



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 24, 2017
ICBC/F&A/2017/27

Dear Madam

**FINANCIAL STATEMENT OF INDUSTRIAL AND COMMERCIAL BANK OF
CHINA LIMITED FOR THE QUARTER ENDED MARCH 31, 2017**

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 bank.

Kindly let us know if any additional information is required.

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, 2017

		March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		5,638,802	8,377,564
Balances with other banks		188,715	3,685,177
Lendings to financial institutions	6	30,840,084	8,687,263
Investments	7	229,409,911	209,336,742
Advances	8	5,172,817	6,096,727
Operating fixed assets	9	621,894	642,046
Deferred tax assets	12	813	2,328
Other assets		2,839,481	7,150,891
		274,712,517	243,978,738
LIABILITIES			
Bills payable		795,575	831,033
Borrowings	10	194,279,267	169,531,176
Deposits and other accounts	11	64,598,417	52,779,401
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	13	6,513,775	13,052,499
		266,187,034	236,194,109
NET ASSETS		8,525,483	7,784,629
REPRESENTED BY			
Head office capital account		3,784,723	3,775,797
Unremitted profit	14	4,773,543	4,047,374
		8,558,266	7,823,171
Deficit on revaluation of investments - net of tax	15	(32,783)	(38,542)
		8,525,483	7,784,629
CONTINGENCIES AND COMMITMENTS			
	16		

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


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, 2017

	Quarter Ended	
	March 2017	March 2016
	----- (Rupees in '000) -----	
Mark-up / Return / Interest Earned	3,673,165	2,182,287
Mark-up / Return / Interest Expensed	(2,258,418)	(1,595,900)
Net mark-up / Interest Income	<u>1,414,747</u>	<u>586,387</u>
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	<u>1,414,747</u>	<u>586,387</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	159,791	104,954
Dividend income	-	-
(Loss)/ Gain from dealing in foreign currencies	(225,633)	79,590
Gain / (Loss) on sale of securities	-	-
Unrealized Gain / (Loss) on revaluation of investments classified as held for trading	-	-
Other income	209	162
Total non-mark-up / interest income	<u>(65,633)</u>	<u>184,706</u>
	1,349,114	771,093
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	(231,933)	(188,852)
Other provisions / write-offs	-	-
Other charges	-	-
Total non-mark-up / interest expense	<u>(231,933)</u>	<u>(188,852)</u>
Extra ordinary / unusual items	1,117,181	582,241
PROFIT BEFORE TAXATION	<u>1,117,181</u>	<u>582,241</u>
Taxation - Current	(392,597)	(173,602)
- Prior year	-	-
- Deferred	1,585	(23,857)
PROFIT AFTER TAXATION	<u>(391,012)</u>	<u>(197,459)</u>
	<u>726,169</u>	<u>384,782</u>

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


He Shanghu
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, 2017

	Note	Quarter Ended	
		March 2017	March 2016
(Rupees in '000)			
Profit for the period after taxation		726,169	384,782
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Exchange adjustments on revaluation of capital	14	8,926	498
Comprehensive income - transferred to statement of changes in equity		735,095	385,280
Components of comprehensive income not reflected in Head Office account			
Gain/(deficit) on revaluation of available for sale securities - net of tax		5,759	(3,660)
Total comprehensive income		740,854	381,620

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


 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, 2017

	Quarter Ended	
	March 31, 2017	March 31, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,117,181	582,241
Adjustments for non-cash charges		
Depreciation & Amortization	21,802	16,887
	<u>1,138,983</u>	<u>599,128</u>
Decrease/ (Increase) in operating assets		
Lendings to financial institutions	-	-
Advances	923,910	2,101,603
Others assets	4,314,510	(923,374)
	<u>5,238,420</u>	<u>1,178,229</u>
(Decrease) / Increase in operating liabilities		
Bills payable	(35,458)	(47,185)
Borrowings from financial institutions	-	(23,511,079)
Deposits	11,819,016	12,149,317
Other liabilities	(6,836,321)	(221,013)
	<u>4,947,237</u>	<u>(11,629,960)</u>
Income tax paid	11,324,640	(9,852,603)
<i>Net cash flow from operating activities</i>	<u>(95,000)</u>	<u>(75,000)</u>
	<u>11,229,640</u>	<u>(9,927,603)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in operating fixed assets	9.1	(1,650)
Net investments in available for sale securities		(33,932)
<i>Net cash flow from investing activities</i>		<u>21,859,153</u>
		<u>21,825,221</u>
Exchange adjustments on revaluation of capital	14	8,926
Net (decrease) / increase in cash and cash equivalents		<u>498</u>
		<u>(8,830,494)</u>
Cash and cash equivalents at beginning of the period		(148,781,172)
Cash and cash equivalents at end of the period	18	<u>(157,611,666)</u>
		<u>5,510,134</u>
		<u>17,408,250</u>

