



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 26, 2016
ICBC/F&A/14/2016

Dear Madam

**FINANCIAL STATEMENT OF INDUSTRIAL AND COMMERCIAL BANK
OF CHINA FOR THE QUARTER ENDED MARCH 31, 2016**


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
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 March 31, 2016

		(Un-Audited)	(Audited)
		2016	2015
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		5,718,813	5,413,124
Balances with other banks		1,939,437	246,427
Lendings to financial institutions	6	9,750,000	669,547
Investments	7	102,908,209	124,771,022
Advances	8	4,897,803	6,999,406
Operating fixed assets	9	679,677	662,763
Deferred tax assets	12	19,194	41,078
Other assets		2,396,186	1,450,928
		128,309,319	140,254,295
LIABILITIES			
Bills payable		219,762	266,947
Borrowings	10	75,751,883	100,081,926
Deposits and other accounts	11	39,098,299	26,948,982
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	13	6,458,781	6,557,466
		121,528,725	133,855,321
NET ASSETS		6,780,594	6,398,974
REPRESENTED BY			
Head office capital account	14	3,781,439	3,780,941
Unremitted profit		3,005,133	2,620,351
		6,786,572	6,401,292
Deficit on revaluation of investments - net of tax	15	(5,978)	(2,318)
		6,780,594	6,398,974
CONTINGENCIES AND COMMITMENTS		16	

The annexed notes 1 to 23 form an integral part of these financial statements.


He Shenghu
 Chief Executive Officer


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, 2016

	Quarter Ended and YTD	
	March 2016	March 2015
	(Rupees in '000)	
Mark-up / Return / Interest Earned	2,182,287	1,962,207
Mark-up / Return / Interest Expensed	369,779	342,021
Net mark-up / Interest Income	1,812,508	1,620,186
Provision against non-performing loans and advances	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Net Mark-up / Interest Income after provisions	1,812,508	1,620,186
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	104,954	78,114
Dividend income	-	-
Loss from dealing in foreign currencies	(1,146,531)	(415,585)
Gain / (Loss) on sale of securities	-	-
Unrealized Gain / (Loss) on revaluation of investments classified as held for trading	-	-
Other income	162	3
Total non-mark-up / interest income	(1,041,415)	(337,468)
	771,093	1,282,718
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	188,852	184,576
Other provisions / write-offs	-	-
Other charges	-	-
Total non-mark-up / interest expense	188,852	184,576
	582,241	1,098,142
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	582,241	1,098,142
Taxation - Current	173,602	387,756
- Prior year	-	-
- Deferred	23,857	(3,405)
	197,459	384,351
PROFIT AFTER TAXATION	384,782	713,791

The annexed notes 1 to 23 form an integral part of these financial statements.


He Shenghu
Chief Executive Officer


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, 2016

	Note	Quarter Ended	
		March 2016	March 2015
		(Rupees in '000)	
Profit after taxation for the quarter		384,782	713,791
Other comprehensive income			
Items that will never be reclassified to profit and loss account			
Exchange adjustments on revaluation of capital	14	498	52,743
Comprehensive income - transferred to statement of changes in equity		385,280	766,534
Components of comprehensive income not reflected in Head Office account			
(Deficit) / surplus on revaluation of available for sale securities - net of tax		(3,660)	10,407
Total comprehensive income		381,620	776,941

The annexed notes 1 to 23 form an integral part of these financial statements.


He Shenghu
Chief Executive Officer



Ye Ning
Head of Finance

Industrial and Commercial Bank of China Limited - Pakistan Branches
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended March 31, 2016

	Quarter Ended	
	March 2016	March 2015
	(Rupees in '000)	
<i>Note</i>		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	582,241	1,098,142
Adjustments:		
Depreciation & Amortization	16,887	31,157
	599,128	1,129,299
(Increase) / Decrease in operating assets		
Lendings to financial institutions	-	(1,561,845)
Advances	2,101,603	1,032,291
Others assets	(923,374)	(353,794)
	1,178,229	(883,348)
Increase / (Decrease) in operating liabilities		
Bills payable	(47,185)	527,758
Borrowings from financial institutions	(23,511,079)	16,410,286
Deposits	12,149,317	1,051,103
Other liabilities	(221,013)	1,310,325
	(11,629,960)	19,299,472
	(9,852,603)	19,545,423
Income tax paid	(75,000)	(75,000)
<i>Net cash flow from operating activities</i>	(9,927,603)	19,470,423
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in operating fixed assets	(33,932)	(7,575)
Net investments in available for sale securities	21,859,153	(19,137,366)
<i>Net cash flow from investing activities</i>	21,825,221	(19,144,941)
Exchange adjustments on revaluation of capital	498	52,743
Increase in cash and cash equivalents	11,898,116	378,225
Cash and cash equivalents at beginning of the year	5,510,134	3,543,941
Cash and cash equivalents at end of the year	17,408,250	3,922,166

The annexed notes 1 to 23 form an integral part of these financial statements.


