



Condensed Interim Financial Statements
For the period ended 31 March 2021



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS **FOR THE QUARTER ENDED 31 MARCH 2021**

We are pleased to present on behalf of the Board of Directors, the audited financial statements of Pak China Investment Company Limited for the quarter ended 31 March 2021 together with Directors' Review thereon.

Current quarter had a full impact of reduced policy rate as compared to corresponding quarter last year. During first quarter of last year, policy rate was 13.25% while during current quarter policy rate was at 7%, thus reflecting a straight reduction of 47.2%. This decline was partially offset by the increase in average volume of portfolio of advances and debt investments. Due to liquidity constraint in the Islamic banking market, opportunities of arbitrage during current quarter were scarce as compared to last year, which also contributed towards decline in mark-up income and expense. Due to the reasons given, net interest income declined by 43.9% during current quarter as compared to the first quarter of last year.

Appreciation of PKR against USD was witnessed throughout the current quarter, thus giving an exchange loss on revaluation of Rs. 92.8 million, while on the other hand it was exchange gain of Rs. 151.8 million in last quarter due to PKR depreciation. Stock market remained largely in pressure in the current quarter which has culminated into unrealized loss Rs. 20.5 million on revaluation of shares.

Provisions and write-offs – net has decreased from reversal of Rs. 47.3 million in last year's first quarter, as there was a reversal of specific provision of one client for Rs. 67 million, to reversal of Rs. 2.4 million in current quarter.

Fee and commission income has shown increase of Rs. 19.4 million ie. 86.1% as compared to last year.

Operating expenses increased by Rs. 9.7 million majorly due to normal annual increments in salaries of employees.

All the above factors have contributed towards the sharp reduction in profit after tax during first quarter of 2021. Profit after tax decreased by 77.4% as compared to comparable prior period i.e 31 March 2020, from Rs. 408.5 million to Rs. 92.3 million. Correspondingly, earnings per share stood at Re. 0.10 for the period ended 31 March 2021 as compared to Re. 0.42 per share of comparable prior period.

Total assets have increased by Rs. 1,651 million as of 31 Mar 2021 as compared to balance as at 31 December 2020, majorly due to investment in market treasury bills being funded by short term borrowings, thus earning a spread.

Finally, on behalf of the Board, I would like to express our gratitude to our shareholders, Ministry of Finance, Government of Pakistan and China Development Bank for their support and State Bank of Pakistan for professional guidance. The Board also wishes to place on record its appreciation of the hard work and dedication of the Management and staff of the Company.

On behalf of the Board of Directors

Wang Baojun
Managing Director
Date: 28 April 2021

Noor Ahmed
Director

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021


		(Un-audited) 31 March 2021	(Audited) 31 December 2020
	Note	Rupees	
ASSETS			
Cash and balances with treasury banks	6	1,044,555,778	2,223,116,872
Balances with other banks	7	2,116,339,870	35,230,054
Lendings to financial institutions	8	-	1,149,985,152
Investments	9	17,748,188,223	15,657,891,368
Advances	10	11,407,260,484	11,550,098,344
Fixed assets	11	222,644,838	233,362,516
Intangible assets	12	423,187	494,736
Deferred tax assets	13	123,441,776	105,401,492
Other assets	14	397,328,459	453,464,171
		33,060,182,615	31,409,044,705
LIABILITIES			
Bills payable		-	-
Borrowings	15	14,641,600,051	12,902,913,838
Deposits and other accounts	16	512,400,000	512,400,000
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	330,841,254	511,476,256
		15,484,841,305	13,926,790,094
NET ASSETS		17,575,341,310	17,482,254,611
REPRESENTED BY			
Share capital		9,696,637,540	9,696,637,540
Advance against issue of shares		9,881,237	9,881,237
Statutory reserve		1,557,422,669	1,538,966,655
Surplus on revaluation of assets	18	84,000,063	83,193,433
Unappropriated profit		6,227,399,801	6,153,575,746
		17,575,341,310	17,482,254,611

