


**BANK OF CHINA LIMITED –
PAKISTAN OPERATIONS**

**INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED MARCH 31, 2019
(UNAUDITED)**

BANK OF CHINA LIMITED - PAKISTAN OPERATIONS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

		(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks	5	7,486,557	7,238,142
Balances with other banks	6	23,942	10,726
Lendings to financial institutions	7	320,541	276,244
Investments	8	6,524,812	6,569,934
Advances	9	529,200	133,900
Fixed assets	10	217,877	232,280
Intangible assets	11	3,392	3,720
Deferred tax assets	12	298,324	257,552
Other assets	13	66,003	41,746
		15,470,648	14,764,244
LIABILITIES			
Bills payable		-	-
Borrowings		-	-
Deposits and other accounts	14	7,792,253	7,227,913
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Tax liabilities		-	-
Other liabilities	15	1,192,512	1,071,546
		8,984,765	8,299,459
NET ASSETS		6,485,883	6,464,785
REPRESENTED BY			
Head office capital account - net	16	7,039,030	6,943,095
Reserves		-	-
Surplus on revaluation of assets		-	-
Unremitted loss		(553,147)	(478,310)
		6,485,883	6,464,785
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 28 form an integral part of these financial statements.

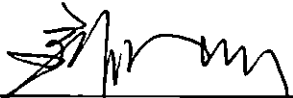

 Country Head & Chief Executive Officer


 Manager Finance

BANK OF CHINA LIMITED - PAKISTAN OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 01 JANUARY 2019 TO 31 MARCH 2019

		(Un-Audited) For the period from 01 January 2019 to 31 March 2019	(Audited) For the period from 01 January 2018 to 31 March 2018
	Note	Rupees in '000	
Mark-up/Return/Interest Earned	18	256,702	-
Mark-up/Return/Interest Expensed	19	253,504	(98)
Net Mark-up/ Interest Income		3,198	(98)
NON MARK-UP/INTEREST INCOME			
Fee and Commission Income	20	15,410	2,446
Dividend Income		-	-
Foreign Exchange Income - net		(6,728)	-
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities		-	-
Other Income		-	-
Total non-markup/interest Income		8,682	2,446
Total Income		11,880	2,348
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	21	127,489	122,403
Workers Welfare Fund		-	-
Other charges		-	-
Total non-markup/interest expenses		127,489	122,403
Loss Before Provisions		(115,609)	(120,055)
Provisions and write offs - net		-	-
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(115,609)	(120,055)
Taxation	22	40,772	-
LOSS AFTER TAXATION		(74,837)	(120,055)
Basic Earnings/(Loss) per share	23	-	-
Diluted Earnings/(Loss) per share	23	-	-

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 Country Head & Chief Executive Officer




 Manager Finance

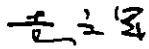
BANK OF CHINA LIMITED - PAKISTAN OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 01 JANUARY 2019 TO 31 MARCH 2019

	(Un-Audited)	(Audited)
	For the period from 01 January 2019 to 31 March 2019	For the period from 01 January 2018 to 31 March 2018
	-----Rupees in '000-----	
Loss after taxation for the period/ year	(74,837)	(120,055)
Other comprehensive income	-	-
Total comprehensive income for the period/ year	<u><u>(74,837)</u></u>	<u><u>(120,055)</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Country Head & Chief Executive Officer

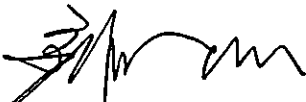


Manager Finance

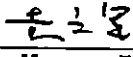
BANK OF CHINA LIMITED - PAKISTAN OPERATIONS
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 01 JANUARY 2019 TO 31 MARCH 2019
(UNAUDITED)

	Head Office Capital account	Unremitted loss	Total
	----- (Rupees in '000) -----		
Balance as at 1 January 2018	5,520,860	(211,200)	5,309,660
Loss after taxation for the period	-	(267,110)	(267,110)
Transactions with owners, recorded directly in equity			
Exchange adjustment on revaluation of capital	1,422,235	-	1,422,235
Balance as at 31 December 2018	<u>6,943,095</u>	<u>(478,310)</u>	<u>6,464,785</u>
Loss after taxation for the year	-	(74,837)	(74,837)
Transactions with owners, recorded directly in equity			
Exchange adjustment on revaluation of capital	95,935	-	95,935
Balance as at 31 March 2019	<u><u>7,039,030</u></u>	<u><u>(553,147)</u></u>	<u><u>6,485,883</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.