He Shenghu
Chief Executive Officer



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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, 2016

	Note	Head office capital account	Unremitted profit (Rupees in '000)	Total
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 2015		-	713,791	713,791
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital		52,743	-	52,743
Balance as at March 31, 2015		3,679,982	1,558,717	5,238,699
Balance as at January 01, 2016		3,780,941	2,620,351	6,401,292
Total comprehensive income for the quarter ended March 31, 2016				
Profit for quarter ended March 2016		-	384,782	384,782
<i>Other comprehensive income</i>				
Exchange adjustments on revaluation of capital		498	-	498
		498	384,782	385,280
Balance as at March 31, 2016		3,781,439	3,005,133	6,786,572

The annexed notes 1 to 23 form an integral part of these financial statements.


He Shenghu
Chief Executive Officer


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, 2016

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, 2015: 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 16th Floor, Ocean Tower, Block 9, Clifton, Karachi

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, 2015.

3. STATEMENT OF COMPLIANCE

3.1 The condensed interim financial information of the branches for the quarter ended March 31, 2016 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, 2015.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The significant judgments 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, 2015.

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, 2015.

6. LENDINGS TO FINANCIAL INSTITUTIONS

Note
March 31
2016
(Un-audited)
(Rupees in '000)

December 31,
2015
(Audited)

Call money lending

6.1

9,750,000

669,547

- 6.1 These represent call lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 6.05% to 6.40% per annum (December 31, 2015: 1.3% per annum) with maturities upto April 2016 (December 31, 2015: January 2016).

7. INVESTMENTS

	March 31, 2016 (Un-Audited)			December 31, 2015 (Audited)		
	Held by the branches ----- (Rupees in '000)	Given as Collateral	Total	Held by the branches ----- (Rupees in '000)	Given as Collateral	Total
Investments by type - available-for-sale securities						
Market Treasury Bills - at cost	102,917,407	-	102,917,407	124,774,588	-	124,774,588
Surplus on revaluation of available for sale securities	(9,198)	-	(9,198)	(3,566)	-	(3,566)
Total investments at market value	102,908,209	-	102,908,209	124,771,022	-	124,771,022

- 7.1 These Market Treasury Bills will mature upto August 2016 (December 2015: upto August 2016) and carry yield ranging from 6.14% to 6.5% per annum (December 2015: from 6.29% to 6.94% per annum).

8. ADVANCES

	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Loans, cash credits, running finances, etc. In Pakistan	2,658,061	4,448,341
Bills discounted and purchased (excluding market treasury bills) Payable in Pakistan	<u>2,239,742</u>	<u>2,551,065</u>
	<u>4,897,803</u>	<u>6,999,406</u>

8.1 No advances have been placed under non-performing status (December 31, 2015: Nil).

9. OPERATING FIXED ASSETS

	Quarter ended	
	March 31, 2016 (Rupees in '000)	March 31, 2015
Additions during the period	<u>33,932</u>	<u>7,575</u>

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

10. BORROWINGS

	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
In Pakistan	-	400,000
Outside Pakistan	<u>75,751,883</u>	<u>99,681,926</u>
	<u>75,751,883</u>	<u>100,081,926</u>

10.1 Particulars of borrowings with respect to currencies

In local currency	-	400,000
In foreign currency	<u>75,751,883</u>	<u>99,681,926</u>
	<u>75,751,883</u>	<u>100,081,926</u>

10.2 Details of borrowings

Secured

Repurchase agreement borrowings (Repo)

- -

Unsecured

Call borrowings

<u>75,751,883</u>	<u>100,081,926</u>
<u>75,751,883</u>	<u>100,081,926</u>

- 10.3 These represent borrowings from financial institutions and other ICBC branches at mark-up rates ranging from 0.25% to 1.2% per annum (December 31, 2015: 0.25% to 6.5% per annum) maturing by July 2016 (December 31, 2015: June 2016).

11. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
Customers		
Fixed deposits	7,265,851	4,136,999
Savings deposits	28,359,653	12,448,182
Current accounts - non-remunerative	3,463,713	10,343,373
	<u>39,089,217</u>	<u>26,928,554</u>
Financial institutions		
Remunerative deposits	-	-
Non-remunerative deposits	9,082	20,428
	<u>39,098,299</u>	<u>26,948,982</u>

11.1 Particulars of deposits

In local currency	27,384,594	16,415,524
In foreign currency	11,713,705	10,533,458
	<u>39,098,299</u>	<u>26,948,982</u>

12. DEFERRED TAX ASSETS

Deferred debits arising in respect of

- Accelerated tax depreciation	16,026	39,882
- Investments - available for sale	3,220	1,248
	<u>19,246</u>	<u>41,130</u>

