



August 29, 2013

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

Dear Madam,

**Financial statement of Industrial and Commercial Bank of China (the Bank)  
the period end 30 June 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 annual audited financial statements to the State Bank of Pakistan within 2 months of the half year end.

In view of the above, kindly find enclosed a copy of our unaudited half year report. We appreciate your understanding in this matter and thank you for the continued support extended to Industrial and Commercial Bank of China.

Kindly let us know if any additional information is required.

Sincerely,

Xu Keen  
CEO

Wang Xin  
General Manager Finance



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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## **Independent Auditors' Report on Review of Condensed Interim Financial Information to the Directors**

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Industrial and Commercial Bank of China – Pakistan Branches** ("the branches") as at June 30, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the accounts for the half year then ended (here-in-after referred to as "the interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at June 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.


### *Other Matter*

The figures for the quarter ended June 30, 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements of the branches for the year ended December 31, 2012 and half year ended June 30, 2012 were audited / reviewed by another firm of chartered accountants who have expressed unmodified opinions dated March 29, 2013 and August 28, 2012 thereon respectively.

**Date: 22 August 2013**

**Karachi**

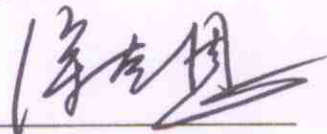
  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Syed Iftikhar Anjum

Industrial and Commercial Bank of China Limited  
Pakistan Branches  
Condensed Interim Statement of Financial Position  
As at June 30, 2013

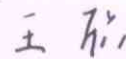
|   |    | June 30,<br>2013<br>(Un-audited)<br>(Rupees in '000) | December 31,<br>2012<br>(Audited) |
|---|----|--|-----------------------------------|
| <b>ASSETS</b>                                       |    |  |                                   |
| Cash and balances with treasury banks               |    | 4,063,963  | 4,063,541                         |
| Balances with other banks                           |    | 451,557  | 1,336,371                         |
| Lendings to financial institutions                  | 5  | 3,126,025  | 1,554,395                         |
| Investments - net                                   | 6  | 35,659,875   | 13,596,093                        |
| Advances - net                                      | 7  | 861,045  | 56,596                            |
| Operating fixed assets                              | 8  | 278,367  | 316,663                           |
| Deferred tax assets                                 |    | -  | -                                 |
| Other assets  |    | 531,166  | 1,123,957                         |
|   |    | <u>44,971,998</u>                                    | <u>22,047,616</u>                 |
| <b>LIABILITIES</b>                                  |    |  |                                   |
| Bills payable                                       |    | 508,293  | 738                               |
| Borrowings from financial institutions              | 9  | 31,970,935   | 12,221,381                        |
| Deposits and other accounts                         | 10 | 7,025,709  | 4,167,644                         |
| Sub-ordinated loans                                 |    | -  | -                                 |
| Liabilities against assets subject to finance lease |    | -  | -                                 |
| Deferred tax liabilities                            | 11 | 3,888  | -                                 |
| Other liabilities                                   | 12 | 2,215,543  | 2,509,152                         |
|   |    | <u>41,724,368</u>                                    | <u>18,898,915</u>                 |
| <b>NET ASSETS</b>                                   |    | <u><u>3,247,630</u></u>                              | <u><u>3,148,701</u></u>           |
| <b>REPRESENTED BY:</b>                              |    |  |                                   |
| Head office - capital account                       | 13 | 3,597,509  | 3,506,910                         |
| Reserves  |    | -  | -                                 |
| Accumulated losses                                  |    | <u>(357,100)</u>                                     | <u>(364,645)</u>                  |
|   |    | <u>3,240,409</u>                                     | <u>3,142,265</u>                  |
| Surplus on revaluation of assets - net              | 14 | <u>7,221</u>   | <u>6,436</u>                      |
|   |    | <u><u>3,247,630</u></u>                              | <u><u>3,148,701</u></u>           |
| <b>CONTINGENCIES AND COMMITMENTS</b>                | 15 |  |                                   |

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

K.P.M.C.A.



