



中国工商银行股份有限公司 卡拉奇分行

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED KARACHI BRANCH

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

April 27, 2015

Dear Madam

**FINANCIAL STATEMENT OF INDUSTRIAL AND COMMERCIAL BANK
OF CHINA FOR THE QUARTER ENDED MARCH 31, 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 statements to the State Bank of Pakistan within one month from the quarter end.

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

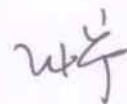
Kindly let us know if any additional information is required.

Thanking you

Yours sincerely



He Shenghu
Deputy CEO



Lynn Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Financial Position

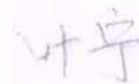
As at March 31, 2015

| | | March 31, 2015 (Un-audited) (Rupees in '000) | December 31, 2014 (Audited) |
|---|----|---|-----------------------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 4,421,594 | 4,329,697 |
| Balances with other banks | | 257,736 | 295,142 |
| Lendings to financial institutions | 6 | 2,691,575 | 1,129,730 |
| Investments - net | 7 | 82,222,377 | 63,074,604 |
| Advances - net | 8 | 5,054,759 | 6,087,050 |
| Operating fixed assets | 9 | 174,142 | 183,341 |
| Deferred tax assets | 12 | - | - |
| Other assets | | 1,204,617 | 850,823 |
| | | 96,026,800 | 75,950,387 |
| LIABILITIES | | | |
| Bills payable | | 532,425 | 4,667 |
| Borrowings | 10 | 73,002,901 | 56,592,615 |
| Deposits and other accounts | 11 | 10,551,829 | 9,500,726 |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities | 12 | 23,330 | 21,132 |
| Other liabilities | 13 | 6,631,808 | 5,323,681 |
| | | 90,742,293 | 71,442,821 |
| NET ASSETS | | 5,284,507 | 4,507,566 |
| REPRESENTED BY : | | | |
| Head office capital account | 14 | 3,679,982 | 3,627,239 |
| Reserves | | - | - |
| Unremitted profit | | 1,558,717 | 844,926 |
| | | 5,238,699 | 4,472,165 |
| Surplus on revaluation of investments - net of tax | 15 | 45,808 | 35,401 |
| | | 5,284,507 | 4,507,566 |
| CONTINGENCIES AND COMMITMENTS | 16 | | |

The annexed notes 1 to 22 form an integral part of the condensed interim financial information.



Xu Keen
Chief Executive Officer



Lynn Ye Ning
Head of Finance

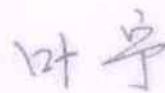
Industrial and Commercial Bank of China Limited - Pakistan Branches
 Condensed Interim Profit and Loss Account (Un-audited)
 For the quarter ended March 31, 2015

| | Quarter ended March 31, 2015 | Quarter ended March 31, 2014 |
|--|---------------------------------------|---------------------------------------|
| | Note ----- (Rupees in '000) ----- | |
| Mark-up / return / interest earned | 1,962,207 | 1,228,013 |
| Mark-up / return / interest expensed | <u>(342,021)</u> | <u>(266,290)</u> |
| Net mark-up / return / interest income | 1,620,186 | 961,723 |
| 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 | <u>1,620,186</u> | <u>961,723</u> |
| NON MARK-UP / INTEREST INCOME | | |
| Fee, commission and brokerage income | 78,114 | 56,880 |
| Dividend income | - | - |
| Loss from dealing in foreign currencies | (415,585) | (428,782) |
| Gain / (loss) on sale of securities | - | - |
| Unrealised gain / (loss) on revaluation of investments classified as held-for-trading | - | - |
| Other income | 3 | 59 |
| Total non-mark-up / interest income | <u>(337,468)</u> | <u>(371,843)</u> |
| | 1,282,718 | 589,880 |
| NON MARK-UP / INTEREST EXPENSES | | |
| Administrative expenses | (184,576) | (127,723) |
| Other provisions / write-offs | - | - |
| Other charges | - | - |
| Total non-mark-up / interest expenses | <u>(184,576)</u> | <u>(127,723)</u> |
| | 1,098,142 | 462,157 |
| Extra ordinary / unusual items | - | - |
| PROFIT BEFORE TAXATION | <u>1,098,142</u> | <u>462,157</u> |
| Taxation - Current | 387,756 | 161,755 |
| - Prior | - | - |
| - Deferred | <u>(3,405)</u> | <u>2,637</u> |
| PROFIT AFTER TAXATION | <u>384,351</u> | <u>164,392</u> |
| | <u>713,791</u> | <u>297,765</u> |

The annexed notes 1 to 22 form an integral part of the condensed interim financial information.



