574,104
		35,195,186	30,939,845
		<u>35,656,371</u>	<u>31,226,025</u>
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		1	1
Outside Pakistan			
In current accounts		2,570,454	472,024
In deposit accounts		2,899,807	2,025,145
		5,470,261	2,497,169
		<u>5,470,262</u>	<u>2,497,170</u>
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.1	<u>105,970,211</u>	<u>187,430,652</u>
9.1	These represent repurchase agreement lendings with various local banks at a mark-up rate ranging from 6.25% to 7.40% per annum (2020: 6.00% to 7.02% per annum) with maturity in October 2021 (December 31, 2020 : January 2021).		

INVESTMENTS

Investments by type:

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Available for sale securities								
Federal Government Securities	376,178,660	-	(1,143,650)	375,035,010	228,453,192	-	(928,015)	227,525,177
Held to maturity securities								
Federal Government Securities	3,876,296	-	-	3,876,296	25,179,725	-	-	25,179,725
Total Investments	380,054,956	-	(1,143,650)	378,911,306	253,632,917	-	(928,015)	252,704,902

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

The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs.4,012 million (December 31, 2020: Rs.26,076 million).

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.

ADVANCES

	Performing		Non Performing		Total	
	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees in '000) -----					
Loans, cash credits, running finances, etc.	32,411,257	32,523,937	-	-	32,411,257	32,523,937
Bills discounted and purchased	2,794,965	1,236,775	-	-	2,794,965	1,236,775
Advances - gross	35,206,222	33,760,712	-	-	35,206,222	33,760,712
Provision against advances	-	-	-	-	-	-
- Specific	(353,163)	(337,607)	-	-	(353,163)	(337,607)
- General	(353,163)	(337,607)	-	-	(353,163)	(337,607)
Advances - net of provision	34,853,059	33,423,105	-	-	34,853,059	33,423,105
Particulars of advances (Gross)						
In local currency					September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
In foreign currency					----- (Rupees in '000) -----	
					35,206,222	33,760,712
					35,206,222	33,760,712

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

Particulars of provision against advances

	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Specific	General	Specific	General
	(Rupees in '000) -----			
Opening balance	-	337,607	-	294,566
Charge for the period	-	15,556	-	43,041
Closing balance	-	353,163	-	337,607

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

September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited) -----
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12 FIXED ASSETS

Property and equipment	499,872	531,517
Right-of-use asset	127,059	173,244
	<u>626,931</u>	<u>704,761</u>

September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	September 30, 2020 (Un-audited) -----
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12.1 Additions to fixed assets

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

Property and equipment

Furniture and fixture	5,478	3,397
Electrical office and computer equipment	13,502	5,833
Total	<u>18,980</u>	<u>9,230</u>

12.2 Disposal of fixed assets

The net book value of furniture and fixture and electrical office and computer equipment disposed off during the period is Nil (2020: Nil)

September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited) -----
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13 INTANGIBLE ASSETS

Computer Software	<u>9,587</u>	<u>2,459</u>
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September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	September 30, 2020 (Un-audited) -----
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13.1 Additions to intangible assets

The following addition has been made to intangible assets during the period:

Directly purchased	<u>8,933</u>	<u>-</u>
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13.2 There were no disposals of intangible assets during the period ended September 30, 2021 (September 30, 2020 : Nil)

September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited) -----
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14 Deferred Tax Assets / (Liabilities)

Deductible Temporary Differences on

- Deficit on revaluation of investments	400,277	324,805
- Post retirement employee benefit plan	775	775
	<u>401,052</u>	<u>325,580</u>

Taxable Temporary Differences on

(22,327) (25,084)

	September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited) ----- (Rupees in '000) -----
15 OTHER ASSETS		
Income / mark-up accrued in local currency	1,305,091	5,042,580
Advances, deposits, advance rent and other prepayments	609,302	93,602
Mark to market gain on forward foreign exchange contracts	16,285,046	1,087,604
Acceptances	-	585,969
Local clearing account	17,704	59
Receivable from defined benefit plan	2,503	2,503
Others	6,208	3,470
	<u>18,225,854</u>	<u>6,815,787</u>

