



Ms. Lubna Farooq Malik  
Director - Banking Surveillance Department  
State Bank of Pakistan  
11 Chundrigar Road  
Karachi

October 19, 2015

Dear Madam,

**FINANCIAL STATEMENT OF INDUSTRIAL AND COMMERCIAL BANK  
OF CHINA FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

We are writing with reference to the Section 34 and Section 36 of the Banking Companies Ordinance, 1962 requiring all banks to submit their approved quarterly financial statement to the State Bank of Pakistan within one month from the quarter ended.

In view of the above, kindly find enclosed a copy of our quarterly financial statements. We thank you for the continued support extended to the Industrial and Commercial Bank of China.

Kindly let us know if any additional information is required.

Thanking you

Yours sincerely,



He Shengshu  
Chief Executive Officer

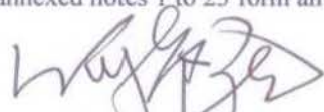



Lynn Ye Ning  
Head of Finance

**Industrial and Commercial Bank of China Limited - Pakistan Branches**  
**Condensed Interim Statement of Financial Position**  
*As at September 30, 2015*

		September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		4,985,120	4,329,697
Balances with other banks		593,478	295,142
Lendings to financial institutions	6	789,619	1,129,730
Investments - net	7	100,878,405	63,074,604
Advances - net	8	6,559,551	6,087,050
Operating fixed assets	9	678,361	183,341
Other assets		1,163,164	850,823
		115,647,698	75,950,387
<b>LIABILITIES</b>			
Bills payable		158,904	4,667
Borrowings from financial institutions	10	77,594,685	56,592,615
Deposits and other accounts	11	28,068,642	9,500,726
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	12	11,061	21,132
Other liabilities	13	3,625,019	5,323,681
		109,458,311	71,442,821
<b>NET ASSETS</b>		<b>6,189,387</b>	<b>4,507,566</b>
<b>REPRESENTED BY:</b>			
Head office capital account	14	3,772,663	3,627,239
Reserves		-	-
Unappropriated profit		2,405,302	844,926
		6,177,965	4,472,165
Deficit on revaluation of investments - net of tax	15	11,422	35,401
		6,189,387	4,507,566
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The annexed notes 1 to 23 form an integral part of the condensed interim financial information.

  
**He Shenghu**  
 Chief Executive Officer

  
**Lynn Ye Ning**  
 Head of Finance

**Industrial and Commercial Bank of China Limited - Pakistan Branches**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
*For the Nine Months ended September 30, 2015*

	Quarter ended September 30, 2015	Nine Months ended September 30, 2015	Quarter ended September 30, 2014	Nine Months ended September 30, 2014
Note	(Rupees in '000)			
Mark-up / return / interest earned	1,524,840	5,275,220	949,940	3,182,687
Mark-up / return / interest expensed	(294,332)	(947,050)	(253,330)	(765,056)
Net mark-up / return / interest income	1,230,508	4,328,170	696,610	2,417,631
Provision against non-performing loans and advances - net	-	-	-	-
Provision for diminution in the value of investments - net	-	-	-	-
Bad debts written off directly	-	-	-	-
Net Mark-up / interest income after provisions	1,230,508	4,328,170	696,610	2,417,631
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	215,278	362,618	80,720	197,586
Dividend income	-	-	-	-
Loss from dealing in foreign currencies	(124,079)	(1,253,928)	(282,442)	(1,087,542)
Gain / (loss) on sale of securities	-	-	-	-
Other income	-	3	-	59
Total non-mark-up / interest income	91,199	(891,307)	(201,722)	(889,897)
	1,321,707	3,436,863	494,888	1,527,734
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	(124,979)	(919,503)	(147,414)	(485,518)
Other provisions / write-offs	-	-	-	-
Other charges	-	-	(100)	(100)
Total non-mark-up / interest expenses	(124,979)	(919,503)	(147,514)	(485,618)
	1,196,728	2,517,360	347,374	1,042,116
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	1,196,728	2,517,360	347,374	1,042,116
Taxation - Current	(426,652)	(895,915)	(126,236)	(323,073)
- Prior	-	(58,228)	-	-
- Deferred	(9,882)	(2,841)	4,657	(39,645)
	(436,534)	(956,984)	(121,579)	(362,718)
<b>PROFIT AFTER TAXATION</b>	760,194	1,560,376	225,795	679,398

The annexed notes 1 to 23 form an integral part of the condensed interim financial information.



