



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

April 25, 2014

Ms. Lubna Farooq Malik
Director
Off Site Supervision & Enforcement Department
State Bank of Pakistan
II Chundrigar Road
Karachi

Dear Madam,

Financial statement of Industrial and Commerical Bank of China (the Bank)
For the period end 31 March 2014

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 1 month of the quarter end.

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

Kindly let us know if any additional information is required.

Sincerely,

Xu Keen
CEO

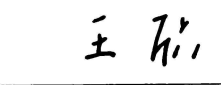
Wang Xin
General Manager Finance

Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Statement of Financial Position
As at March 31, 2014

		March 31, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited)
	Note		
ASSETS			
Cash and balances with treasury banks		4,284,951	4,462,227
Balances with other banks		613,388	163,630
Lendings to financial institutions	5	3,751,218	3,490,017
Investments - net	6	45,951,398	47,547,395
Advances - net	7	3,053,563	3,894,413
Operating fixed assets	8	230,468	243,293
Deferred tax assets		39,373	54,325
Other assets		2,644,489	2,189,505
		60,568,848	62,044,805
LIABILITIES			
Bills payable		187,761	172,309
Borrowings from financial institutions	9	36,951,593	40,028,520
Deposits and other accounts	10	12,158,830	14,986,537
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	11	7,499,968	3,162,092
		56,798,152	58,349,458
NET ASSETS		3,770,696	3,695,347
REPRESENTED BY:			
Head office - capital account	12	3,556,725	3,802,007
Reserves		-	-
Accumulated losses		227,525	(70,240)
		3,784,250	3,731,767
Surplus on revaluation of assets - net	13	(13,554)	(36,420)
		3,770,696	3,695,347
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes 1 to 21 form an integral part of the condensed interim financial information.


Chief Executive Officer



Head of Finance

Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter period ended March 31, 2014

	Quarter ended March 31, 2014	January 01 to March 31, 2014	Quarter ended March 31, 2013	January 01 to March 31, 2013
Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	1,228,013	1,228,013	535,818	535,818
Mark-up / return / interest expensed	(266,290)	(266,290)	(105,426)	(105,426)
Net mark-up / return / interest income	961,723	961,723	430,392	430,392
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	961,723	961,723	430,392	430,392
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	56,880	56,880	55,094	55,094
Dividend income	-	-	-	-
(Loss) / Income from dealing in foreign currencies	(428,782)	(428,782)	(326,141)	(326,141)
Gain / (loss) on sale of securities	-	-	-	-
Unrealised gain / (loss) on revaluation of investments	-	-	-	-
Classified as held-for-trading	-	-	-	-
Other income	59	59	-	-
Total non-mark-up / interest income	(371,843)	(371,843)	(271,047)	(271,047)
	589,880	589,880	159,345	159,345
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	(127,723)	(127,723)	(101,760)	(101,760)
Other provisions / write-offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	(127,723)	(127,723)	(101,760)	(101,760)
	462,157	462,157	57,585	57,585
Extra ordinary / unusual items	-	-	-	-
(LOSS) / PROFIT BEFORE TAXATION	462,157	462,157	57,585	57,585
Taxation - Current	161,755	161,755	-	-
- Prior	-	-	-	-
- Deferred	2,637	2,637	-	-
(LOSS) / PROFIT AFTER TAXATION	297,765	297,765	57,585	57,585

The annexed notes 1 to 21 form an integral part of the condensed interim financial information.


Chief Executive Officer


Head of Finance

Industrial and Commercial Bank of China Limited
Pakistan Branches

Condensed Interim Cash Flow Statement (Un-audited)

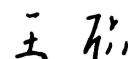
For the nine quarter period ended March 31, 2014