16 BILLS PAYABLE		
In Pakistan	1,486,007	2,425,126
Outside Pakistan	-	-
	<u>1,486,007</u>	<u>2,425,126</u>

17 BORROWINGS		
Unsecured		
Call borrowings	<u>365,207,264</u>	<u>325,902,342</u>

18 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	7,880,404	7,538,893	15,419,297	7,527,820	25,852,528	33,380,348
Savings deposits	84,907,387	1,676,367	86,583,754	50,680,333	4,332,027	55,012,360
Term deposits	50,255,408	-	50,255,408	29,685,683	-	29,685,683
	<u>143,043,199</u>	<u>9,215,260</u>	<u>152,258,459</u>	<u>87,893,836</u>	<u>30,184,555</u>	<u>118,078,391</u>
Financial Institutions						
Current deposits	20,134	3,003,810	3,023,944	34,046	1,185,535	1,219,581
Savings deposits	1,670	-	1,670	3,322	-	3,322
	<u>21,804</u>	<u>3,003,810</u>	<u>3,025,614</u>	<u>37,368</u>	<u>1,185,535</u>	<u>1,222,903</u>
	<u>143,065,003</u>	<u>12,219,070</u>	<u>155,284,073</u>	<u>87,931,204</u>	<u>31,370,090</u>	<u>119,301,294</u>
				September 30, 2021 (Un-audited) ----- (Rupees in '000) -----	December 31, 2020 (Audited) ----- (Rupees in '000) -----	

19 OTHER LIABILITIES

Mark-up / return / interest payable in local currency	1,155,869	1,782,994
Mark-up / return / interest payable in foreign currency	169,662	813,618
Performance bonus payable	98,720	600,000
Commission received in advance against unfunded exposure	217,478	266,301
Current taxation (provisions less payments)	1,265,424	1,419,683
Acceptances	-	585,969
Mark to market loss on forward foreign exchange contracts	166,787	11,744,236
Lease liability against right-of-use assets	60,289	86,941
Workers' welfare fund payable	1,100,251	1,002,311
Withholding tax payable	38,681	7,258
Clearing and settlement account	1,081,520	819,546
Others	26,177	33,891

		September 30, 2021	December 31, 2020
		(Un-audited) ----- (Rupees in '000) -----	(Audited) ----- (Rupees in '000) -----
20 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of available for sale securities	10.1	(1,143,650)	(928,015)
Deferred tax on deficit on revaluation of available for sale securities		400,277	324,805
		<u>(743,373)</u>	<u>(603,210)</u>
21 CONTINGENCIES AND COMMITMENTS			
Guarantees		369,824,846	300,843,002
Commitments		994,231,795	1,001,196,413
		<u>1,364,056,641</u>	<u>1,302,039,415</u>
21.1 Guarantees			
Financial guarantees		563,251	563,251
Performance guarantees		189,605,534	161,788,210
Other guarantees		179,656,061	138,491,541
		369,824,846	300,843,002
21.2 Commitments			
Documentary credits and short-term trade-related transactions		20,218,126	19,389,007
- Letters of credit			
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.1	867,905,056	794,023,239
- Commitment in respect of forward government securities transactions - Sale	21.2.2	106,108,613	187,784,167
		994,231,795	1,001,196,413
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		439,635,129	387,483,841
Sale		428,269,927	406,539,398
		<u>867,905,056</u>	<u>794,023,239</u>
21.2.2 Commitment in respect of forward government securities transactions - Sale		<u>106,108,613</u>	<u>187,784,167</u>
21.3 For contingencies related to taxation, refer note 30.1			
		September 30, 2021	September 30, 2020
		(Un-audited)	(Un-audited)
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
22 MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		2,090,927	2,420,592
Investments		20,825,529	26,154,048
Lendings to financial institutions		4,077,802	12,529,007
		17,994,258	30,103,647