 Country Head & Chief Executive Officer




 Manager Finance

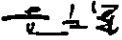
BANK OF CHINA LIMITED - PAKISTAN OPERATIONS
CASH FLOW STATEMENT
FOR THE PERIOD FROM 01 JANUARY 2019 TO 31 MARCH 2019

	Note	(Un-Audited) For the period from 01 January 2019 to 31 March 2019	(Audited) For the period from 01 January 2018 to 31 March 2018
-----Rupees in '000-----			
Cash flows from operating activities			
Loss before taxation		(115,609)	(120,055)
Adjustments:			
Depreciation		14,403	-
Amortisation		328	-
		14,731	-
		<u>(100,878)</u>	<u>(120,055)</u>
Increase in operating assets			
Lendings to financial institutions		(44,297)	-
Advances		(395,300)	-
Others assets		(24,257)	9,023
		<u>(463,854)</u>	<u>9,023</u>
Increase in operating liabilities			
Deposits and other accounts		564,340	200,193
Other liabilities		120,966	(6,603)
		<u>685,306</u>	<u>193,590</u>
		<u>120,574</u>	<u>82,558</u>
Income tax paid		-	-
Net cashflow from operating activities		<u>120,574</u>	<u>82,558</u>
Cash flows from investing activities			
Net investment in available- for- sale securities		45,122	-
Net investment in held-to-maturity securities		-	-
Net investment in operating fixed assets		-	(1,614)
Net cashflow used in investing activities		<u>45,122</u>	<u>(1,614)</u>
Cash flows from financing activities			
Remittance received from head office in respect of capital		-	-
Net cashflow from financing activities		<u>-</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents		95,935	254,135
Increase in cash and cash equivalents		<u>261,631</u>	<u>335,079</u>
Cash and cash equivalents at beginning of the period/ year		7,248,868	5,807,080
Cash and cash equivalents at end of the period/ year	24	<u><u>7,510,499</u></u>	<u><u>6,142,159</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.



 Country Head & Chief Executive Officer



 Manager Finance

BANK OF CHINA LIMITED - PAKISTAN OPERATIONS
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD FROM 01 JANUARY 2019 TO 31 MARCH 2019

1. STATUS AND NATURE OF BUSINESS

Bank of China Limited - Pakistan operations (the Bank) was established and registered in Pakistan by the Securities and Exchange Commission of Pakistan on 18 April 2017. The Bank operates as a branch of Bank of China which is incorporated as a State-owned joint stock commercial bank in the People's Republic of China. The State Bank of Pakistan issued banking licence to the Bank on 11 May 2017 to engage in banking services as described in the Banking Companies Ordinance, 1962. The registered office of the Bank is located at 5th Floor COB Dolmen City, Clifton, Karachi. At present the Bank operates one Branch

The parent company of Bank of China Limited (BOC) is Central Huijin Investment Limited which owned 64.02% of the ordinary shares of BOC as at 31 December 2017. Central Huijin Investment Limited is a wholly owned subsidiary of China Investment Corporation. BOC has been assigned long-term and short-term rating by Standard & Pooors of "A" and "A-1" respectively.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through

Further, during the period, SECP vide S.R.O 229 (I)/2019 dated February 14, 2019, has deferred the applicability of IFRS 9 'Financial Instrument' for reporting period/year ending on or after June 30, 2019 for all companies. Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

In addition, SECP vide S.R.O.434(I)/2018 dated April 09, 2018, has directed the companies to follow IFRS16 'Leases' instead of IAS17 'Leases', for annual reporting periods beginning on or after January 01, 2019. However, the SBP has deferred the applicability of IFRS 16 for banking companies vide BPRD Circular Letter No. 08 dated April 30, 2019 till June 30, 2019. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN THAT ARE EFFECTIVE IN THE CURRENT YEAR:

The Bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

- IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

- IAS 28 - Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

3.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or amendment	Effective date (accounting periods)
IFRS 3- Definition of a Business (Amendments)	January 01, 2020
IFRS 9- Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9- Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IFRS 10- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
	(accounting periods beginning on or
Standard, Interpretation or amendment	
IFRS 15- Revenue from Contracts with Customers	July 01, 2018
IFRS 16- Leases	January 01, 2019
IFRIC 23- Uncertainty over Income Tax Treatments	January 01, 2019
IAS 1/ IAS 8- Definition of Material (Amendments)	January 01, 2020
IAS 19- Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28- Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019

3.2 The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application except for IFRS 9. With regard to IFRS -9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financings, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan. With regard to IFRS 16, the Bank is currently evaluating the impact of application of IFRS 16 on its financial statements

3.3 In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Bank expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

3.4 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IFRS 14 – Regulatory Deferral Accounts
IFRS 16 – Leases
IFRS 17 – Insurance Contracts

4 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4 Significant Accounting policies

The significant accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2018.

