



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

October 28, 2013

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

Dear Madam,

Financial statement of Industrial and Commercial Bank of China (the Bank)
For the period end 30 September 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 September 30, 2013

		September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,378,931	4,063,541
Balances with other banks		1,048,577	1,336,371
Lendings to financial institutions	5	2,200,447	1,554,395
Investments - net	6	45,271,759	13,596,093
Advances - net	7	1,616,451	56,596
Operating fixed assets	8	261,627	316,663
Deferred tax assets		-	-
Other assets		3,225,470	1,123,957
		58,003,262	22,047,616
LIABILITIES			
Bills payable		46,147	738
Borrowings from financial institutions	9	40,542,039	12,221,381
Deposits and other accounts	10	11,957,124	4,167,644
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	11	2,003,640	2,509,152
		54,548,950	18,898,915
NET ASSETS		3,454,312	3,148,701
REPRESENTED BY:			
Head office - capital account	12	3,828,659	3,506,910
Reserves		-	-
Accumulated losses		(341,927)	(364,645)
		3,486,732	3,142,265
Surplus on revaluation of assets - net	13	-32,420	6,436
		3,454,312	3,148,701
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.


Chief Executive Officer


Head of Finance

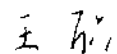
Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter and nine months period ended September 30, 2013

	Quarter ended September 30, 2013	January 01 2013 to September 30 2013	Quarter ended September 30, 2012	January 01 2012 to September 30, 2012
	Note ----- (Rupees in '000) -----			
Mark-up / return / interest earned	975,429	2,440,242	241,045	560,471
Mark-up / return / interest expensed	(203,085)	(505,268)	(218,781)	(516,721)
Net mark-up / return / interest income	772,344	1,934,974	22,264	43,750
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	772,344	1,934,974	22,264	43,750
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	21,072	102,333	29,796	62,032
Dividend income	-	-	-	-
(Loss) / Income from dealing in foreign currencies	(634,010)	(1,642,678)	(12,183)	34,129
Gain / (loss) on sale of securities	-	-	-	-
Unrealised gain / (loss) on revaluation of investments Classified as held-for-trading	-	-	-	-
Other income	-	-	-	-
Total non-mark-up / interest income	(612,938)	(1,540,345)	17,613	96,161
	159,406	394,629	39,877	139,911
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	(144,233)	(371,911)	(85,867)	(227,730)
Other provisions / write-offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	(144,233)	(371,911)	(85,867)	(227,730)
	15,173	22,718	(45,990)	(87,819)
Extra ordinary / unusual items	-	-	-	-
(LOSS) / PROFIT BEFORE TAXATION	15,173	22,718	(45,990)	(87,819)
Taxation - Current	-	-	-	-
- Prior	-	-	-	-
- Deferred	-	-	-	-
(LOSS) / PROFIT AFTER TAXATION	15,173	22,718	(45,990)	(87,819)

The annexed notes 1 to 20 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)

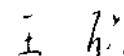
For the nine months period ended September 30, 2013

	January 01 2013 to September 30 2013	January 01 2012 to September 30 2012
	<i>Note</i> (Rupees in '000)	
Cash flows from operating activities		
Profit / (loss) before taxation	22,718	(55,165)
Adjustments for:		
Depreciation	<u>61,651</u>	<u>12,389</u>
	84,369	(42,776)
<i>Decrease / (increase) in operating assets</i>		
Advances	(1,559,855)	(65,044)
Lending to financial institutions	(646,052)	(5,391,155)
Others assets	(2,101,513)	(254,376)
	(4,307,420)	(5,710,575)
<i>Increase / (decrease) in operating liabilities</i>		
Bills payable	45,409	(22,397)
Borrowings	28,320,658	-
Deposits and other accounts	7,789,480	6,179,218
Other liabilities	(505,512)	163,021
	35,650,035	6,319,842
	31,426,984	566,491
Income tax paid	-	-
Net cash from operating activities	31,426,984	566,491
Cash flows from investing activities		
Net investment in operating fixed assets	(6,615)	(511)
Proceeds from investments in available-for-sale securities (net)	-	139,861
Net investment in available for sale securities	(31,714,522)	-
Net cash used in investing activities	(31,721,137)	139,350
Cash flows from financing activities		
Remittance received from head office	-	54,509
Net cash generated from financing activities	-	54,509
Exchange adjustment on revaluation of capital	321,749	165,622
Increase in cash and cash equivalents	27,596	925,972
Cash and cash equivalents at beginning of the period	5,399,912	3,344,211
Cash and cash equivalents at end of the period	5,427,508	4,270,183

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Head of Finance

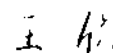
Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2013