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR


DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

		For the Quarter ended	
		31 March 2021	31 March 2020
	Note	Rupees	
MARK-UP/ RETURN/ INTEREST EARNED	20	446,344,263	1,245,889,818
MARK-UP/ RETURN/ INTEREST EXPENSED	21	(158,913,469)	(733,919,580)
Net mark-up/ interest income		287,430,794	511,970,238
NON MARK-UP/INTEREST INCOME			
Fee and commission income	22	43,177,890	22,482,376
Dividend income		-	-
Foreign exchange (loss) / income		(92,787,203)	151,818,394
Income / (loss) from derivatives		-	-
Loss on securities - net	23	(21,136,308)	-
Other income	24	3,244,617	3,049,274
Total non-markup/ interest income		(67,501,004)	177,350,044
Share in profit of associated companies		24,491,680	13,300,344
Total income		244,421,470	702,620,626
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	25	117,703,060	107,937,974
Workers welfare fund		-	-
Other charges	26	4,692	30,000
Total non-markup / interest expenses		117,707,752	107,967,974
Profit before provisions		126,713,718	594,652,652
Provisions and write offs - net	27	(2,388,716)	(47,279,606)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		129,102,434	641,932,258
Taxation	28	36,822,365	233,431,165
PROFIT AFTER TAXATION		92,280,069	408,501,093
Basic and diluted earnings per share	29	0.10	0.42

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

			
MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

	For the Quarter ended	
	31 March 2021	31 March 2020
	<u>Rupees</u>	
Profit after taxation for the year	92,280,069	408,501,093
Items that will not be reclassified to profit and loss account in subsequent periods:		
Re-measurement loss on defined benefit plan - net of tax	-	-
Share of other comprehensive profit/(loss) from Associate	-	-
Related tax	-	-
Items that may be reclassified to profit and loss account in subsequent periods:		
Net change in fair value of available-for-sale securities - net of tax	806,630	26,735,882
Company's share of equity accounted investees' OCI:		
Available-for-sale securities financial assets - Net change in fair value - net of tax	-	-
	806,630	26,735,882
TOTAL COMPREHENSIVE INCOME	93,086,699	435,236,975

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR


DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

	Share capital	Advance against issue of shares	Statutory reserve	Surplus on revaluation of assets	Unappropriated profit	Total
	Rupees					
Balance as at 01 January 2020	9,696,637,540	9,881,237	1,384,606,471	4,751,677	5,536,135,008	16,632,011,933
Profit after taxation (31 March 2020)	-	-	-	-	408,501,093	408,501,093
Other comprehensive loss	-	-	-	26,735,882	-	26,735,882
Total comprehensive income	-	-	-	26,735,882	408,501,093	435,236,975
Transfer to statutory reserve	-	-	81,700,219	-	(81,700,219)	-
Opening Balance as at 01 April 2020	9,696,637,540	9,881,237	1,466,306,690	31,487,559	5,862,935,882	17,067,248,908
Profit after taxation (31 December 2020)	-	-	-	-	364,701,814	364,701,814
Other comprehensive income	-	-	-	51,705,874	(1,401,985)	50,303,889
Total comprehensive income	-	-	-	51,705,874	363,299,829	415,005,703
Transfer to statutory reserve	-	-	72,659,965	-	(72,659,965)	-
Transaction with owners recognized directly in equity	-	-	-	-	-	-
Advance against issue of shares	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Balance as at 31 December 2020	9,696,637,540	9,881,237	1,538,966,655	83,193,433	6,153,575,746	17,482,254,611
Profit after taxation	-	-	-	-	92,280,069	92,280,069
Other comprehensive income	-	-	-	806,630	-	806,630
Total comprehensive income	-	-	-	806,630	92,280,069	93,086,699
Transfer to statutory reserve	-	-	18,456,014	-	(18,456,014)	-
Balance as at 31 March 2021	9,696,637,540	9,881,237	1,557,422,669	84,000,063	6,227,399,801	17,575,341,310

According to BPD Circular No. 15, dated 31 May 2004, issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund, till such time the reserve fund equals the amount of the paid-up capital of the Company, and after that a sum not less than 5% of the profit after tax shall be credited to the said reserve.