Deferred credits arising due to

- Remeasurement of defined benefit liability	52	52
	<u>19,194</u>	<u>41,078</u>

13. OTHER LIABILITIES

This includes interest free advance of USD 13.9 million (December 31, 2015: 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, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
Capital held as interest free deposit in approved foreign exchange USD 36.098 million (December 31, 2015: USD 36.098 million)		
Balance at beginning of the period	3,780,941	3,627,239
Revaluation advised by the State Bank of Pakistan during the period/year	498	153,702
	<u>3,781,439</u>	<u>3,780,941</u>

15. DEFICIT ON REVALUATION OF INVESTMENTS - NET OF TAX	March 31, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Deficit on revaluation of Government securities	(9,198)	(3,566)
Related deferred tax asset	3,220	1,248
	<u>(5,978)</u>	<u>(2,318)</u>
16. CONTINGENCIES AND COMMITMENTS		
16.1 Transaction related contingent liabilities		
Government	45,964,541	44,650,292
Others	68,117,938	61,481,863
	<u>114,082,479</u>	<u>106,132,155</u>
16.2 Trade related contingent liabilities		
Letters of credit	536,970	793,946
Acceptance	1,595,494	3,264,603
	<u>1,595,494</u>	<u>3,264,603</u>
16.3 Commitments in respect of forward exchange contracts		
Purchase	238,479,897	217,070,802
Sale	240,232,042	220,615,085
	<u>238,479,897</u>	<u>217,070,802</u>
16.4 Commitments in respect of repo transactions		
Repurchase	-	-
Resale	-	-
	<u>-</u>	<u>-</u>
16.5 Commitments to extend credit - syndicated loan	-	236,111
	<u>-</u>	<u>236,111</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	March 31, 2016 (Un-audited) (Rupees in '000)	March 31 2015 (Un-audited)
Cash and balances with treasury banks	5,718,813	4,421,594
Balance with other banks	1,939,437	257,736
Short term lending	9,750,000	2,691,575
Short term borrowing	-	(3,448,739)
	<u>17,408,250</u>	<u>3,922,166</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, 2016 are as follows:

	Staff Retirement Benefits	Key Management Personnel	Other ICBC branches	Head Office	Total
(Rupees in '000)					
March 31, 2016 (Un-audited)					
Balance Sheet					
Balances with other banks	-	-	1,766,520	172,535	1,939,055
Lendings to financial institutions	-	-	-	-	-
Borrowings	-	-	5,237,740	70,514,143	75,751,883
Other liabilities	-	-	-	1,456,301	1,456,301
March 31, 2016 (Un-audited)					
Profit and Loss					
Interest / other income	-	-	4,445	205	4,650
Interest / other expense	1,126	222,837	34,120	158,038	416,121
(Rupees in '000)					
December 31, 2015 (Audited)					
Balance Sheet					
Balances with other banks	-	-	5,312	240,734	246,046
Lendings to financial institutions	-	-	669,547	-	669,547
Borrowings	-	-	16,130,114	83,551,812	99,681,926
Other liabilities	-	-	-	-	-
March 31, 2015 (Un-audited)					
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

20. CREDIT RATING

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 bank as at 02 March 2016 (2014: A1 for long term and P-1 for short term).

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)				
Quarter ended March 31, 2016				
Total income	92,187	1,048,685	-	1,140,872
Total expenses	(23,999)	(517,746)	(16,886)	(558,631)
Net income	68,188	530,939	(16,886)	582,241
March 31, 2016				
Segment assets (Gross)	4,897,803	120,316,457	3,095,059	128,309,319
Segment liabilities	4,492,408	110,357,772	6,678,545	121,528,725
Quarterly Segment return on assets (ROA) (%)	1.55%	0.83%	0.00%	
Quarterly Segment cost of funds (%)	0.44%	0.45%	0.25%	

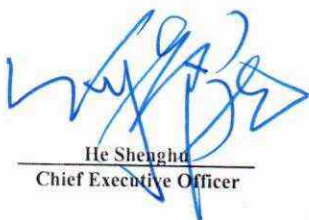
	Corporate Finance	Trading & Sales	Others	Total
	(Rupees in '000)			
	Quarter ended March 31, 2015			
Total income	119,712	1,505,027	-	1,624,739
Total expenses	(33,030)	(476,791)	(16,776)	(526,597)
Net income	86,682	1,028,236	(16,776)	1,098,142
	March 31, 2015			
Segment assets (Gross)	5,054,759	89,593,282	1,378,759	96,026,800
Segment liabilities	4,462,311	79,092,419	7,187,563	90,742,293
Quarterly Segment return on assets (ROA) (%)	2.15%	1.90%	0.00%	
Quarterly Segment cost of funds (%)	0.67%	0.68%	0.27%	

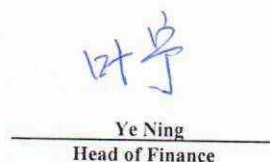
22. DATE OF AUTHORISATION

The condensed interim financial information was authorised for issue by the Chief Executive Officer of the branches on 25th April 2016.

23. GENERAL

Figures have been rounded off to the nearest thousand rupees.


He Shenghu
 Chief Executive Officer


Ye Ning
 Head of Finance