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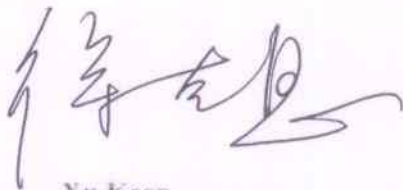
Lynn Ye Ning
 Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Statement of Comprehensive Income (Un-audited)

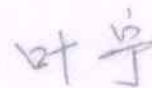
For the quarter ended March 31, 2015

| | Quarter ended March 31, 2015 | Quarter ended March 31, 2014 |
|--|---------------------------------------|---------------------------------------|
| | ----- (Rupees in '000) ----- | |
| Profit after taxation for the period | 713,791 | 297,765 |
| Other comprehensive income | | |
| Items that will not be reclassified subsequently to profit and loss account | | |
| Exchange adjustment on revaluation of capital | 52,743 | (245,282) |
| Total comprehensive income | <u>766,534</u> | <u>52,483</u> |
| Components of comprehensive income not reflected with Head Office account | | |
| Surplus on revaluation of investments - net | <u>10,407</u> | <u>22,866</u> |

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Chief Executive Officer

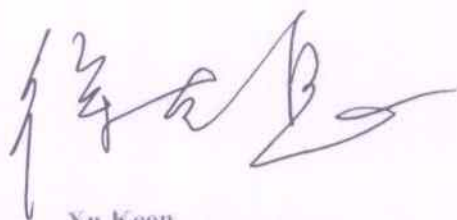


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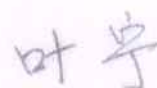
Industrial and Commercial Bank of China Limited - Pakistan Branches
 Condensed Interim Cash Flow Statement (Un-audited)
 For the quarter ended March 31, 2015

| | March 31, 2015 | March 31, 2014 |
|---|-------------------|-------------------|
| | (Rupees in '000) | |
| Cash flows from operating activities | | |
| Profit before taxation | 1,098,142 | 462,157 |
| Adjustments for: | | |
| Depreciation and amortisation | 31,157 | 21,109 |
| | 1,129,299 | 483,266 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | (1,561,845) | 3,125,169 |
| Advances | 1,032,291 | 840,850 |
| Others assets | (353,794) | (440,032) |
| | (883,348) | 3,525,987 |
| (Decrease) / increase in operating liabilities | | |
| Bills payable | 527,758 | 15,452 |
| Borrowings | 16,410,286 | (14,428,637) |
| Deposits and other accounts | 1,051,103 | (2,827,707) |
| Other liabilities | 1,310,325 | 4,337,876 |
| | 19,299,472 | (12,903,016) |
| | 19,545,423 | (8,893,763) |
| | (75,000) | (164,392) |
| | 19,470,423 | (8,729,371) |
| Income tax paid | | |
| <i>Net cash flow from operating activities</i> | | |
| Cash flows from investing activities | | |
| Investment in operating fixed assets | (7,575) | (8,284) |
| Net Investment in available for sale securities | (19,137,366) | 1,618,863 |
| <i>Net cash flow from investing activities</i> | (19,144,941) | 1,610,579 |
| Cash flows from financing activities | | |
| Remittance received from head office | - | - |
| <i>Net cash flow from financing activities</i> | - | - |
| Exchange adjustment on revaluation of capital | 52,743 | (245,282) |
| Increase / (decrease) in cash and cash equivalents | 378,225 | (7,364,074) |
| Cash and cash equivalents at beginning of the period | 3,543,941 | 2,979,827 |
| Cash and cash equivalents at end of the period | 3,922,166 | (4,384,247) |

The annexed notes 1 to 22 form an integral part of the condensed interim financial information.