	Head office capital account	Accumulated (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 nine months period ended September 30, 2012	-	(87,819)	(87,819)
<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	175,068	-	175,068
Balance as at September 30, 2012	<u>3,422,469</u>	<u>(272,157)</u>	<u>3,150,312</u>
<i>Total comprehensive income</i>			
Loss for the three months period ended December 31, 2012	-	(92,488)	(92,488)
<i>Transactions with Head Office, recorded directly in equity</i>			
Exchange adjustment on revaluation of capital	84,441	-	84,441
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 nine months period ended September 30, 2013	-	22,718	22,718
<i>Transactions with Head Office, recorded directly in equity</i>			
Remittance received from head office during the period	-	-	-
Exchange adjustment on revaluation of capital	321,749	-	321,749
Balance as at September 30, 2013	<u>3,828,659</u>	<u>(341,927)</u>	<u>3,486,732</u>

The annexed notes 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Head of Finance

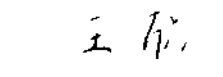
Industrial and Commercial Bank of China Limited
Pakistan Branches
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and nine months period ended September 30, 2013

	Quarter ended September 30, 2013	January 01 2013 to September 30 2013	Quarter ended September 30, 2012	January 01 2012 to September 30, 2012
----- (Rupees in '000) -----				
(Loss) / profit after taxation for the period	15,173	22,718	(45,990)	(87,819)
Other comprehensive income	-	-	-	-
Total comprehensive income	15,173	22,718	(45,990)	(87,819)

The annexed notes 1 to 20 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 September 30, 2013

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 (December 31, 2012: 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.

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, 2012.

2.2 Statement of compliance

The condensed interim financial information of the branches for the half year ended September 30, 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, 2012.

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, 2012.

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, 2012.

5. LENDINGS TO FINANCIAL INSTITUTIONS	Note	September 30, 2013	December 31, 2012
(Rupees in '000)			
<i>Call money lendings</i>			
- In local currency	5.1	300,000	-
- In foreign currency	5.1	1,900,447	1,554,395
		<u>2,200,447</u>	<u>1,554,395</u>

5.1 These represent lendings to financial institutions and other branches of ICBC at mark-up rates ranging from 3.4% to 9.4% per annum (December 31, 2012: 1.0% to 1.55% per annum) with maturities up to January 2014 (December 31, 2012: September 30 2013).

6. INVESTMENTS

	September 30, 2013			December 31, 2012		
	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	45,304,179	-	45,304,179	12,989,657	600,000	13,589,657
Surplus on revaluation of available for sale investments	(32,420)	-	(32,420)	6,436	-	6,436
Total investments	<u>45,271,759</u>	<u>-</u>	<u>45,271,759</u>	<u>12,996,093</u>	<u>600,000</u>	<u>13,596,093</u>

6.1 These Market Treasury Bills will mature upto January 2014 (December 31, 2012: upto September 2013) and carry yield ranging from 8.90% to 9.43% per annum (December 2012: from 9.2% to 11.85%).

7. ADVANCES	Note	September 30, 2013	December 31, 2012
(Rupees in '000)			
Loans, cash credits, running finances, etc.			
In Pakistan		450,000	-
Outside Pakistan		-	-
		<u>450,000</u>	<u>-</u>
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		1,166,451	56,596
Payable outside Pakistan		-	-
		<u>1,166,451</u>	<u>56,596</u>
		<u>1,616,451</u>	<u>56,596</u>

7.1 No advances have been placed under non-performing status (December 31, 2012: Nil).

8. OPERATING FIXED ASSETS

Additions during the period / year	<u>6,615</u>	<u>281,924</u>
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There were no disposal of operating fixed assets during the year.

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

In Pakistan	-	569,726
Outside Pakistan	40,542,039	11,651,655
	<u>40,542,039</u>	<u>12,221,381</u>

9.1 Particulars of deposits

In local currency	-	569,726
In foreign currency	40,542,039	11,651,655
	<u>40,542,039</u>	<u>12,221,381</u>

9.2 Details of borrowings

Secured

Repurchase agreement borrowings	-	569,726
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Unsecured

Interbank call money borrowings	9.3	<u>40,542,039</u>	<u>11,651,655</u>
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9.3 These carry mark-up rates ranging from 0.40% to 1% per annum (December 31, 2012: 0.15% to 5.75% per annum). These borrowings are from ICBC H.O. and ICBC (Asia) Limited

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	9,633,667	2,937,759
Savings deposits	1,279,258	357,053
Current accounts - non-remunerative	1,044,199	872,832
	<u>11,957,124</u>	<u>4,167,644</u>

10.1 Particulars of deposits

	September 30, 2013	December 31, 2012
(Rupees in '000)		
In local currency	7,855,882	3,111,010
In foreign currency	4,101,242	1,056,634
	<u>11,957,124</u>	<u>4,167,644</u>

11. OTHER LIABILITIES

This includes amount received from the head office as capital for operations. At September 30, 2013 an amount of USD 13.9 million (Rs. 1,385 million) is outstanding.

