



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 16, 2013

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 Commercial Bank of China (the Bank)
For the period end 31 March 2013

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,

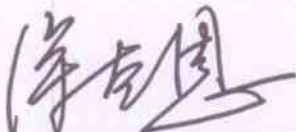
Xu Keen
CEO

Wang Xin
General Manager Finance

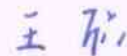
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		4,081,928	4,063,541
Balances with other banks		681,324	1,336,371
Lendings to financial institutions		5,881,147	1,554,395
Investments	4	33,193,284	13,596,093
Advances	5	235,230	56,596
Operating fixed assets		298,533	316,663
Deferred tax assets		-	-
Other assets		1,066,130	1,123,957
		45,437,576	22,047,616
LIABILITIES			
Bills payable		459,246	738
Borrowings from financial institutions		31,353,507	12,221,381
Deposits and other accounts	6	7,362,818	4,167,644
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		3,036,361	2,509,152
		42,211,932	18,898,915
NET ASSETS		<u>3,225,644</u>	<u>3,148,701</u>
REPRESENTED BY:			
Head Office - capital account		3,553,487	3,506,910
Reserves		-	-
Accumulated losses		(307,060)	(364,645)
		3,246,427	3,142,265
(Deficit) / Surplus on revaluation of assets - net of tax		(20,783)	6,436
		<u>3,225,644</u>	<u>3,148,701</u>
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

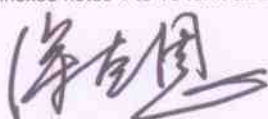


Head of Finance

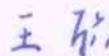
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTERLY ENDED 31 MARCH 2013

	Quarter ended	
	31 March 2013	31 March 2012
Mark-up / return / interest earned	535,818	109,401
Mark-up / return / interest expensed	<u>(105,426)</u>	<u>(101,027)</u>
Net mark-up / return / interest income	430,392	8,374
Provision against non-performing loans and advances	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	-	-
Net mark-up / return / interest income after provisions	<u>430,392</u>	<u>8,374</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	55,094	4,486
Dividend income	-	-
Income from dealing in foreign currencies	<u>(326,141)</u>	<u>(933)</u>
Gain / (loss) on sale / redemption of securities - net	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	<u>(271,047)</u>	<u>3,553</u>
Total non mark-up / interest income	<u>159,345</u>	<u>11,927</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	<u>(101,760)</u>	<u>(71,807)</u>
Other provisions / write-offs	-	-
Other charges	-	-
Total non mark-up / interest expenses	<u>(101,760)</u>	<u>(71,807)</u>
	<u>57,585</u>	<u>(59,880)</u>
Extraordinary / unusual items	-	-
LOSS BEFORE TAXATION	<u>57,585</u>	<u>(59,880)</u>
Taxation - Current	-	-
- Prior years	-	-
- Deferred	-	-
	-	-
LOSS AFTER TAXATION	<u>57,585</u>	<u>(59,880)</u>

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Chief Executive Officer

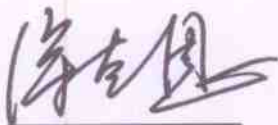


Head of Finance


INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTERLY ENDED 31 MARCH 2013

	Quarter ended	
	31 March 2013	31 March 2012
Loss after taxation for the period	57,585	(59,880)
Other comprehensive income	-	-
Total comprehensive loss for the period	57,585	(59,880)

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

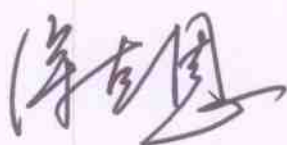


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INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTERLY ENDED 31 MARCH 2013

	31 March 2013 (Rupees in '000)	31 March 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	57,585	(59,880)
Adjustments for non-cash changes:		
Depreciation	20,382	6,783
	<u>77,967</u>	<u>(53,097)</u>
Increase in operating assets		
Advances	(178,634)	(50,089)
Lendings to financial institutions	(4,326,752)	-
Other assets	57,827	(4,319)
	<u>(4,447,559)</u>	<u>(54,408)</u>
Increase / (decrease) in operating liabilities		
Bills payable	458,508	(310)
Borrowings	19,132,126	-
Deposits and other accounts	3,195,174	4,425,609
Other liabilities (excluding provision for taxation)	527,209	(15,925)
	<u>23,313,017</u>	<u>4,409,374</u>
Net cash generated from operating activities	<u>18,943,425</u>	<u>4,301,869</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in operating fixed assets	(2,252)	(2,715)
Proceeds from investments in available-for-sale securities (net)	(19,624,410)	(3,768,471)
Net cash generated from investing activities	<u>(19,626,662)</u>	<u>(3,771,186)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance received from Head Office	-	25,413
Net cash generated from financing activities	<u>-</u>	<u>25,413</u>
Exchange adjustment on translation of remittance received from Head Office	46,577	
Increase in cash and cash equivalents	<u>(636,660)</u>	<u>556,096</u>
Cash and cash equivalents at the beginning of the period	5,399,912	-
Cash and cash equivalents at the end of the period	<u>4,763,252</u>	<u>556,096</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Head of Finance