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


 He Shenghu
 Chief Executive Officer


 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, 2017

<i>Note</i>	Head office capital account	Unremitted profit (Rupees in '000)	Total
Balance as at January 01, 2016	3,780,941	2,620,351	6,401,292
<i>Total comprehensive income for the quarter ended March 31, 2016</i>			
Profit for quarter ended March 31, 2016	-	384,782	384,782
<i>Other comprehensive income</i>			
Exchange adjustments on revaluation of capital	498	-	498
Balance as at March 31, 2016	<u>3,781,439</u>	<u>3,005,133</u>	<u>6,786,572</u>
Balance as at December 31, 2016	3,775,797	4,047,374	7,823,171
<i>Total comprehensive income for the quarter ended March 31, 2017</i>			
Profit for the quarter ended March 31, 2017	-	726,169	726,169
<i>Other comprehensive income</i>			
Exchange adjustments on revaluation of capital	8,926	-	8,926
	8,926	726,169	735,095
Balance as at March 31, 2017	<u><u>3,784,723</u></u>	<u><u>4,773,543</u></u>	<u><u>8,558,266</u></u>

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


 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, 2017

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, 2016: 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.

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, 2016.

3. STATEMENT OF COMPLIANCE

3.1 The condensed interim financial information of the branches for the quarter ended March 31, 2017 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, 2016.

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, 2016.

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, 2016.

6. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	March 31, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Call money lendings (in foreign currencies)	6.1	426,495	1,209,910
Repurchase agreement lending (Reverse Repo)	6.2	30,413,589	7,477,353
		<u>30,840,084</u>	<u>8,687,263</u>

6.1 These represent call lendings to financial institutions and other branches of ICBC at mark-up rates of 4% per annum (December 31, 2016: 5.7% to 9% per annum) with maturities upto April 2017 (December 31, 2016: January 2017).

6.2 These represents repurchase agreement lendings with various local banks at a markup rate ranging from 4.25% to 5.85% per annum (December 31, 2016: 5.55% to 5.80% per annum) with maturity in April 2017 (December 31, 2016: January 2017).

7. INVESTMENTS

	Note	March 31, 2017 (Un-Audited)			December 31, 2016 (Audited)		
		Held by the branches	Given as Collateral	Total	Held by the branches	Given as Collateral	Total
		(Rupees in '000)			(Rupees in '000)		
Investments by type - available-for-sale securities							
Market Treasury Bills - at cost	7.1	228,336,206	-	228,336,206	208,271,897	-	208,271,897
Pakistan Investment Bonds - at cost	7.2	1,124,140	-	1,124,140	1,124,140	-	1,124,140
Deficit on revaluation of available for sale securities		(50,435)	-	(50,435)	(59,295)	-	(59,295)
Total investments at market value		<u>229,409,911</u>	<u>-</u>	<u>229,409,911</u>	<u>209,336,742</u>	<u>-</u>	<u>209,336,742</u>

7.1 These Market Treasury Bills will mature upto May 2017 (December 2016: upto March 2017) and carry yield ranging from 5.85% to 5.95% per annum (December 2016: from 5.78% to 6.17% per annum).

7.2 These Pakistan Investment Bonds will mature upto July 2019 (December 2016: July 2019) and carry yield of 11.5% per annum (December 2015: 11.5% per annum).

8. ADVANCES

	March 31, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Loans, cash credits, running finances, etc. In Pakistan	4,414,739	3,252,834
Bills discounted and purchased Payable in Pakistan	758,078	2,843,893
	<u>5,172,817</u>	<u>6,096,727</u>

8.1 No advances have been placed under non-performing status (December 31, 2016: Nil).

9. OPERATING FIXED ASSETS

	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
Capital Work-in-Progress	-	-
Property and equipment	621,860	641,995
Intangible assets	34	51
	<u>621,894</u>	<u>642,046</u>

Quarter Ended

	March 31, 2017	March 31, 2016
	(Rupees in '000)	
9.1 Additions during the period	<u>1,650</u>	<u>33,932</u>

9.2 During the period, assets having cost of PKR 15,562,034 and carrying amount of PKR 13,478 were disposed off as a scrap for a value of PKR 48,000 only.

10. BORROWINGS

Note

		March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
		(Rupees in '000)	
In Pakistan	10.3	-	500,000
Outside Pakistan	10.3	194,279,267	169,031,176
		<u>194,279,267</u>	<u>169,531,176</u>

10.1 Particulars of borrowings with respect to currencies

In local currency	-	500,000
In foreign currency	194,279,267	169,031,176
	<u>194,279,267</u>	<u>169,531,176</u>

10.2 Details of borrowings

Unsecured

Call borrowings	194,279,267	169,531,176
	<u>194,279,267</u>	<u>169,531,176</u>

10.3 These represent borrowings from financial institutions and other ICBC branches at mark-up rates ranging from 1.08% to 1.55% per annum (December 31, 2016: 0.78% to 5.85% per annum) maturing by May 2017 (December 31, 2016: February 2017).