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR



DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

		For the Quarter ended	
		31 March 2021	31 March 2020
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		129,102,434	641,932,258
Less: Share in profit of associated companies		(24,491,680.00)	(13,300,344)
		104,610,754	628,631,914
Adjustments for:			
Depreciation	25	10,717,679	9,063,135
Amortization	25	71,549	72,146
Provision for gratuity		4,247,812	3,555,010
Provision against non-performing loans and advances	27	(2,388,716)	(47,279,606)
Provision for diminution in the value of investments		-	-
Impairment loss on investment in associate and available-for-sale investments	27	-	-
Gain on sale of fixed assets		-	(45,000)
Un-realized gain for held for trading securities - net	23.2	20,525,245	-
Interest expense on lease liability		851,519	1,496,037
Exchange gain		92,787,203	(151,818,394)
		126,812,291	(184,956,672)
		231,423,045	443,675,242
Decrease / (Increase) In operating assets			
Lendings to financial institutions		1,149,985,152	(1,791,459,300)
Advances		145,226,576	(1,196,248,928)
Others assets (excluding advance taxation)		28,582,181	(291,074,914)
		1,323,793,909	(3,278,783,142)
Increase / (Decrease) In operating liabilities			
Borrowings from financial institutions		1,738,686,213	1,071,576,502
Liabilities against assets subject to finance lease		-	-
Deposits		-	-
Others liabilities (excluding current taxation)		(170,901,301)	368,439,965
		1,567,784,912	1,440,016,467
Contribution to plan assets		-	(9,622,788)
Income tax paid		(34,595,206)	(75,737,025)
Net cash flow from / (used in) operating activities		3,088,406,680	(1,480,451,246)
CASH FLOW FROM INVESTING ACTIVITIES:			
Investment used in / (realized) during the period - net		(2,078,237,703)	(626,024,768)
Investment in associate		-	-
Dividend received		-	-
Capital expenditure		-	(3,190,616)
Proceeds from sale of fixed assets		-	45,000
Net cash flow (used in) / from investing activities		(2,078,237,703)	(629,170,384)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	-
Advance for issue of share		-	-
Lease payments		(14,833,032)	-
Net cash flow (used in) / from financing activities		(14,833,032)	-
Effects of exchange rate changes on cash and cash equivalents		(92,787,203)	151,818,394
Increase in cash and cash equivalents		902,548,722	(1,957,803,236)
Cash and cash equivalents at beginning of the year		2,258,346,926	2,024,404,127
Cash and cash equivalents at end of the year	30	3,160,895,648	66,600,891

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR


DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

1 STATUS AND NATURE OF BUSINESS

Pak China Investment Company Limited (the Company) was incorporated in Pakistan as a public limited company on 27 July 2007. The registered office of the Company is situated at 13th Floor, Saudi Pak Tower, Blue Area, Islamabad. The Company is a 50:50 joint venture between the 'Government of China' and 'Government of Pakistan' through China Development Bank and Ministry of Finance, respectively. The main objective of the Company is to invest in the financial sector and infrastructure projects.

The Company commenced business after obtaining the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (SECP) on 02 November 2007, and the permission to commence business from the State Bank of Pakistan (SBP) on 10 January 2008.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the format prescribed by SBP's BPRD Circular letter No. 5 dated 22 March 2019.

2.1 STATEMENT OF COMPLIANCE

2.2 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

Wherever the requirements of the Banking Companies Ordinance 1962, and the Companies Act, 2017 or the directives issued by the State Bank of Pakistan and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The State Bank of Pakistan 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 No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

IFRS 8, 'Operating Segments' is effective for the Company's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BPRD Circular No. 2 dated 25 January 2018, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2018. The management of the Company believes that as SBP has defined the segment categorisation in the above mentioned circular, its requirements will prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

2.3 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2020.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

2.4 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current period.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after 1 January 2021. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements except IFRS-9.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective from the dates mentioned below against the respective standard or amendments.