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

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	4,469,505	4,818,400
Borrowings	1,394,298	4,910,700
Cost of foreign currency swaps against foreign currency deposits / borrowings	17,348,388	17,513,174
Finance cost against lease liability	5,566	4,242
	<u>23,217,757</u>	<u>27,246,516</u>

24 FEE AND COMMISSION INCOME

Branch banking customer fees	5,822	4,553
Card related fees (debit cards)	47	265
Investment banking fees	323,050	206,386
Commission on trade	141,423	93,319
Commission on guarantees	523,661	459,355
Commission on remittances including home remittances	82,421	66,782
Others	3,921	9,872
	<u>1,080,345</u>	<u>840,532</u>

25 LOSS ON SECURITIES

Realised	(115)	-
Loss on securities - realised		
On:		
Federal Government securities		
- Market Treasury Bills	(115)	-

26 OTHER INCOME

Charges recovered	3,073	1,057
Liabilities no longer required written back	-	1,451
Gain on disposal of fixed assets	237	-
Scrap sales	-	209
	<u>3,310</u>	<u>2,717</u>

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

27 OPERATING EXPENSES

Total compensation expense 831,568 759,240

Property expense

Rent and taxes	1,991	24,797
Insurance	5,592	5,674
Utilities cost	15,955	14,568
Security (including guards)	15,539	14,886
Repair and maintenance (including janitorial charges)	2,690	1,063
Depreciation	22,182	26,122
Depreciation - Right-of-use assets	42,061	9,649
Property management fee	13,284	12,105
	119,294	108,864

Information technology expenses

Software maintenance	3,551	1,672
Hardware maintenance	1,596	1,045
Depreciation	12,957	14,137
Amortisation	1,805	3,288
Network charges	1,342	37,564
	21,251	57,706

Other operating expenses

Legal and professional charges	5,521	9,831
Outsourced services costs	23,043	23,817
Travelling and conveyance	7,654	6,871
NIFT clearing charges	-	430
Entertainment expense	667	1,518
Depreciation	15,487	14,600
Depreciation on right-of-use assets	4,124	3,859
Training and development	1,140	1,095
Postage and courier charges	1,253	1,449
Communication	33,604	1,073
Stationery and printing	2,442	3,533
Marketing, advertisement and publicity	2,611	1,693
Donations	-	500
Auditors Remuneration	542	305
Commission expense	3,284	2,688
Others	6,062	4,808
	107,434	78,070
	1,079,547	1,003,880

28 OTHER CHARGES

Penalty imposed by the State Bank of Pakistan 14,854 -

29 PROVISIONS / (REVERSALS) and WRITE OFFS - NET

Provisions / (Reversals) against loans and advances 11.3 15,556 (39,770)

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

30 TAXATION

Current	1,948,026	6,047,310
Deferred	(1,757)	4,214
	<u>1,946,269</u>	<u>6,051,524</u>

30.1 The returns of income tax have been filed up to and including tax year 2021. Except for tax years mentioned below, all other assessment years are deemed to be assessed under section 120 of Income Tax Ordinance, 2001. The return for the year 2021 (tax year 2022) will be due for filing by September 30, 2022.

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

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

31 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	35,656,371	34,077,524
Balances with other banks	5,470,262	20,284,483
	<u>41,126,633</u>	<u>54,362,007</u>

32 FAIR VALUE MEASUREMENTS

32.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

September 30, 2021 (Un-audited)					
	Carrying 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	375,035,010	-	375,035,010	-	375,035,010
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	3,876,296	-	4,011,903	-	4,011,903
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange	867,905,056	-	16,118,259	-	16,118,259
December 31, 2020 (Audited)					
	Carrying 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 - disclosed but not measured at fair value					
Investments					
Federal Government Securities	25,179,725	-	26,075,782	-	26,075,782
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange	794,023,239	-	(10,656,632)	-	(10,656,632)