4 Basis for accounting estimates

The basis for accounting estimates adopted in the preparation of these financial statements is the same as applied in the in the preparation of the financial statements for the year ended 31 December 2018

4 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, 2018.

	(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
	-----Rupees in '000-----	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	7,527	10,333
Foreign currency	2,816	2,777
	<u>10,343</u>	<u>13,110</u>
With State Bank of Pakistan in		
Local currency current account	-	-
Foreign currency current account	1,690	1,667
Local currency deposit account (Clearing account)	435,494	280,270
Foreign currency deposit account (Capital account)	7,039,030	6,943,095
	5.1 <u>7,476,214</u>	<u>7,225,032</u>
	<u>7,486,557</u>	<u>7,238,142</u>

5.1 This represents capital maintained with SBP in accordance with the requirements of Section 13(3) of the Banking Companies Ordinance, 1962.

	(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
	-----Rupees in '000-----	
6 BALANCES WITH OTHER BANKS		
In Pakistan		
In current account	-	-
	-	-
Outside Pakistan		
In current account	23,942	10,726
In deposit account	-	-
	<u>23,942</u>	<u>10,726</u>
	<u>23,942</u>	<u>10,726</u>

	(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
	-----Rupees in '000-----	
7 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	7.1 320,541	276,244
Repurchase agreement lendings (Reverse Repo)	-	-
	<u>320,541</u>	<u>276,244</u>
Less: provision held against Lending to Financial Institutions	-	-
Lending to Financial Institutions - net of provision	<u>320,541</u>	<u>276,244</u>

7.1 These represent lendings to BOC overseas branches and head office at interest rates ranging from 2% to 3.05% per annum.

	March 31, 2019	Dec 31, 2018
	-----Rupees in '000-----	
7.2 Particulars of lending		
In local currency	97,225	-
In foreign currencies	223,316	276,244
	<u>320,541</u>	<u>276,244</u>

8 INVESTMENTS	(Unaudited)				(Audited)			
	March 31, 2019				Dec 31, 2018			
8.1 Investments by type:	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	6,524,812	-	-	6,524,812	3,648,703	-	-	3,648,703
Held-to-maturity securities								
Federal Government Securities		-	-	-	2,921,231	-	-	2,921,231
						-	-	
Total Investments	6,524,812	-	-	6,524,812	6,569,934	-	-	6,569,934

8.2 Investments by segment:	March 31, 2019				Dec 31, 2018			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees in '000-----							
Federal Government Securities:								
Market Treasury Bills	6,524,812	-	-	6,524,812	6,569,934	-	-	6,569,934
Total Investments	6,524,812	-	-	6,524,812	6,569,934	-	-	6,569,934

8.3 Quality of Available for Sale Securities

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

(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
Cost	
-----Rupees in '000-----	

Federal Government Securities - Government guaranteed

Market Treasury Bills

6,524,812	3,633,264
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8.4 Particulars relating to Held to Maturity securities are as follows:

March 31, 2019	Dec 31, 2018
Cost	
-----Rupees in '000-----	

Federal Government Securities - Government guaranteed

Market Treasury Bills

-	2,874,905
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9 ADVANCES

	(Un-Audited)		(Audited)			
	Performing		Non Performing		Total	
	March 31, 2019	Dec 31, 2018	March 31, 2019	Dec 31, 2018	March 31, 2019	Dec 31, 2018
	-----Rupees in '000-----					
Loans, cash credits, running finances, etc.	529,200	133,900	-	-	529,200	133,900
Advances - gross	529,200	133,900	-	-	529,200	529,200
Provision against advances						
- Specific	-	-	-	-	-	-
- General	-	-	-	-	-	-
Advances - net of provision	529,200	133,900	-	-	529,200	529,200

March 31, 2019	Dec 31, 2018
-----Rupees in '000-----	

9.1 Particulars of advances (Gross)

In local currency	529,200	133,900
In foreign currencies	-	-
	529,200	133,900

10 FIXED ASSETS

Property and equipment

Note	(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
	-----Rupees in '000-----	
	217,877	232,280

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

Leasehold improvements

-	2,434
884	10,322
-	17,700
-	62,942
884	93,398

-----Rupees in '000-----	
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11 INTANGIBLE ASSETS

Bank website development cost

3,392	3,720
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	(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
12 DEFERRED TAX ASSETS		
Deductible Temporary Differences on - Tax losses carried forward	303,136	264,927
Taxable Temporary Differences on - Accelerated tax depreciation	4,812	7,375
	<u>298,324</u>	<u>257,552</u>

- 12.1 The Bank has aggregate tax losses of Rs.866.103 million as at March 31, 2019. The management has prepared financial projections of the Bank for next three years which indicate that future taxable profits will be available against which the deferred tax asset could be realised.