11. DEPOSITS AND OTHER ACCOUNTS	Note	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
		(Rupees in '000)	
Customers			
Fixed deposits		11,692,460	13,765,238
Savings deposits		44,256,506	33,258,027
Current accounts - non-remunerative		8,589,241	5,734,486
		<u>64,538,207</u>	<u>52,757,751</u>
Financial institutions			
Remunerative deposits		-	-
Non-remunerative deposits		60,210	21,650
	11.1	<u>64,598,417</u>	<u>52,779,401</u>
11.1 Particulars of deposits			
In local currency		29,106,551	33,336,647
In foreign currency		35,491,866	19,442,754
		<u>64,598,417</u>	<u>52,779,401</u>
12. DEFERRED TAX ASSETS			
Deferred debits arising in respect of			
- Accelerated tax depreciation		-	-
- Remeasurement of define benefit liability		106	106
- Investments - available for sale		17,652	20,753
		<u>17,758</u>	<u>20,859</u>
Deferred credits arising due to			
- Accelerated tax depreciation		(16,945)	(18,531)
		<u>813</u>	<u>2,328</u>
13. OTHER LIABILITIES			
This includes interest free advance of USD 13.9 million (December 31, 2016: 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, 2017 (Un-audited)	December 31, 2016 (Audited)
		(Rupees in '000)	
Capital held as interest free deposit in approved foreign exchange USD 36.098 million (December 31, 2016: USD 36.098 million)			
Balance at beginning of the period		3,775,797	3,780,941
Revaluation advised by the State Bank of Pakistan during the period		8,926	(5,144)
		<u>3,784,723</u>	<u>3,775,797</u>

15. DEFICIT ON REVALUATION OF INVESTMENTS - NET OF TAX	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
	(Rupees in '000)	
Deficit on revaluation of Government securities	(50,435)	(59,295)
Related deferred tax asset	17,652	20,753
	<u>(32,783)</u>	<u>(38,542)</u>
16. CONTINGENCIES AND COMMITMENTS		
16.1 Transaction related contingent liabilities		
Government	196,588,514	201,386,741
Others	17,707,876	15,915,727
	<u>214,296,390</u>	<u>217,302,468</u>
16.2 Trade related contingent liabilities		
Letters of credit	1,298,169	1,911,198
Acceptance	2,549,297	1,900,931
	<u>3,847,466</u>	<u>3,812,129</u>
16.3 Commitments in respect of forward exchange contracts		
Purchase	471,365,708	412,175,951
Sale	472,454,214	415,711,771
	<u>943,819,922</u>	<u>827,887,722</u>
16.4 Commitments in respect of repo transactions		
Repurchase	30,413,589	7,477,353
	<u>30,413,589</u>	<u>7,477,353</u>
16.5 Commitments to extend credit - syndicated loan	-	-
	<u>-</u>	<u>-</u>
17. GAIN FROM DEALING IN FOREIGN CURRENCIES		
17.1 This represents exchange differences on spot transactions, forward contracts, foreign currency transactions and balances.		
18. CASH AND CASH EQUIVALENTS	March 31, 2017 (Un-audited)	December 31 2016 (Audited)
	(Rupees in '000)	
Cash and balances with treasury banks	5,638,802	8,377,564
Balance with other banks	188,715	3,685,177
Short term lending	30,840,084	8,687,263
Short term borrowing	(194,279,267)	(169,531,176)
	<u>(157,611,666)</u>	<u>(148,781,172)</u>

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, 2017 (Un-audited)			
Total income	114,737	3,492,795	-	3,607,532
Total expenses	69,001	2,389,220	32,130	(2,490,351)
Net income	45,736	1,103,575	(32,130)	1,117,181
	As at March 31, 2017 (Un-audited)			
Segment assets (Gross)	5,172,817	266,077,512	3,462,188	274,712,517
Segment liabilities	4,936,867	253,940,817	7,309,350	266,187,034
Quarterly Segment return on assets (ROA) (%)	2.04%	1.41%	0.00%	
Quarterly Segment cost of funds (%)	1.29%	1.02%	0.30%	
	Corporate Finance	Trading & Sales	Others	Total
	(Rupees in '000)			
	Quarter ended March 31, 2016 (Un-audited)			
Total income	92,187	2,274,806	-	2,366,993
Total expenses	(78,315)	(1,689,550)	(16,887)	(1,784,752)
Net income	13,872	585,256	(16,887)	582,241
	As at March 31, 2016 (Un-audited)			
Segment assets (Gross)	4,897,803	120,316,457	1,095,059	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%	1.81%	0.00%	
Quarterly Segment cost of funds (%)	1.43%	1.46%	0.25%	

21. DATE OF AUTHORISATION

The condensed interim financial information was authorised for issue by the Chief Executive Officer and Head of Finance of the branches on April 24, 2017.

22. GENERAL

22.1 The corresponding figures have been reclassified for better comparison.

22.2 Reclassification of comparatives

Below reclassification has been made during the period in respect of prior period:

	Quarter Ended (Un-audited)		
	As previously reported	Impact	As stated
	(Rupees)		
Effects on profit and loss			
Gain / loss from dealing in foreign currencies	(1,146,531)	1,226,121	79,590
Mark-up / Return / Interest Expensed	(369,779)	(1,226,121)	(1,595,900)

22.3 The condensed interim financial information is presented in Pak Rupees which is the presentation currency of the Branches and rounded off to the nearest thousand rupees.


He Shenghu
Chief Executive Officer


Lynn Ye Ning
Head of Finance