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 half year ended June 30, 2013

|  | Quarter ended<br>June 30, 2013    | Half Year ended<br>June 30, 2013 | Quarter ended<br>June 30,<br>2012 | Half Year ended<br>June 30,<br>2012 |
|--|-----------------------------------|----------------------------------|-----------------------------------|-------------------------------------|
|  | Note ----- (Rupees in '000) ----- |                                  |                                   |                                     |
| Mark-up / return / interest earned   | 928,995                           | 1,464,813                        | 109,401                           | 319,426                             |
| Mark-up / return / interest expensed   | (196,757)                         | (302,183)                        | (101,027)                         | (297,941)                           |
| Net mark-up / return / interest income   | 732,238                           | 1,162,630                        | 8,374                             | 21,485                              |
| 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   | 732,238                           | 1,162,630                        | 8,374                             | 21,485                              |
| <b>NON MARK-UP / INTEREST INCOME</b>   |                                   |                                  |                                   |                                     |
| Fee, commission and brokerage income   | 26,167                            | 81,261                           | 4,486                             | 20,126                              |
| Dividend income  | -                                 | -                                | -                                 | -                                   |
| (Loss) / Income from dealing in foreign currencies                                       | (682,527)                         | (1,008,668)                      | (933)                             | 44,023                              |
| Gain / (loss) on sale of securities  | -                                 | -                                | -                                 | -                                   |
| Unrealised gain / (loss) on revaluation of investments<br>Classified as held-for-trading | -                                 | -                                | -                                 | -                                   |
| Other income   | -                                 | -                                | -                                 | -                                   |
| Total non-mark-up / interest income  | (656,360)                         | (927,407)                        | 3,553                             | 64,149                              |
|  | 75,878                            | 235,223                          | 11,927                            | 85,634                              |
| <b>NON MARK-UP / INTEREST EXPENSES</b>   |                                   |                                  |                                   |                                     |
| Administrative expenses  | (125,918)                         | (227,678)                        | (71,807)                          | (140,799)                           |
| Other provisions / write-offs  | -                                 | -                                | -                                 | -                                   |
| Other charges  | -                                 | -                                | -                                 | -                                   |
| Total non-mark-up / interest expenses  | (125,918)                         | (227,678)                        | (71,807)                          | (140,799)                           |
|  | (50,040)                          | 7,545                            | (59,880)                          | (55,165)                            |
| Extra ordinary / unusual items   | -                                 | -                                | -                                 | -                                   |
| <b>(LOSS) / PROFIT BEFORE TAXATION</b>   | (50,040)                          | 7,545                            | (59,880)                          | (55,165)                            |
| Taxation - Current   | -                                 | -                                | -                                 | -                                   |
| - Prior  | -                                 | -                                | -                                 | -                                   |
| - Deferred   | -                                 | -                                | -                                 | -                                   |
| <b>(LOSS) / PROFIT AFTER TAXATION</b>  | (50,040)                          | 7,545                            | (59,880)                          | (55,165)                            |

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

KIMLTL

  
Chief Executive Officer

  
Head of Finance

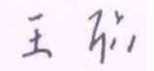
Industrial and Commercial Bank of China Limited  
Pakistan Branches  
Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the half year ended June 30, 2013

|  | Quarter<br>ended<br>June 30,<br>2013 | Half Year<br>ended<br>June 30,<br>2013 | Quarter<br>ended<br>June 30,<br>2012 | Half Year<br>ended<br>June 30,<br>2012 |
|--|--------------------------------------|--|--------------------------------------|--|
| ----- (Rupees in '000) -----   |                                      |  |                                      |  |
| (Loss) / profit after taxation for the period                                    | (50,040)                             | 7,545                                  | (59,880)                             | (55,165)                               |
| Other comprehensive income   | -                                    | -                                      | -                                    | -                                      |
| <b>Total comprehensive income</b>  | <u>(50,040)</u>                      | <u>7,545</u>                           | <u>(59,880)</u>                      | <u>(55,165)</u>                        |
| <b>Components of comprehensive income not reflected with Head Office account</b> |                                      |  |                                      |  |
| Surplus on revaluation of investments - net                                      | <u>28,004</u>                        | <u>785</u>                             | <u>1,549</u>                         | <u>(2,246)</u>                         |

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

KLCC

  
Chief Executive Officer

  
Head of Finance

Industrial and Commercial Bank of China Limited  
Pakistan Branches  
Condensed Interim Cash Flow Statement (Un-audited)  
For the half year ended June 30, 2013