He Shenghu  
Chief Executive Officer




Lynn Ye Ning  
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches  
 Condensed Interim Statement of Comprehensive Income (Un-audited)  
 For the Nine Months ended September 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	<b>(Rupees in '000)</b>			
Profit after taxation for the period	760,194	1,560,376	225,795	679,398
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit and loss account</b>				
Exchange adjustment on revaluation of capital	98,655	145,424	138,238	(97,121)
<b>Total comprehensive income</b>	<b>858,849</b>	<b>1,705,800</b>	<b>364,033</b>	<b>582,277</b>
<b>Components of comprehensive income not reflected with Head Office account</b>				
Surplus on revaluation of investments - net	<b>(21,790)</b>	<b>(23,979)</b>	<b>(2,039)</b>	<b>27,622</b>

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 He Shenghu  
 Chief Executive Officer

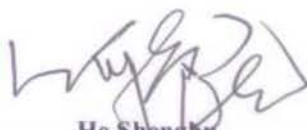
  
 Lynn Ye Ning  
 Head of Finance




**Industrial and Commercial Bank of China Limited - Pakistan Branches**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
*For the Nine Months ended September 30, 2015*

	Note	Nine months ended September 30, 2015 (Rupees in '000)	Nine months ended September 30, 2014
<b>Cash flows from operating activities</b>			
Profit before taxation		2,517,360	1,042,116
Adjustments for:			
Depreciation		66,019	61,805
		<u>2,583,379</u>	<u>1,103,921</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	317,376
Advances		(472,501)	(1,310,307)
Others assets		(312,341)	308,132
		<u>(784,842)</u>	<u>(684,799)</u>
(Decrease) / increase in operating liabilities			
Bills payable		154,237	1,032,997
Borrowings		20,922,464	6,845,971
Deposits and other accounts		18,567,916	(5,166,660)
Other liabilities		(1,698,662)	511,862
		<u>37,945,955</u>	<u>3,224,170</u>
		<u>39,744,492</u>	<u>3,643,292</u>
Income tax paid		(967,055)	(225,318)
<i>Net cash flow from operating activities</i>		<u>38,777,437</u>	<u>3,417,974</u>
<b>Cash flows from investing activities</b>			
Investment in operating fixed assets		(561,039)	(9,367)
Proceeds from maturity of / (net investment in) available for sale securities		(37,827,780)	(638,994)
<i>Net cash flow from investing activities</i>		<u>(38,388,819)</u>	<u>(648,361)</u>
<b>Cash flows from financing activities</b>			
Remittance received from head office		-	-
<i>Net cash flow from financing activities</i>		<u>-</u>	<u>-</u>
Exchange adjustment on revaluation of capital		145,424	(97,121)
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>534,042</u>	<u>2,672,492</u>
Cash and cash equivalents at beginning of the period		3,543,941	2,979,827
<b>Cash and cash equivalents at end of the period</b>	18	<u>4,077,983</u>	<u>5,652,319</u>

The annexed notes 1 to 23 form an integral part of the condensed interim financial information.

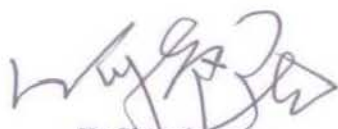
  
**He Shenghu**  
**Chief Executive Officer**


  
**Lynn Ye Ning**  
**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 ended September 30, 2015

		Head office capital account	Unappropriated Profit / Accumulated (losses) (Rupees in '000)	Total
	Note			
Balance as at January 01, 2014		3,802,007	(70,240)	3,731,767
<b>Total comprehensive income for the nine months ended September 30, 2014</b>				
Profit for the Nine months ended September 30, 2014		-	679,398	679,398
Exchange adjustment on revaluation of capital		(97,121)	-	(97,121)
Balance as at September 30, 2014		3,704,886	609,158	4,314,044
<b>Total comprehensive income for three months ended December 31, 2014</b>				
Profit for three months ended December 31, 2014		-	235,768	235,768
Exchange adjustment on revaluation of capital		(77,647)		(77,647)
Balance as at December 31, 2014		3,627,239	844,926	4,472,165
<b>Total comprehensive income for the nine months ended September 30, 2015</b>				
Profit for the nine months ended September 30, 2015		-	1,560,376	1,560,376
Exchange adjustment on revaluation of capital	14	145,424		145,424
<b>Balance as at September 30, 2015</b>		<b>3,772,663</b>	<b>2,405,302</b>	<b>6,177,965</b>

The annexed notes 1 to 23 form an integral part of the condensed interim financial information.