Standards

IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1-Jan-22
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1-Jan-22
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-	1-Jan-22
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	1-Jan-22
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	1-Jan-22

The Company expects that the adoption of the above standards and amendments will have no material effect on the Company's financial statements .

2.6 IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks/DFI's in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company has calculated the impact of adoption of IFRS 9 on the financial statement of the Company on the date of initial application, which will be finalized post issuance of IFRS 9 guidelines from SBP.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2020.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as that applied in the preparation of the financial statements for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements for the year ended 31 December 2020. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

On 30 January 2020, the World Health Organisation (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and locking down cities and regions. The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on 16 April 2020. Further, SBP reduced policy rate between May & June by 200 basis points. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing Banks/DFI's to defer borrowers' principal loan payments by one year; and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

5.1 Credit Risk Management

The Risk Management function of the Company is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Company has further strengthened its credit review procedures in the light of COVID-19. The Company is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

5.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Company. The Asset and Liability Committee (ALCO) of the Company is continuously monitoring the liquidity position and the Company is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.3 Operational Risk Management

The Company is closely monitoring the situation and has invoked required actions to ensure the safety and security Company's staff and uninterrupted service to customers. The senior management of the Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and tested. The Company has significantly enhanced monitoring of cybersecurity risk during these times. The remote work capabilities were enabled for staff, where required, and related risk and control measures were assessed to ensure that the Company's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Company is communicating with its customers on how they can connect with the Company through its full suite of channels including digital and online channels. The Company has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored and the Company continues to meet the expectations of its employees and customers.

5.4 Capital Adequacy Ratio (CAR)

In order to encourage Company's to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

		(Un-audited) 31 March 2021	(Audited) 31 December 2020
	Note	-----Rupees-----	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		50,000	2,735
With State Bank of Pakistan in			
Local currency current account	6.1	43,296,358	36,401,019
With National Bank of Pakistan in			
Local currency current account		1,041,222	358,887
Local currency deposit account	6.2	1,000,000,000	-
Foreign currency current account		168,198	172,071
Foreign currency deposit account		-	2,186,182,160
		<u>1,044,555,778</u>	<u>2,223,116,872</u>

6.1 This also includes the minimum cash reserve required to be maintained with SBP, in accordance with the requirements of DMMD Circular No. 21 dated 5 October 2012.

6.2 This represents local currency term deposit of Rs. 500 million each carrying mark-up at the rate of 8% per annum (2020: nil) and will mature on 26 April 2021 & 30 April 2021 respectively.

		(Un-audited) 31 March 2021	(Audited) 31 December 2020
	Note	-----Rupees-----	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit account - Local currency	7.1	20,530,849	31,485,761
In current account - Local currency		258,815	3,443,212
In deposit account - Foreign currency	7.2	2,095,196,575	-
In current account - Foreign currency		353,631	301,081
		<u>2,116,339,870</u>	<u>35,230,054</u>

7.1 These carry interest at rates ranging from 2.85% to 5.51% (2020 : 2.75% to 5.51%) per annum.

7.2 This represents a foreign currency term deposit of USD 13,7450,500 for 91 days (2020: Nil) carrying mark-up rate of 0.42% (2020: Nil) per annum and will mature on 24 June 2021.

		(Un-audited) 31 March 2021	(Audited) 31 December 2020
	Note	-----Rupees-----	
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lending (reverse repo)		-	1,149,985,152