	(Un-Audited) March 31, 2019	(Audited) Dec 31, 2018
13 OTHER ASSETS		
Income/ Mark-up accrued in local currency	9,679	1,964
Income/ Mark-up accrued in foreign currencies	965	3,198
Advances, deposits, advance rent and other prepayments	21,195	28,692
Commission receivable against letter of gurrantee	9,104	7,892
Others	25,059	-
Total- Other assets	<u>66,003</u>	<u>41,746</u>

14 DEPOSITS AND OTHER ACCOUNTS

	(Un-Audited) March 31, 2019			(Audited) Dec 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	386,474	-	386,474	137,788	-	137,788
Savings deposits	375,654	1,408	377,062	368,500	1,388	369,888
Term deposits	7,000,000	-	7,000,000	6,700,000	-	6,700,000
	<u>7,762,128</u>	<u>1,408</u>	<u>7,763,536</u>	<u>7,206,288</u>	<u>1,388</u>	<u>7,207,676</u>
Financial Institutions						
Current deposits	-	28,717	28,717	-	20,237	20,237
	<u>7,762,128</u>	<u>30,125</u>	<u>7,792,253</u>	<u>7,206,288</u>	<u>21,625</u>	<u>7,227,913</u>

	(Unaudited) March 31, 2019	(Audited) Dec 31, 2018
14.1 Composition of deposits		
- Individuals	5,535	4,923
- Public Sector Entities	28,717	252,697
- Private Sector	7,758,001	7,278,773
	<u>7,792,253</u>	<u>7,536,393</u>

15 OTHER LIABILITIES	(Unaudited) March 31, 2019	(Audited) Dec 31, 2018
Mark-up/ Return/ Interest payable in local currency	154,282	60,332
Salaries payable	84,436	102,859
Payable to head office	16.1 818,710	807,551
Commission received in advance against letter of gurrantee	1,783	1,783
Withholding tax payable	748	1,841
Accrued expenses	4,472	4,450
Deferred loan management fees	37,278	39,457
Others	90,803	53,273
	<u>1,192,512</u>	<u>1,071,546</u>

15.1 This represents amount advanced by the head office for the purposes of initial set up of the Bank's operations in Pakistan. This amount is not subject to interest.

16 Head Office Capital Account	(Unaudited) March 31, 2019	(Audited) Dec 31, 2018
	-----Rupees in '000-----	
<u>Capital held as:</u>		
1. Interest free deposit in Approved foreign exchange		
i) Remitted from Head Office (USD 50 million)	7,039,030	6,943,095
Conversion rate : (2019:140.7806; 2018:138.8619)		
	<u>7,039,030</u>	<u>6,943,095</u>

17 CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) March 31, 2019	(Audited) Dec 31, 2018
		-----Rupees in '000-----	
-Guarantees	18.1	13,864,479	13,864,479
-Commitments		-	-
-Other contingent liabilities		-	-
		<u>13,864,479</u>	<u>13,864,479</u>
17.1 Guarantees:			
Performance guarantees		<u>13,864,479</u>	<u>13,864,479</u>

	(Unaudited)	(Audited)
	For the period from 01 January 2019 to 31 March 2019	For the period from 01 January 2018 to 31 March 2018
18 MARK-UP/RETURN/INTEREST EARNED		
On:		
a) Loans and advances	11,062	-
b) Investments	173,332	-
c) Lendings to financial institutions	72,309	-
	<u>256,702</u>	<u>-</u>
19 MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	252,906	98
Borrowings	598	-
	<u>253,504</u>	<u>98</u>
20 FEE & COMMISSION INCOME		
Branch banking customer fees	201	30
Credit related fees	6,236	-
Commission on trade	171	-
Commission on quarantees	8,773	2,416
Commission on remittances including home remittances	7	-
Others	22	-
	<u>15,410</u>	<u>2,446</u>
21 OPERATING EXPENSES		
Salaries allowances, etc.	76,382	56,294
Property expense		
Rent & taxes	9,968	9,062
Insurance	843	547
Utilities cost	873	1,445
Security (including guards)	2,215	1,390
Repair & maintenance (including janitorial charges)	4,240	4,273
Depreciation	16,007	11,269
	34,147	27,987
Information technology expenses		
Software maintenance	-	-
Hardware maintenance	45	40
Amortisation	328	-
Network charges	5,068	5,155
Others	890	-
	6,332	5,195
Other operating expenses		
Legal & professional charges	1,195	1,000
Outsourced services costs	213	31
Travelling & conveyance	2,218	3,747
Training & development	222	-
Postage & courier charges	687	254
Communication	99	161
Head office expenses	-	-
Stationery & printing	102	178
Marketing, advertisement & publicity	2,120	2,226
Auditors Remuneration	1,500	-
Consultation	-	1,047
Membership fee	-	1,050
Exchange Loss	-	19,669
Others	2,271	3,563
	<u>10,628</u>	<u>32,927</u>
	<u>127,489</u>	<u>122,403</u>