12. HEAD OFFICE CAPITAL ACCOUNT

Head office capital account as at September 30, 2013 represents USD 36.098 million (December 31, 2012: 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 advised the exchange adjustment on account of appreciation of capital amounting to Rs. 321.749 million (December 31, 2012: Rs. 259.509 million).

13. SURPLUS ON REVALUATION OF ASSETS - net

Surplus on revaluation of available-for-sale securities	11,109	6,436
Less: deferred tax liability	(3,888)	-
	<u>7,221</u>	<u>6,436</u>

14. CONTINGENCIES AND COMMITMENTS

September 30, 2013 December 31, 2012

14.1 Transaction related contingent liabilities

(Rupees in '000)

Government	19,040,847	8,756,228
Others	17,726,367	7,387,444

14.2 Trade related contingent liabilities

Letters of credit	110,758	26,945
Acceptances	760,513	-

14.3 Commitments in respect of forward foreign and local exchange contracts

Purchase	123,612,308	44,594,260
Sale	123,608,224	45,792,082

14.4 Commitments in respect of forward foreign and local swap contracts

Purchase	65,735,626	10,576,400
Sale	63,473,229	147,023

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

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	4,378,931	4,063,541
Balance with other banks	1,048,577	1,336,371
	<u>5,427,508</u>	<u>5,399,912</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 September 30, 2013 are as follows:

September 30, 2013				
	Key Management Personnel	Other ICBC branches	Head Office	Total
----- (Rupees in '000) -----				
Balance Sheet				
Cash and balances - Nostro Accounts	-	4,877	194,464	451,177
Lendings to financial institutions	-	1,900,447	-	2,026,025
Borrowings from financial institutions	-	986,074	39,555,965	31,970,935
Deposits and other accounts	676	848,854	-	-
Other liabilities	1,318	-	1,474,486	1,387,859
Profit and Loss				
Interest / other income	-	34,041	819	15,480
Interest / other expense	140,416	10,754	127,224	172,738

December 31, 2012				
	Key Management Personnel	Other ICBC branches	Head Office	Total
----- (Rupees in '000) -----				
Balance Sheet				
Cash and balances - Nostro Accounts	-	1,312,158	23,834	1,335,992
Borrowings from financial institutions	-	11,651,655	-	11,651,655
Deposits and other accounts	35,548	23,131	-	58,679
Other liabilities	97	-	1,350,575	1,350,672
Profit and Loss				
Interest / other income	-	743	-	743
Interest / other expense	219,778	1,762	-	221,540

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) -----				
September 30, 2013				
Total income	149,087	2,393,488	-	2,542,575
Inter segment revenue	-	-	-	-
Total expenses	<u>(144,140)</u>	<u>(2,314,066)</u>	<u>(61,651)</u>	<u>(2,519,857)</u>
Net income	<u>4,947</u>	<u>79,422</u>	<u>(61,651)</u>	<u>22,718</u>
Segment assets (Gross)	<u>1,616,451</u>	<u>56,125,184</u>	<u>261,627</u>	<u>58,003,262</u>
Segment liabilities	<u>46,147</u>	<u>54,502,803</u>	<u>-</u>	<u>54,548,950</u>
Segment return on assets (ROA) (%)	<u>10.72%</u>	<u>0.15%</u>	<u>0.00%</u>	<u>0.04%</u>
Segment cost of funds (%)	<u>5.72%</u>	<u>91.83%</u>	<u>2.45%</u>	<u>100.00%</u>

	Corporate Finance	Trading & Sales	Others	Total
	----- (Rupees in '000) -----			
September 30, 2012				
Total income	64,627	592,005	-	656,632
Inter segment revenue	-	-	-	-
Total expenses	(71,756)	(657,310)	(15,385)	(744,451)
Net income	<u>(7,129)</u>	<u>(65,305)</u>	<u>(15,385)</u>	<u>(87,819)</u>
Segment assets (Gross)	<u>46,612</u>	<u>12,093,436</u>	<u>294,878</u>	<u>12,434,926</u>
Segment liabilities	<u>412,518</u>	<u>13,390,344</u>	<u>-</u>	<u>13,802,862</u>
Segment return on assets (ROA) (%)	<u>-1.73%</u>	<u>-0.49%</u>	<u>0.00%</u>	<u>-0.64%</u>
Segment cost of funds (%)	<u>9.64%</u>	<u>88.29%</u>	<u>2.07%</u>	<u>100.00%</u>

19. DATE OF AUTHORISATION

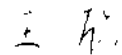
The condensed interim financial information was authorised for issue by the Chief Executive Officer of the branches on ____.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer



Head of Finance