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2021

9 INVESTMENTS

9.1 Investments by type

Note	(Un-audited) 31 March 2021				(Audited) 31 December 2020			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees-----				-----Rupees-----			
Held-for-trading securities								
Shares	145,328,000	-	28,693,520	174,021,520	145,328,000	-	49,218,765	194,546,765
Available-for-sale securities								
Federal Government Securities	10,226,044,593	-	(1,836,287)	10,224,208,306	7,973,121,890	-	(1,177,890)	7,971,944,000
Shares	27,333,834	-	26,978,866	54,312,700	27,333,834	-	33,131,941	60,465,775
Non Government Debt Securities	6,000,420,522	(369,434,062)	51,241,311	5,682,227,771	6,175,105,522	(369,434,062)	1,057,122	5,806,728,582
Preference shares	315,000,000	-	34,650,000	349,650,000	315,000,000	-	69,930,000	384,930,000
	16,568,798,949	(369,434,062)	111,033,890	16,310,398,777	14,490,561,246	(369,434,062)	102,941,173	14,224,068,357
Associates	1,263,767,926	-	-	1,263,767,926	1,239,276,246	-	-	1,239,276,246
Total Investments	17,977,894,875	(369,434,062)	139,727,410	17,748,188,223	15,875,165,492	(369,434,062)	152,159,938	15,657,891,368

9.1.1 Investments given as collateral

Market Treasury Bills

	(Un-audited) 31 March 2021	(Audited) 31 December 2020
	-----Rupees-----	
	7,608,857,925	4,987,510,000

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

Charge / (Reversal) for the year

Closing Balance

	369,434,062	369,434,062
	-	-
	369,434,062	369,434,062

9.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

Total

(Un-audited)		(Audited)	
31 March 2021		31 December 2020	
-----Rupees-----			
NPI	Provision	NPI	Provision
-	-	-	-
-	-	-	-
-	-	-	-
369,434,062	369,434,062	369,434,062	369,434,062
369,434,062	369,434,062	369,434,062	369,434,062

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10	ADVANCES	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		Performing		Non performing		Total	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
		----- Rupees -----					
	Loans, cash credits, running finances, etc.	8,891,063,910	9,036,290,486	1,394,963,551	1,394,963,551	10,286,027,461	10,431,254,037
	Islamic Financing and related assets	1,643,832,998	1,643,832,998	279,653,112	279,653,112	1,923,486,110	1,923,486,110
	Advances - gross	10,534,896,908	10,680,123,484	1,674,616,663	1,674,616,663	12,209,513,571	12,354,740,147
	Provision against advances						
	- Specific	-	-	668,201,172	668,201,172	668,201,172	668,201,172
	- General	134,051,915	136,440,631	-	-	134,051,915	136,440,631
		134,051,915	136,440,631	668,201,172	668,201,172	802,253,087	804,641,803
	Advances - net of provision	10,400,844,993	10,543,682,853	1,006,415,491	1,006,415,491	11,407,260,484	11,550,098,344
						(Un-audited)	(Audited)
						31 March 2021	31 December 2020
						----- Rupees -----	
10.1	Particulars of advances (Gross)						
	In local currency					12,209,513,571	12,354,740,147

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10.2 Advances include Rs.1,674.6 million (2020: Rs.1,674.6 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) 31 March 2021		(Audited) 31 December 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees -----				
Domestic				
Other Assets Especially Mentioned	279,653,112	-	279,653,112	-
Substandard	474,700,530	43,555,567	474,700,530	43,555,567
Doubtful	217,599,457	44,523,803	217,599,457	44,523,803
Loss	702,663,564	580,121,802	702,663,564	580,121,802
	<u>1,674,616,663</u>	<u>668,201,172</u>	<u>1,674,616,663</u>	<u>668,201,172</u>

10.3 Particulars of provision against advances	(Un-audited) 31 March 2021			(Audited) 31 December 2020		
	Specific	General (Note 9.2.2)	Total	Specific	General	Total
----- Rupees -----						
Opening balance	668,201,172	136,440,631	804,641,803	592,312,802	149,276,982	741,589,784
Charge for the year	-	-	-	142,919,620	-	142,919,620
Reversals	-	(2,388,716)	(2,388,716)	(67,031,250)	(12,836,351)	(79,867,601)
	-	(2,388,716)	(2,388,716)	75,888,370	(12,836,351)	63,052,019
Closing balance	<u>668,201,172</u>	<u>134,051,915</u>	<u>802,253,087</u>	<u>668,201,172</u>	<u>136,440,631</u>	<u>804,641,803</u>

10.3.1 General provision is being maintained at the rate of 1.5% (2020: 1.5%) of the performing portfolio of advances other than staff loans and Government of Pakistan guaranteed loans.