	(Unaudited)	(Audited)
	For the period from 01 January 2019 to 31 March 2019	For the period from 01 January 2018 to 31 March 2018
22 TAXATION		
Current	-	-
Prior years	-	-
Deferred	40,772	-
	<u>40,772</u>	<u>-</u>

23 BASIC EARNINGS/ (LOSS) PER SHARE

The Bank operates as a bank of a foreign entity and does not have a share capital. Hence, no figures of basic and diluted earning loss per share have been reported in these financial statements.

	(Unaudited)	(Audited)
	March 31, 2019	Dec 31, 2018
24 CASH AND CASH EQUIVALENTS		
Cash and Balance with Treasury Banks	24.1 7,486,557	5,521,360
Balance with other banks	23,942	285,720
	<u>7,510,499</u>	<u>5,807,080</u>

24.1 This includes Rs. 7,039.030 million of statutory capital deposited with SBP.

25 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the opinion of the management, fair value of the financial assets and liabilities are not significantly different from their carrying values.

25.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in

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:

	2019			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	6,524,812	-	6,524,812

25.2 Valuation techniques used in determination of fair values:

(a) Financial instruments in level 1

Currently, no financial instruments are classified in level 3.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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.

26 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its head office and Key Management Personnel.

The Banks 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. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	(Unaudited)		(Audited)	
	March 31, 2019		Dec 31, 2018	
	Head office and branches	Key management personnel	Head office and branches	Key management personnel
	(Rupees in '000)			
Lendings to financial institutions				
Opening balance	276,244	-	-	-
Addition during the year	44,297	-	3,731,466	-
Repaid during the year	-	-	3,455,222	-
Closing balance	320,541	-	276,244	-
Deposits and other accounts				
Opening balance	-	-	-	-
Received during the year	-	-	-	4,922
Withdrawn during the year	-	-	-	-
Closing balance	-	-	-	-
Other Liabilities				
Payable to head office	818,710	-	807,551	-
Salaries payable	-	84,436	-	102,859
Other liabilities	818,710	84,436	807,551	102,859
Expense				
Mark-up / return / interest paid	-	-	-	134

27 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Unaudited) March 31, 2019	(Audited) Dec 31, 2018
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,485,883	6,943,095
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	6,184,167	6,193,050
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,184,167	6,193,050
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	6,184,167	6,193,050
Risk Weighted Assets (RWAs):		
Credit Risk	4,244,847	3,891,006
Market Risk	669,199	886,456.00
Operational Risk	1,999	14,788.00
Total	4,916,045	4,792,250
Common Equity Tier 1 Capital Adequacy ratio	128.81%	129.231%
Tier 1 Capital Adequacy Ratio	128.81%	129.231%
Total Capital Adequacy Ratio	128.81%	129.231%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	6,184,167	6,193,050
Total Exposures	30,172,092	28,530,885
Leverage Ratio	20.50%	21.71%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	6,967,833	6,860,537
Total Net Cash Outflow	3,220,507	3,098,104
Liquidity Coverage Ratio	216%	221%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	11,792,894	9,648,902
Total Required Stable Funding	782,945	693,011
Net Stable Funding Ratio	1506%	1392%


27.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosures shall be short and clear and be provided within this note such as, The link to the full disclosure is available at <http://www.bankofchina.com/pk/en/aboutusfinancialreports>

28 DATE OF AUTHORISATION

28:1 These financial statements were authorised for issue on 08-05-19 by the Country head & Chief Executive Officer and Manager Finance of the Bank.

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

28.3 Figures have been rounded off to the nearest thousand rupees.



Country Head & Chief Executive

Manager Finance