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 Chief Executive Officer

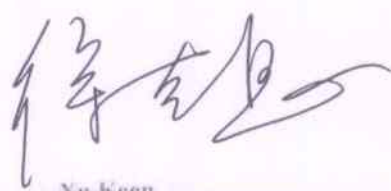


Lynn Ye Ning
 Head of Finance

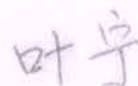
Industrial and Commercial Bank of China Limited - Pakistan Branches
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the quarter ended March 31, 2015

| | Note | Head office capital account | Unremitted Profit / Accumulated (losses) (Rupees in '000) | Total |
|--|------|--------------------------------|---|------------------|
| Balance as at January 01, 2014 | | 3,802,007 | (70,240) | 3,731,767 |
| Total comprehensive income for the quarter ended March 31, 2014 | | | | |
| Profit for quarter ended March 31, 2014 | | - | 297,765 | 297,765 |
| Exchange adjustment on revaluation of capital | | (245,282) | - | (245,282) |
| Balance as at March 31, 2014 | | <u>3,556,725</u> | <u>227,525</u> | <u>3,784,250</u> |
| Balance as at January 01, 2015 | | 3,627,239 | 844,926 | 4,472,165 |
| Total comprehensive income for the quarter ended March 31, 2015 | | | | |
| Profit for quarter ended March 31, 2015 | | - | 713,791 | 713,791 |
| Exchange adjustment on revaluation of capital | 14 | 52,743 | - | 52,743 |
| Balance as at March 31, 2015 | | <u>3,679,982</u> | <u>1,558,717</u> | <u>5,238,699</u> |

The annexed notes 1 to 22 form an integral part of the condensed interim financial information.



Xu Keen
 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 quarter ended March 31, 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 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 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. 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 | <i>Note</i> | March 31, 2015 | December 31, 2014 |
| | | | (Rupees in '000) | |
| | Call money lendings | 6.1 | 2,691,575 | 1,129,730 |
| | Repurchase agreement lendings (Reverse repo) | | - | - |
| | | | 2,691,575 | 1,129,730 |

- 6.1 These represent call lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 2.0% to 8.0% per annum (December 31, 2014: 4.0% to 4.1% per annum) with maturities upto April 2015 (December 31, 2014: March 2015).

6.2 Particulars of lendings to financial institutions

| | | |
|-----------------------|------------------|------------------|
| In local currency | 500,000 | - |
| In foreign currencies | 2,191,575 | 1,129,730 |
| | 2,691,575 | 1,129,730 |

| | | | | | | | |
|----|--|------------------------------|------------------------|------------|------------------------------|------------------------|------------|
| 7. | INVESTMENTS - NET | March 31, 2015 | | | December 31, 2014 | | |
| | | Held by Bank | Given as Collateral | Total | Held by Bank | Given as Collateral | Total |
| | Investments by type - available-for-sale securities | ----- (Rupees in '000) ----- | | | ----- (Rupees in '000) ----- | | |
| | Market Treasury Bills - at cost | 79,072,354 | 3,079,549 | 82,151,903 | 61,908,464 | 1,111,677 | 63,020,141 |
| | Deficit on revaluation of available for sale securities | 67,832 | 2,642 | 70,474 | 53,463 | 1,000 | 54,463 |
| | Total investments at market value | 79,140,186 | 3,082,191 | 82,222,377 | 61,961,927 | 1,112,677 | 63,074,604 |

- 7.1 These Market Treasury Bills will mature upto November 2015 (December 2014: upto May 2015) and carry yield ranging from 7.8% to 10.0% per annum (December 2014: from 9.39% to 10.02% per annum).