	January 01 2014 to March 31, 2014	January 01 2013 to March 31, 2013
	(Rupees in '000)	
<i>Note</i>		
Cash flows from operating activities		
Profit / (loss) before taxation	462,157	57,585
Adjustments for:		
Depreciation	21,109	20,382
	<u>483,266</u>	<u>77,967</u>
<i>Decrease / (increase) in operating assets</i>		
Advances	840,850	(178,634)
Lending to financial institutions	3,125,169	(4,326,752)
Others assets	(440,032)	57,827
	<u>3,525,987</u>	<u>(4,447,559)</u>
<i>Increase / (decrease) in operating liabilities</i>		
Bills payable	15,452	458,508
Borrowings	(14,428,637)	19,132,126
Deposits and other accounts	(2,827,707)	3,195,174
Other liabilities	4,337,876	527,209
	<u>(12,903,016)</u>	<u>23,313,017</u>
	<u>(8,893,763)</u>	<u>18,943,425</u>
Income tax paid	164,392	-
Net cash from operating activities	<u>(8,729,371)</u>	<u>18,943,425</u>
Cash flows from investing activities		
Net investment in operating fixed assets	(8,284)	(2,252)
Proceeds from investments in available-for-sale securities (net)	-	-
Net investment in available for sale securities	1,618,863	(19,624,410)
Net cash used in investing activities	<u>1,610,579</u>	<u>(19,626,662)</u>
Cash flows from financing activities		
Remittance received from head office	-	-
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Exchange adjustment on revaluation of capital	(245,282)	46,577
Increase in cash and cash equivalents	<u>(7,364,074)</u>	<u>(636,660)</u>
Cash and cash equivalents at beginning of the period	2,979,827	5,399,912
Cash and cash equivalents at end of the period	<u><u>(4,384,247)</u></u>	<u><u>4,763,252</u></u>

The annexed notes 1 to 21 form an integral part of the condensed interim financial information.



Chief Executive Officer



Head of Finance

Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter period ended March 31, 2014

		Head office capital account	Accumulated (loss)	Total
	Note	-----	(Rupees in '000) -----	-----
Balance as at December 31, 2013		3,802,007	(70,240)	3,731,767
<i>Total comprehensive income</i>				
Profit for the quarter ended March 31, 2014		-	297,765	297,765
<i>Transactions with Head Office, recorded directly in equity</i>				
Remittance received from head office during the period		-	-	-
Exchange adjustment on revaluation of capital	12	(245,282)	-	(245,282)
Balance as at March 31, 2014		<u>3,556,725</u>	<u>227,525</u>	<u>3,784,250</u>

The annexed notes 1 to 21 form an integral part of the condensed interim financial information.



Chief Executive Officer




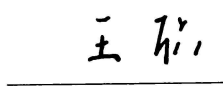
Head of Finance

Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter period ended March 31, 2014

	Quarter ended March 31, 2014	January 01 2014 to March 31, 2014	Quarter ended March 31, 2013	January 01 2013 to March 31, 2013
	----- (Rupees in '000) -----			
(Loss) / profit after taxation for the period	297,765	297,765	57,585	57,585
Other comprehensive income	-	-	-	-
Total comprehensive income	297,765	297,765	57,585	57,585
Components of comprehensive income not reflected with Head Office account				
(Deficit)/surplus on revaluation of investments - ne	<u>(13,554)</u>	<u>(13,554)</u>	<u>20,783</u>	<u>20,783</u>

The annexed notes 1 to 21 form an integral part of the condensed interim financial information.


Chief Executive Officer


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 period ended March 31, 2014

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 two branches and one Sales & Service center 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

2.1 Basis of presentation

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.

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 should be read in conjunction with the financial statements of the branches for the year ended December 31, 2013

2.2 Statement of compliance

The condensed interim financial information of the branches for the quarterly ended March 31, 2013 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.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the Securities and Exchange Commission of Pakistan 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.

3. 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, 2013.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The basis for accounting estimates and judgements adopted in the preparation of the condensed interim financial information are the same as those applied to the annual financial statements of the branches for the year ended December 31, 2013.

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, 2013.

5. LENDINGS TO FINANCIAL INSTITUTIONS	Note	March 31, 2014	December 31, 2013
		(Rupees in '000)	
<i>Call money lendings</i>			
- In local currency	5.1	-	900,000
- In foreign currency	5.1	2,463,243	1,600,932
		<u>2,463,243</u>	<u>2,500,932</u>

- 5.1 These represent lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 1.7% to 2.35% per annum (December 31, 2013: 0.1% to 10.25% per annum) with maturities up to August 2014 (December 31, 2013: January 02 2014).