There were no transfers between the levels during the period

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

(a) Financial instruments in level 2

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

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

(b) Financial instruments in level 3

Segment Details with respect to Business Activities

	September 30, 2021 (Un-audited)			
	Corporate finance	Treasury	Branch Banking (Rupees in '000)	Others Total
Profit and loss				
Net mark-up / interest income / (expense)	2,090,927	6,160,645	(4,451,693)	(5,566)
Inter segment revenue - net	-	-	-	-
Non mark-up / interest income / (expense)	665,084	(115)	1,637,514	3,310
Total income / (loss)	2,756,011	6,160,530	(2,814,179)	(2,256)
Segment direct expenses	71,823	1,101,378	972	18,168
Inter segment expense allocation	-	-	-	-
Total expenses	71,823	1,101,378	972	18,168
Provision	15,556	-	-	-
Profit before tax	2,668,632	5,059,152	(2,815,151)	(20,424)
Balance Sheet				
Cash and bank balances	-	40,665,448	461,185	-
Investments	-	378,911,306	-	-
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	105,970,211	-	-
Advances - performing	34,853,059	-	-	-
Others	531,500	17,058,637	17,704	1,632,256
Total Assets	35,384,559	542,605,602	478,889	1,632,256
Borrowings	-	365,207,264	-	-
Deposits and other accounts	-	-	155,284,073	-
Net inter segment borrowing	-	-	-	-
Others	217,478	1,489,060	1,084,778	4,075,549
Total liabilities	217,478	366,696,324	156,368,851	4,075,549
Equity	35,167,081	175,909,278	(155,889,962)	(2,443,293)
Total equity and liabilities	35,384,559	542,605,602	478,889	1,632,256
Contingencies and commitments	390,042,972	974,013,669	-	-
				1,364,056,641

	September 30, 2020 (Un-audited)			
	Corporate finance	Treasury	Branch Banking (Rupees in '000)	Others
				Total

Profit & loss

Net mark-up / interest income / (expense)

Inter segment revenue - net

Non mark-up / interest income

Total income / (loss)

Segment direct expenses

Inter segment expense allocation

Total expenses

Reversal of provision

Profit before tax

2,420,592	16,259,181	(4,788,052)	(4,242)	13,887,479
-	-	-	-	-
571,688	1,504,944	268,844	2,717	2,348,193
2,992,280	17,764,125	(4,519,208)	(1,525)	16,235,672
59,210	1,193,671	47,874	2,684	1,303,439
-	-	-	-	-
59,210	1,193,671	47,874	2,684	1,303,439
(39,770)	-	-	-	(39,770)
2,972,840	16,570,454	(4,567,082)	(4,209)	14,972,003

	December 31, 2020 (Audited)			
	Corporate finance	Treasury	Branch Banking (Rupees in '000)	Others
				Total

Balance Sheet

Cash and bank balances

Investments

Net inter segment lending

Lendings to financial institutions

Advances - performing

Others

Total Assets

-	33,437,015	286,180	-	33,723,195
-	252,704,902	-	-	252,704,902
-	-	-	-	-
-	187,430,652	-	-	187,430,652
33,423,105	-	-	-	33,423,105
1,058,060	5,658,093	59	1,107,291	7,823,503
34,481,165	479,230,662	286,239	1,107,291	515,105,357

Borrowings

Deposits and other accounts

Net inter segment borrowing

Others

Total Liabilities

Equity

Total Equity and Liabilities

-	325,902,342	-	-	325,902,342
-	-	119,301,294	-	119,301,294
-	-	-	-	-
852,270	12,555,790	5,029,730	3,150,084	21,587,874
852,270	338,458,132	124,331,024	3,150,084	466,791,510
33,628,895	140,772,530	(124,044,785)	(2,042,793)	48,313,847
34,481,165	479,230,662	286,239	1,107,291	515,105,357

Contingencies and Commitments

320,232,009	981,807,406	-	-	1,302,039,415
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RELATED PARTY TRANSACTIONS