| | | | |
|-----------|--|---------------------------|------------------------------|
| 8. | ADVANCES | March 31, 2015 | December 31, 2014 |
| | | (Rupees in '000) | |
| | Loans, cash credits, running finances, etc. | | |
| | In Pakistan | 2,655,782 | 3,948,633 |
| | Outside Pakistan | - | - |
| | | <u>2,655,782</u> | <u>3,948,633</u> |
| | Bills discounted and purchased (excluding market treasury bills) | | |
| | Payable in Pakistan | 2,398,977 | 2,138,417 |
| | Payable outside Pakistan | - | - |
| | | <u>2,398,977</u> | <u>2,138,417</u> |
| | | <u>5,054,759</u> | <u>6,087,050</u> |

8.1 No advances have been placed under non-performing status (December 31, 2013: Nil).

| | | | |
|-----------|-------------------------------|---------------------------|---------------------------|
| 9. | OPERATING FIXED ASSETS | March 31, 2015 | March 30, 2014 |
| | | (Rupees in '000) | |
| | Additions during the period | <u>7,575</u> | <u>8,284</u> |

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

| | | | |
|------------|-------------------|---------------------------|------------------------------|
| 10. | BORROWINGS | March 31, 2015 | December 31, 2014 |
| | | (Rupees in '000) | |
| | In Pakistan | 3,079,549 | 1,111,677 |
| | Outside Pakistan | 69,923,352 | 55,480,938 |
| | | <u>73,002,901</u> | <u>56,592,615</u> |

10.1 Particulars of borrowings with respect to currencies

| | | | |
|--|---------------------|-------------------|-------------------|
| | In local currency | 3,079,549 | 1,111,677 |
| | In foreign currency | 69,923,352 | 55,480,938 |
| | | <u>73,002,901</u> | <u>56,592,615</u> |

10.2 Details of borrowings

| | | | |
|--|--|-------------------|-------------------|
| | Secured | | |
| | Repurchase agreement borrowings (Repo) | 3,079,549 | 1,111,677 |
| | Unsecured | | |
| | Call borrowings | 69,923,352 | 55,480,938 |
| | | <u>73,002,901</u> | <u>56,592,615</u> |

10.3 These represent borrowings from financial institutions and other ICBC branches at mark-up rates ranging from 0.15% to 3.3% per annum (December 31, 2014: 0.08% to 9.5% per annum) maturing by September 2015 (December 31, 2014: May 2015).

| 11. DEPOSITS AND OTHER ACCOUNTS | March 31, 2015 | December 31, 2014 |
|---|-------------------|----------------------|
| | (Rupees in '000) | |
| Customers | | |
| Fixed deposits | 6,162,115 | 3,873,418 |
| Savings deposits | 3,165,282 | 3,196,248 |
| Current accounts - non-remunerative | <u>1,176,759</u> | <u>2,374,083</u> |
| | <u>10,504,156</u> | <u>9,443,749</u> |
| Financial institutions | | |
| Remunerative deposits | 36,000 | 36,000 |
| Non-remunerative deposits | <u>11,673</u> | <u>20,977</u> |
| | <u>10,551,829</u> | <u>9,500,726</u> |
| 11.1 Particulars of deposits | | |
| In local currency | 7,532,055 | 5,814,084 |
| In foreign currency | <u>3,019,774</u> | <u>3,686,642</u> |
| | <u>10,551,829</u> | <u>9,500,726</u> |
| 12. DEFERRED TAX LIABILITY | | |
| Deferred debits arising in respect of | | |
| - Unabsorbed tax losses and unabsorbed tax depreciation | - | - |
| - Investments - available for sale | <u>(24,666)</u> | <u>(19,062)</u> |
| | (24,666) | (19,062) |
| Deferred credits arising due to | | |
| - Operating fixed assets | <u>1,336</u> | <u>(2,070)</u> |
| | <u>(23,330)</u> | <u>(21,132)</u> |
| 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 | March 31, 2015 | December 31, 2014 |
| | (Rupees in '000) | |
| Capital held as interest free deposit in approved foreign exchange USD 36.098 million (December 31, 2013: 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 | <u>52,743</u> | <u>(174,768)</u> |
| | <u>3,679,982</u> | <u>3,627,239</u> |