6. INVESTMENTS

	March 31, 2014			December 31, 2013		
	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	44,473,511	1,498,740	45,972,251	47,523,629	79,797	47,603,426
Surplus on revaluation of available for sale investments	(20,364)	(489)	(20,853)	(55,937)	(94)	(56,031)
Total investments	<u>44,453,147</u>	<u>1,498,251</u>	<u>45,951,398</u>	<u>47,467,692</u>	<u>79,703</u>	<u>47,547,395</u>

- 6.1 These Market Treasury Bills will mature upto September 2014 (December 31, 2013: upto May 2014) and carry yield ranging from 9.45% to 10.46% per annum (December 2013: from 8.92% to 10.30%).

7.	ADVANCES	Note	March 31, 2014	December 31, 2013
			(Rupees in '000)	
	Loans, cash credits, running finances, etc.			
	In Pakistan		1,106,772	830,000
	Outside Pakistan		-	-
			<u>1,106,772</u>	<u>830,000</u>
	Bills discounted and purchased (excluding market treasury bills)			
	Payable in Pakistan		1,946,791	3,064,413
	Payable outside Pakistan		-	-
			<u>1,946,791</u>	<u>3,064,413</u>
			<u>3,053,563</u>	<u>3,894,413</u>
7.1	No advances have been placed under non-performing status (December 31, 2013: Nil).			
8.	OPERATING FIXED ASSETS			
	Additions during the period / year		<u>8,284</u>	<u>9,006</u>
	There were no disposal of operating fixed assets during the year.			
9.	BORROWINGS FROM FINANCIAL INSTITUTIONS			
	In Pakistan		1,498,740	79,797
	Outside Pakistan		35,452,853	39,948,723
			<u>36,951,593</u>	<u>40,028,520</u>
9.1	Particulars of deposits			
	In local currency		1,498,740	79,797
	In foreign currency		35,452,853	39,948,723
			<u>36,951,593</u>	<u>40,028,520</u>
9.2	Details of borrowings			
	Secured			
	Repurchase agreement borrowings		<u>1,498,740</u>	<u>79,797</u>
	Unsecured			
	Interbank call money borrowings	9.3	<u>35,452,853</u>	<u>39,948,723</u>
9.3	These carry mark-up rates ranging from 0.40% to 0.67% per annum (December 31, 2013: 0.15% to 5.75% per annum). These borrowings are from ICBC Beijing and ICBC Hong Kong.			

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	10,023,255	11,260,149
Savings deposits	1,461,676	1,090,885
Current accounts - non-remunerative	657,716	2,625,997
	<u>12,142,647</u>	<u>14,977,031</u>

Financial Institutions

Non-remunerative deposits	16,183	9,506
	<u>12,158,830</u>	<u>14,986,537</u>

10.1 Particulars of deposits

March 31,
2014

December 31,
2013

(Rupees in '000)

In local currency	7,960,325	8,469,614
In foreign currency	4,198,505	6,516,923
	<u>12,158,830</u>	<u>14,986,537</u>

11. OTHER LIABILITIES

This includes amount received from the head office as capital for operations. At March 31, 2014 an amount of USD 13.9 million (Rs. 1,370 million) is outstanding.

12. HEAD OFFICE CAPITAL ACCOUNT

Head office capital account as at March 31, 2014 represents USD 36.098 million (December 31, 2013: USD 36.098 million) remitted from the head office. This is maintained with SBP in accordance with the requirements of section 13 of the Banking Companies Ordinance, 1982. During the period, the SBP has reduced the exchange adjustment on account of appreciation of PKR against USD amounting to Rs. 245.282 million (December 31, 2013: advised Rs. 295.097 million).