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

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

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

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Key management personnel	Head office	Overseas branches	Other related parties	Key management personnel	Head office	Overseas branches	Other related parties
----- (Rupees in '000) -----								
Balances with other banks								
Deposit accounts	-	2,799,691	100,116	-	-	1,924,326	100,820	-
Current accounts	-	-	2,570,454	-	-	-	472,024	-
	-	2,799,691	2,670,570	-	-	1,924,326	572,844	-
Advances								
Opening balance	768	-	-	-	-	-	-	-
Addition during the period	-	-	-	-	885	-	-	-
Repaid during the period	(214)	-	-	-	(117)	-	-	-
Closing balance	554	-	-	-	768	-	-	-
Other Assets								
Receivable from defined benefit plan	-	-	-	2,503	-	-	-	2,503
Forward exchange contract	-	-	142,333	-	-	-	1,037,547	-
Closing balance	-	-	142,333	2,503	-	-	1,037,547	2,503
Borrowings								
Opening balance	-	-	325,902,341	-	-	30,969,520	320,272,538	-
Borrowings during the period	-	708,229,040	834,860,421	-	-	71,925,480	1,626,699,135	-
Settled during the period	-	(455,655,792)	(1,048,128,746)	-	-	(102,895,000)	(1,621,069,332)	-
Closing balance	-	252,573,248	112,634,016	-	-	-	325,902,341	-

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Key manage- ment personnel	Head office	Overseas branches	Other related parties	Key manage- ment personnel	Head office	Overseas branches	Other related parties
	4,737	-	-	-	3,044	-	-	-
	156,606	-	-	-	327,872	-	-	-
	(157,752)	-	-	-	(326,179)	-	-	-
	3,591	-	-	-	4,737	-	-	-
	79	90,681	77,867	-	45	-	811,554	-
	-	-	39,447	-	-	-	-	-
	-	102,565	282	-	-	95,107	1,612	-
	79	193,246	117,596	-	45	95,107	813,166	-

Deposits and other accounts

Opening balance
Received during the period
Withdrawn during the period
Closing balance

Other Liabilities

Mark-up / return / interest payable
Forward exchange contracts
Commission received in advance against unfunded exposure
Closing balance

Contingencies and Commitments

Guarantees
Forward exchange contract sale
Forward exchange contract purchase

RELATED PARTY TRANSACTIONS

	September 30, 2021 (Un-audited)				September 30, 2020 (Un-audited)			
	Key manage- ment personnel	Head office	Overseas branches	Other related parties	Key manage- ment personnel	Head office	Overseas branches	Other related parties
	22,733	10,526	7,286	-	-	23,761	5,906	-
	-	303,498	20,033	-	-	223,378	8,707	-
	158	232,135	1,157,813	-	130	442,986	4,457,525	-
	316,106	-	-	-	286,131	-	-	-
	-	-	-	6,202	-	-	-	6,015
	-	-	-	2,951	-	-	-	2,631

Income

Mark-up / return / interest earned
Fee and commission income

Expense

Mark-up / return / interest paid

Compensation expense
Contribution to Gratuity fund
Contribution to Provident fund

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

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

25,598,640 23,975,160

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)

52,733,517	48,311,388
-	-
52,733,517	48,311,388
353,163	337,607
53,086,680	48,648,995

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

124,728,340	101,088,255
23,241,156	32,365,182
30,145,591	30,145,591
178,115,087	163,599,028

Common Equity Tier 1 Capital Adequacy Ratio

29.61% 29.53%

Tier 1 Capital Adequacy Ratio

29.61% 29.53%

Total Capital Adequacy Ratio

29.80% 29.74%

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

As at June 30, 2021 the SBP requires to maintain a ratio of total regulatory capital to the risk - weighted assets at or above the required minimum level of 11.5% and maintain Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5% respectively.

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

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposure

Leverage Ratio

52,733,517	48,311,388
950,895,067	909,524,168
5.55%	5.31%

Minimum Requirement (%)

3.00% 3.00%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

435,873,713	454,299,448
200,878,067	180,436,844
217%	252%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding
Total Required Stable Funding
Net Stable Funding Ratio

172,340,231	185,376,723
68,965,686	86,485,584
250%	214%
100.00%	100.00%

Minimum Requirement (%)

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

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

36 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 27-October-2021, by the Chief Executive Officer and Head of Finance of the Bank.

37 GENERAL

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



Chief Executive Officer

Head of Finance