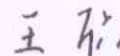
|  | Half year<br>ended<br>June 30,<br>2013 | Half year<br>ended<br>June 30,<br>2012 |
|--|--|--|
| Note   | (Rupees in '000)                       |  |
| <b>Cash flows from operating activities</b>                      |  |  |
| Profit / (loss) before taxation                                  | 7,545                                  | (55,165)                               |
| Adjustments for:   |  |  |
| Depreciation   | 41,004                                 | 12,389                                 |
|  | <u>48,549</u>                          | <u>(42,776)</u>                        |
| <i>Decrease / (increase) in operating assets</i>                 |  |  |
| Advances   | (804,449)                              | (65,044)                               |
| Lending to financial institutions                                | (1,571,630)                            | (5,391,155)                            |
| Others assets  | 592,791                                | (254,376)                              |
|  | <u>(1,783,288)</u>                     | <u>(5,710,575)</u>                     |
| <i>Increase / (decrease) in operating liabilities</i>            |  |  |
| Bills payable  | 507,555                                | (22,397)                               |
| Borrowings   | 19,749,554                             | -                                      |
| Deposits and other accounts                                      | 2,858,065                              | 6,179,218                              |
| Other liabilities  | (293,609)                              | 163,021                                |
|  | <u>22,821,565</u>                      | <u>6,319,842</u>                       |
|  | <u>21,086,826</u>                      | <u>566,491</u>                         |
| Income tax paid  | -                                      | -                                      |
| Net cash from operating activities                               | <u>21,086,826</u>                      | <u>566,491</u>                         |
| <b>Cash flows from investing activities</b>                      |  |  |
| Net investment in operating fixed assets                         | (2,708)                                | (511)                                  |
| Proceeds from investments in available-for-sale securities (net) | -                                      | 139,861                                |
| Net investment in available for sale securities                  | (22,059,109)                           | -                                      |
| Net cash used in investing activities                            | <u>(22,061,817)</u>                    | <u>139,350</u>                         |
| <b>Cash flows from financing activities</b>                      |  |  |
| Remittance received from head office                             | -                                      | 54,509                                 |
| Net cash generated from financing activities                     | <u>-</u>                               | <u>54,509</u>                          |
| Exchange adjustment on revaluation of capital                    | 90,599                                 | 165,622                                |
| Increase in cash and cash equivalents                            | (884,392)                              | 925,972                                |
| Cash and cash equivalents at beginning of the period             | 5,399,912                              | 3,344,211                              |
| <b>Cash and cash equivalents at end of the period</b>            | <u>17</u> <u>4,515,520</u>             | <u>4,270,183</u>                       |

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

KPMG



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 half year ended June 30, 2013

|   | Head office<br>capital account | Accumulated<br>(loss)   | Total                   |
|---|--------------------------------|-------------------------|-------------------------|
| Note  | (Rupees in '000)               |                         |                         |
| Balance as at January 01, 2012                                    | 3,192,892                      | (184,338)               | 3,008,554               |
| <i>Total comprehensive income</i>                                 |                                |                         |                         |
| Loss for the half year ended June 30, 2012                        | -                              | (55,165)                | (55,165)                |
| <i>Transactions with Head Office, recorded directly in equity</i> |                                |                         |                         |
| Remittance received from head office                              | 54,509                         | -                       | 54,509                  |
| Exchange adjustment on revaluation of capital                     | 165,622                        | -                       | 165,622                 |
| Balance as at June 30, 2012                                       | <u>3,413,023</u>               | <u>(239,503)</u>        | <u>3,173,520</u>        |
| <i>Total comprehensive income</i>                                 |                                |                         |                         |
| Loss for the half year ended December 31, 2012                    | -                              | (125,142)               | (125,142)               |
| <i>Transactions with Head Office, recorded directly in equity</i> |                                |                         |                         |
| Exchange adjustment on revaluation of capital                     | 93,887                         | -                       | 93,887                  |
| Balance as at December 31, 2012                                   | <u>3,506,910</u>               | <u>(364,645)</u>        | <u>3,142,265</u>        |
| <i>Total comprehensive income</i>                                 |                                |                         |                         |
| Profit for the half year ended June 30, 2013                      | -                              | 7,545                   | 7,545                   |
| <i>Transactions with Head Office, recorded directly in equity</i> |                                |                         |                         |
| Remittance received from head office during the period            | -                              | -                       | -                       |
| Exchange adjustment on revaluation of capital                     | 13 90,599                      | -                       | 90,599                  |
| <b>Balance as at June 30, 2013</b>                                | <u><u>3,597,509</u></u>        | <u><u>(357,100)</u></u> | <u><u>3,240,409</u></u> |

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

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Chief Executive Officer



Head of Finance