  
He Shenghu  
Chief Executive Officer

  
Lynn Ye Ning  
Head of Finance

# Industrial and Commercial Bank of China Limited - Pakistan Branches

## Notes to the Condensed Interim Financial Information (Un-audited)

For the Nine Months ended September 30, 2015

### 1. STATUS AND NATURE OF BUSINESS

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

The Bank presently operates through three branches (December 31, 2014: three branches) in Pakistan and is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Bank is located at Parsa Tower, P.E.C.H.S, Main Shahrah-e-Faisal, Karachi.

Credit ratings assigned to the Head Office of the Bank by Moody's Investor Services Inc. are as follows:

Long Term Rating	A1
Short Term Issuer Level Rating	P-1

### 2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible form of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in the condensed interim financial information as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and the condensed interim financial information should be read in conjunction with the financial statements of the branches for the year ended December 31, 2014.

### 3. STATEMENT OF COMPLIANCE

- 3.1 The condensed interim financial information of the branches for the nine months ended September 30, 2015 has been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.



- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, "Financial Instruments: Disclosure" on banks through its notification S.R.O 411(i)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of the condensed interim financial information. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are same as those applied in the preparation of annual financial statements of the branches for the year ended December 31, 2014.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The significant judgements made by management in applying the branches accounting policies and key sources of estimation uncertainty were the same as those applied to the annual financial statements of the branches for the year ended December 31, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the branches for the year ended December 31, 2014.

6. LENDINGS TO FINANCIAL INSTITUTIONS	Note	September 30, 2015 (Un-audited) (Rupees in '000)	December 31, 2014 (Audited)
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Call money lendings (in foreign currencies)	6.1	<u>789,619</u>	<u>1,129,730</u>
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- 6.1 These represent call lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 2.9% to 3.5% per annum (December 31, 2014: 4.0% to 4.1% per annum) with maturities upto October 2015 (December 31, 2014: March 2015).

7. INVESTMENTS - NET	September 30, 2015 (Un-Audited)			December 31, 2014 (Audited)		
	Held by the branches	Given as Collateral	Total	Held by the branches	Given as Collateral	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Investments by type -</b>						
<b>available-for-sale securities</b>						
Market Treasury Bills - at cost	100,860,832	-	100,860,832	61,908,464	1,111,677	63,020,141
Surplus on revaluation of available for sale securities	17,573	-	17,573	53,463	1,000	54,463
Total investments at market value	<u>100,878,405</u>	<u>-</u>	<u>100,878,405</u>	<u>61,961,927</u>	<u>1,112,677</u>	<u>63,074,604</u>



- 7.1 These Market Treasury Bills will mature upto March 2016 (December 2014: upto May 2015) and carry yield ranging from 6.4% to 8.2% per annum (December 2014: from 9.39% to 10.02% per annum).

8. ADVANCES - NET	September 30, 2015 (Un-audited) (Rupees in '000)	December 31, 2014 (Audited)
Loans, cash credits, running finances, etc. In Pakistan	4,458,435	3,948,633
Bills discounted and purchased (excluding market treasury bills) Payable in Pakistan	2,101,116	2,138,417
	<u>6,559,551</u>	<u>6,087,050</u>

- 8.1 No advances have been placed under non-performing status (December 31, 2014: Nil).

9. OPERATING FIXED ASSETS	Nine months ended	
	September 30, 2015 (Rupees in '000)	September 30, 2014
Additions during the period	<u>561,039</u>	<u>9,367</u>

There were no disposal of operating fixed assets during the period.