19. 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 March 31, 2015 are as follows:

| | Staff Retirement Benefits | Key Management Personnel | Other ICBC branches | Head Office | Total |
|------------------------------------|---------------------------|--------------------------|---------------------|-------------|------------|
| | (Rupees in '000) | | | | |
| | March 31, 2015 | | | | |
| Balance Sheet | | | | | |
| Balances with other banks | - | - | 27,990 | 229,366 | 257,356 |
| Lendings to financial institutions | - | - | 2,191,575 | - | 2,191,575 |
| Loans to employees | - | 16,824 | - | - | 16,824 |
| Borrowings | - | - | 26,077,045 | 43,846,306 | 69,923,351 |
| Other liabilities | - | - | - | 1,417,228 | 1,417,228 |

Profit and Loss

| | | | | | |
|--------------------------|-------|--------|---------|--------|---------|
| Interest / other income | - | 55 | 19,459 | 120 | 19,634 |
| Interest / other expense | 1,131 | 72,026 | 116,457 | 91,455 | 281,069 |

| | Staff Retirement Benefits | Key Management Personnel | Other ICBC branches | Head Office | Total |
|------------------------------------|---------------------------|--------------------------|---------------------|-------------|------------|
| | (Rupees in '000) | | | | |
| | December 31, 2014 | | | | |
| Balance Sheet | | | | | |
| Balances with other banks | - | - | 48,415 | 246,347 | 294,762 |
| Lendings to financial institutions | - | - | 1,129,730 | - | 1,129,730 |
| Borrowings | - | - | 25,120,775 | 30,360,163 | 55,480,938 |
| Other liabilities | - | 4,128 | - | 1,396,916 | 1,401,044 |

Profit and Loss

| | | | | | |
|--------------------------|-----|--------|--------|--------|---------|
| Interest / other income | - | - | 14,575 | 66 | 14,641 |
| Interest / other expense | 529 | 55,219 | 31,487 | 67,166 | 154,401 |

20. 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) | | | |
| | Quarter ended March 31, 2015 | | | |
| Total income | 119,712 | 1,505,027 | - | 1,624,739 |
| Total expenses | (33,030) | (476,791) | (16,776) | (526,597) |
| Net income | 86,682 | 1,028,236 | (16,776) | 1,098,142 |
| | As at March 31, 2015 | | | |
| Segment assets (Gross) | 5,054,759 | 89,593,282 | 1,378,759 | 96,026,800 |
| Segment liabilities | 4,462,311 | 79,092,419 | 7,187,563 | 90,742,293 |
| Segment return on assets (ROA) (%) | 2.15% | 1.90% | 0.00% | |
| Segment cost of funds (%) | 0.67% | 0.68% | 0.27% | |

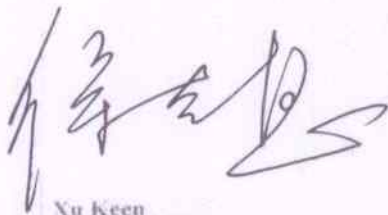
| | Corporate Finance | Trading & Sales | Others | Total |
|------------------------------------|------------------------------|--------------------|-----------|------------|
| | (Rupees in '000) | | | |
| | Quarter ended March 31, 2014 | | | |
| Total income | 89,922 | 766,248 | - | 856,170 |
| Total expenses | (39,165) | (333,739) | (21,109) | (394,013) |
| Net income | 50,757 | 432,509 | (21,109) | 462,157 |
| | As at March 31, 2014 | | | |
| Segment assets (Gross) | 3,053,563 | 54,600,955 | 2,914,330 | 60,568,848 |
| Segment liabilities | 12,158,830 | 36,951,593 | 7,687,729 | 56,798,152 |
| Segment return on assets (ROA) (%) | 2.59% | 1.39% | 0.00% | |
| Segment cost of funds (%) | 0.50% | 0.76% | 0.38% | |

21. DATE OF AUTHORISATION

The condensed interim financial information was authorised for issue by the Chief Executive Officer and Manager Finance of the branches on April 23, 2015.

22. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Xu Keen
Chief Executive Officer



Lynn Ye Ning
Head of Finance