13. SURPLUS ON REVALUATION OF ASSETS - net

Surplus on revaluation of available-for-sale securities	(20,853)	(56,031)
Less: deferred tax liability	7,299	19,611
	<u>(13,554)</u>	<u>(36,420)</u>

14. CONTINGENCIES AND COMMITMENTS	March 31, 2014	December 31, 2013
14.1 Transaction related contingent liabilities	(Rupees in '000)	
Government	<u>24,459,938</u>	<u>20,514,530</u>
Others	<u>33,124,435</u>	<u>20,313,722</u>
	<u>57,584,373</u>	<u>40,828,252</u>
14.2 Trade related contingent liabilities		
Letters of credit	<u>781,986</u>	<u>162,078</u>
14.3 Commitments in respect of forward foreign and local exchange contracts		
Purchase	<u>387,239,687</u>	<u>128,520,658</u>
Sale	<u>390,308,164</u>	<u>127,786,139</u>
14.4 Commitments in respect of repo transactions		
Repurchase	<u>1,498,740</u>	<u>79,797</u>
Resale	<u>-</u>	<u>989,085</u>
14.5 Commitments to extend credit - syndicated loan	<u>430,556</u>	<u>500,000</u>
15. (LOSS) / INCOME FROM DEALING IN FOREIGN CURRENCIES		
This represents exchange differences on currency swaps with the financial institutions, forward contracts, foreign currency transactions and balances.		
16. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	<u>4,284,951</u>	<u>4,462,227</u>
Balance with other banks	<u>613,388</u>	<u>163,630</u>
Short term lending	<u>2,069,124</u>	<u>2,257,364</u>
Short term borrowing	<u>(11,351,710)</u>	<u>(3,903,394)</u>
	<u>(4,384,247)</u>	<u>2,979,827</u>

17. RELATED PARTY TRANSACTIONS

Related parties comprise of head office, other branches of the Bank and Key Management personnel . 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, 2014 are as follows:

March 31, 2014				
	Staff retirement Benefits	Key Management Personnel	Other ICBC branches	Head Office
	(Rupees in '000)			
Balance Sheet				
Cash and balances - Nostro Accounts	-	-	721,553	(108,544)
Personal Loans	-	3,079	-	-
Lendings to financial institutions	-	-	3,751,218	-
Borrowings from financial institutions	-	-	9,852,970	25,599,883
Deposits and other accounts	-	-	-	-
Other liabilities	529	474	-	1,369,760
				1,387,859
Profit and Loss				
Interest / other income	-	-	14,575	66
Interest / other expense	529	55,219	31,487	67,166
				172,738

December 31, 2013				
	Staff retirement Benefits	Key Management Personnel	Other ICBC branches	Head Office
	(Rupees in '000)			
Balance Sheet				
Balances with other banks	-	-	797	162,451
Lendings to financial institutions	-	-	1,600,932	-
Borrowings	-	-	5,930,089	34,018,634
Other liabilities	899	373	-	1,464,223
				1,465,495
Profit and Loss				
Interest / other income	-	-	52,021	2,099
Interest / other expense	899	350,498	16,567	204,682
				572,646

18. 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)			
March 31, 2014				
Total income	89,922	766,248	-	856,170
Inter segment revenue	-	-	-	-
Total expenses	(39,165)	(333,739)	(21,109)	(394,013)
Net income	50,757	432,509	(21,109)	462,157
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) (%)	1.66%	0.79%	-0.72%	0.76%
Segment cost of funds (%)	21.41%	65.06%	13.54%	100.00%

	Corporate Finance	Trading & Sales	Others	Total
	----- (Rupees in '000) -----			
March 31, 2013				
Total income	1,555	263,216	-	264,771
Inter segment revenue	-	-	-	-
Total expenses	(1,097)	(185,707)	(20,382)	(207,186)
Net income	<u>458</u>	<u>77,509</u>	<u>(20,382)</u>	<u>57,585</u>
Segment assets (Gross)	<u>235,230</u>	<u>43,837,683</u>	<u>1,364,663</u>	<u>45,437,576</u>
Segment liabilities	<u>7,362,818</u>	<u>31,353,507</u>	<u>3,495,607</u>	<u>42,211,932</u>
Segment return on assets (ROA) (%)	<u>0.19%</u>	<u>0.18%</u>	<u>-1.49%</u>	<u>0.13%</u>
Segment cost of funds (%)	<u>17.44%</u>	<u>74.28%</u>	<u>8.28%</u>	<u>100.00%</u>

19. DATE OF AUTHORISATION


The condensed interim financial information was authorised for issue by the Chief Executive Officer of the branches on _____.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer



Head of Finance