10. BORROWINGS FROM FINANCIAL INSTITUTIONS	September 30, 2015 (Un-audited) (Rupees in '000)	December 31, 2014 (Audited)
In Pakistan	200,000	1,111,677
Outside Pakistan	<u>77,394,685</u>	<u>55,480,938</u>
	<u>77,594,685</u>	<u>56,592,615</u>

10.1 Particulars of borrowings with respect to currencies

In local currency	200,000	1,111,677
In foreign currency	<u>77,394,685</u>	<u>55,480,938</u>
	<u>77,594,685</u>	<u>56,592,615</u>

10.2 Details of borrowings

<b>Secured</b>		
Repurchase agreement borrowings (Repo)	-	1,111,677
<b>Unsecured</b>		
Call borrowings	<u>77,594,685</u>	<u>55,480,938</u>
	<u>77,594,685</u>	<u>56,592,615</u>

- 10.3 These represent borrowings from financial institutions and other ICBC branches at mark-up rates ranging from 0.25% to 6.5% per annum (December 31, 2014: 0.08% to 9.5% per annum) maturing by March 2016 (December 31, 2014: May 2015).

**11. DEPOSITS AND OTHER ACCOUNTS**

September 30,  
2015  
(Un-audited)  
(Rupees in '000)

December 31,  
2014  
(Audited)

**Customers**

Fixed deposits

5,430,548

3,873,418

Savings deposits

10,962,386

3,196,248

Current accounts - non-remunerative

11,626,401

2,374,083

28,019,335

9,443,749

**Financial institutions**

Remunerative deposits

37,080

36,000

Non-remunerative deposits

12,227

20,977

28,068,642

9,500,726

**11.1 Particulars of deposits**

In local currency

12,711,569

5,814,084

In foreign currency

15,357,073

3,686,642

28,068,642

9,500,726

**12. DEFERRED TAX LIABILITY**

**Deferred debits arising in respect of**

- Unabsorbed tax losses and unabsorbed tax depreciation

-

-

- Investments - available for sale

(6,151)

(19,062)

(6,151)

(19,062)

**Deferred credits arising due to**

- Operating fixed assets

(4,910)

(2,070)

(11,061)

(21,132)

**13. OTHER LIABILITIES**

This includes interest free advance of USD 13.9 million (December 31, 2014: USD 13.9 million) provided by the head office for purpose of the initial set up of branches' operations. The terms of repayment have not yet been agreed.

**14. HEAD OFFICE CAPITAL ACCOUNT**

September 30,  
2015  
(Un-audited)  
(Rupees in '000)

December 31,  
2014  
(Audited)

Capital held as interest free deposit in approved foreign exchange  
USD 36.098 million (December 31, 2014: USD 36.098 million)

Balance at beginning of the period / year

3,627,239

3,802,007

Revaluation advised by the State Bank of Pakistan  
during the period / year

145,424

(174,768)

3,772,663

3,627,239

15. SURPLUS ON REVALUATION OF INVESTMENTS - NET OF TAX	September 30, 2015 (Un-audited) (Rupees in '000)	December 31, 2014 (Audited)
Surplus on revaluation of Government securities	17,573	54,463
Related deferred tax liability	(6,151)	(19,062)
	<u>11,422</u>	<u>35,401</u>
16. CONTINGENCIES AND COMMITMENTS		
16.1 Transaction related contingent liabilities		
Government	28,558,271	22,622,127
Others	50,594,157	39,552,156
	<u>79,152,428</u>	<u>62,174,283</u>
16.2 Trade related contingent liabilities		
Letters of credit	2,234,468	315,081
Acceptance	3,006,552	2,275,517
16.3 Commitments in respect of forward exchange contracts		
Purchase	176,901,056	150,138,785
Sale	177,431,189	153,051,919
16.4 Commitments in respect of repo transactions		
Repurchase	-	1,111,677
Resale	-	-
16.5 Commitments to extend credit - syndicated loan	<u>319,444</u>	<u>319,444</u>
17. LOSS FROM DEALING IN FOREIGN CURRENCIES		
This represents exchange differences on currency swaps with the financial institutions, forward contracts, foreign currency transactions and balances.		
18. CASH AND CASH EQUIVALENTS	September 30, 2015 (Un-audited) (Rupees in '000)	December 31 2014 (Audited)
Cash and balances with treasury banks	4,985,120	4,329,697
Balance with other banks	593,478	295,142
Short term lending	789,619	1,129,730
Short term borrowing	(2,290,234)	(2,210,628)
	<u>4,077,983</u>	<u>3,543,941</u>



## 19. TAXATION

The Finance Act, 2015 has introduced certain amendments relating to taxation of banking companies. As per these amendments, one-time super tax at the rate of 4 percent of the taxable income has also been levied. These amendments apply retrospectively for the tax year 2015, (i.e. year ended December 31, 2014). The effects of above amendments have been incorporated as a prior year tax charge in this condensed interim financial information.