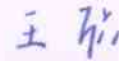
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTERLY ENDED 31 MARCH 2013

	Head Office Account		
	Capital account	Accumulated losses	Total
	------(Rupees in '000)-----		
Balance as at 31 December 2011	3,506,910	(364,645)	3,142,265
Received from Head Office during the period	-	-	-
Exchange adjustment on revaluation of capital	46,577	-	46,577
Total comprehensive income for the period	-	57,585	57,585
Balance as at 30 June 2012	<u>3,553,487</u>	<u>(307,060)</u>	<u>3,246,427</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Head of Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTERLY ENDED 31 MARCH 2013

1. STATUS AND NATURE OF BUSINESS

- 1.1 Industrial and Commercial Bank of China Limited - Pakistan Branches (the Bank) has been established and commenced operations in Pakistan with effect from August 18, 2011. The Bank is a branch of Industrial and Commercial Bank of China Limited (Head Office) which is incorporated in the People's Republic of China.
- 1.2 The Bank presently operates through two 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.
- 1.3 Credit rating 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. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank have 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.
- 2.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, IFRS - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the period ended 31 December 2011.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Bank has adopted the following new amended IFRS which became effective during the period:

IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets

The adoption of the above amendment did not have any effect on the condensed interim financial statements of the Bank.

31 March 2013 (Un-Audited)	31 Dec 2012 (Audited)
(Rupees in '000)	

4. INVESTMENTS

Investments by type - Available-for-sale securities

Market Treasury Bills - at cost	33,214,067	13,589,657
Surplus on revaluation of available for sale investments	(20,783)	6,436
Total investments after revaluation	33,193,284	13,596,093

- 4.1 These Market Treasury Bills will mature by the year 2013 and carries yield ranging from 9.05% to 9.41% per annum.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

PAKISTAN BRANCHES

2013	2012
(Un-Audited)	(Audited)
(Rupees in '000)	

5. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan

Outside Pakistan

-	-
-	-
-	-

Bills discounted and purchased (excluding market treasury bills)

Payable in Pakistan

Payable outside Pakistan

235,230	56,596
-	-
235,230	56,596
<u>235,230</u>	<u>56,596</u>

Advances - gross

Provision against non-performing loans and advances

- Specific provision

- General provision

-	-
-	-
-	-

Advances - net of provisions

<u>235,230</u>	<u>56,596</u>
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6. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits

Savings deposits

Current accounts - non-remunerative

6,156,051	2,937,759
803,981	357,053
402,786	872,832
<u>7,362,818</u>	<u>4,167,644</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Trade related commitments

Government

Others

13,300,055	8,756,228
14,726,905	7,387,444

7.2 Commitments in respect of forward foreign and local exchange contracts

Purchase

Sale

41,510,567	44,594,260
42,483,885	45,792,082

7.3 Commitments in respect of forward foreign and local swap contracts

Purchase

Sale

30,796,371	10,576,400
957,114	147,023

The maturities of above contracts are spread over a period upto one year.

8. RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of the business with the Head Office, other related parties and key management personnel.

Transaction for the period / year and balances outstanding as at the period / year end with related parties are summarised below:

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
PAKISTAN BRANCHES

8.1 Balances

31 March
2013
(Un-Audited)

	Key Management Personnel	Associates- (ICBC branches)	Head Office	Total
	(Rupees in '000)			
Balance Sheet				
Cash and balances - Nostro Accounts	-	150,225	530,720	680,945
Lending	-	526,944	-	526,944
Borrowings	-	669,080	4,922,000	5,611,080
Deposits	-	-	-	-
Other Liabilities	-	-	1,368,513	1,368,513
				-
Profit and Loss				
Interest / Other Income	-	2,775	47	2,822
Interest / Other Expense	41,284	3,170	25,561	70,015

31 December
2012
(Audited)

	Key Management Personnel	Associates- (ICBC branches)	Head Office	Total
	(Rupees in '000)			
Balance Sheet				
Cash and balances - Nostro Accounts	-	1,312,158	23,834	1,335,992
Borrowings	-	11,651,655	-	11,651,655
Deposits	35,548	23,131	-	58,679
Other Liabilities	97	-	964,873	964,970
Profit and Loss				
Interest / Other Income	-	743	-	743
Interest / Other Expense	219,778	1,762	-	221,540

9. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Chief Executive Officer / Manager Finance of the Bank on 18th April, 2013.

10. GENERAL

- 10.1 Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31st March 2013 have not been subjected to limited scope review by the auditors.
- 10.2 Figures have been rounded off to the nearest thousand rupees.


Chief Executive Officer


Head of Finance