## 20. RELATED PARTY TRANSACTIONS

Related parties comprise of head office, other branches of the Bank, Key Management personnel and staff retirement benefit funds. The transactions with related parties are conducted under normal course of business. Pakistan branches of the Bank also provide advances to employees at reduced rate in accordance with their terms of employment.

Details of the transactions with related parties during the period and balances with them as at September 30, 2015 are as follows:

	Staff Retirement Benefits	Key Management Personnel	Other ICBC branches	Head Office	Total
(Rupees in '000)					
<b>September 30, 2015 (Un-audited)</b>					
<b>Balance Sheet</b>					
Balances with other banks	-	-	525,284	67,813	593,097
Lendings to financial institutions	-	-	789,619	-	789,619
Loans to employees	-	22,864	-	-	22,864
Borrowings	-	-	37,624,212	39,770,473	77,394,685
Other liabilities	-	-	-	-	-
<b>Nine months ended September 30, 2015 (Un-audited)</b>					
<b>Profit and Loss</b>					
Interest / other income	-	-	68,670	289	68,959
Interest / other expense	2,788	703,386	293,427	207,875	1,207,476
(Rupees in '000)					
<b>December 31, 2014 (Audited)</b>					
<b>Balance Sheet</b>					
Balances with other banks	-	-	48,415	246,347	294,762
Lendings to financial institutions	-	-	1,129,730	-	1,129,730
Loans to employees	-	18,067	-	-	18,067
Borrowings	-	-	25,120,775	30,360,163	55,480,938
Other liabilities	-	4,128	-	1,396,916	1,401,044
<b>Nine months ended September 30, 2014 (Un-audited)</b>					
<b>Profit and Loss</b>					
Interest / other income	-	123	62,010	296	62,429
Interest / other expense	1,872	223,997	114,378	208,161	548,408

## 21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Corporate Finance	Trading & Sales	Others	Total
(Rupees in '000)				
<b>Nine months ended September 30, 2015</b>				
Total income	370,997	4,012,916	-	4,383,913
Inter segment revenue	-	-	-	-
Total expenses	(118,846)	(1,681,688)	(66,019)	(1,866,553)
Net income	252,151	2,331,228	(66,019)	2,517,360
<b>September 30, 2015</b>				
Segment assets (Gross)	6,559,551	107,246,621	1,841,526	115,647,698
Segment liabilities	6,090,215	99,573,112	3,794,984	109,458,311
Segment return on assets (ROA) (%)	7.82%	6.08%	0.00%	
Segment cost of funds (%)	2.77%	2.80%	1.93%	

	Corporate Finance	Trading & Sales	Others	Total
	(Rupees in '000)			
	Nine months ended September 30, 2014			
Total income	293,295	1,999,495	-	2,292,790
Inter segment revenue	-	-	-	-
Total expenses	(87,129)	(1,101,740)	(61,805)	(1,250,674)
Net income	206,166	897,755	(61,805)	1,042,116
	December 31, 2014			
Segment assets (Gross)	6,087,050	68,829,173	1,034,164	75,950,387
Segment liabilities	5,370,178	60,723,163	5,349,480	71,442,821
Segment return on assets (ROA) (%)	8.60%	5.29%	0.00%	
Segment cost of funds (%)	2.56%	2.98%	1.97%	


22. DATE OF AUTHORISATION

The condensed interim financial information was authorised for issue by the Chief Executive Officer of the branches on 19/10/2015

23. GENERAL

Figures have been rounded off to the nearest thousand rupees.

  
 He Shenglin  
 Chief Executive Officer

  
 Lynn Ye Ning  
 Head of Finance