10.3.2 Details and impact of Forced Sale Value

The net FSV benefit availed during the year is Rs. nil (2020: Rs. 84.6 million), which has resulted in no change in charge for the period. Had the FSV benefit not availed, before and after tax profit would have been lower by Rs. nil (2020: Rs. 84.6 million) and Rs. nil (2020: Rs. 60 million), respectively. Accumulated availed FSV benefit as of 31 March 2021 was 261.9 million (31 December 2020: Rs. 261.9 million). Unappropriated profit to that extent is not available for distribution by way of cash or stock dividend.

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		(Un-audited) 31 March 2021	(Audited) 31 December 2020
		-----Rupees-----	
11	FIXED ASSETS		
	Capital work-in-progress	4,839,000	4,839,000
	Property and equipment	217,805,838	228,523,516
		<u>222,644,838</u>	<u>233,362,516</u>
11.1	Capital work-in-progress		
	Advances to suppliers	<u>4,839,000</u>	<u>4,839,000</u>
		(Un-audited) For the quarter ended	
		31 March 2021	31 March 2020
		-----Rupees-----	
11.2	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Right of use assets (leased buildings)	-	168,135
	Electrical office and computer equipment	-	2,667,608
		-	2,835,743
	Total	<u>-</u>	<u>2,835,743</u>
		(Un-audited) 31 March 2021	(Audited) 31 December 2020
		-----Rupees-----	
12	INTANGIBLE ASSETS		
	Computer Software	<u>423,187</u>	<u>494,736</u>
13	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on	-----Rupees-----	
	Deductible Temporary Differences on		
	- Post retirement employee benefits	5,618,311	4,386,446
	- Provision for diminution in the value of available-for-sale investments	107,135,878	107,135,878
	- Provision against advances, off balance sheet etc.	142,699,700	143,392,427
	- Liabilities against assets subject to lease	7,058,979	11,113,618
	- Impairment loss on available for sale & associates	123,184,129	123,184,129
		<u>385,696,997</u>	<u>389,212,498</u>
	Taxable Temporary Differences on		
	- Accelerated tax depreciation	(8,616,061)	(11,144,608)
	- Revaluation of investments - HFT	(4,304,028)	(7,382,815)
	- Revaluation of investments - AFS	(27,348,828)	(20,062,742)
	- Share of profit of associated companies	(21,640,063)	(17,966,311)
	- Unrealized exchange gain	(200,346,241)	(227,254,530)
		<u>(262,255,221)</u>	<u>(283,811,006)</u>
		<u>123,441,776</u>	<u>105,401,492</u>
14	OTHER ASSETS		
	Income / mark-up accrued in local currency	287,082,793	299,765,997
	Income / mark-up accrued in foreign currency	171,108	242,909
	Advances, deposits, advance rent and other prepayments	19,837,314	8,103,273
	Receivable against fee, commission & advisory services	6,110,480	5,893,832
	Advance taxation (payments less provisions)	84,124,052	111,677,584
	Receivable against sale of shares	-	27,778,595
	Others	2,712	1,981
		<u>397,328,459</u>	<u>453,464,171</u>

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		(Un-audited) 31 March 2021	(Audited) 31 December 2020
		-----Rupees-----	
15	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Renewable Energy Power Projects	15.1 75,158,871	80,527,361
	Long Term Finance Facility (LTFF)	15.2 231,418,000	231,418,000
	Temporary Economic Relief Facility (TERF)	15.3 567,586,000	401,740,000
	Repurchase agreement borrowings	7,592,724,550	-
	Borrowing from financial institutions	-	4,847,913,238
	Other borrowings	15.4,15.5,15.6,15.7 5,286,500,000	5,036,500,000
	Total secured	13,753,387,421	10,598,098,599
	Unsecured		
	Borrowing from financial institutions	15.8 888,212,630	2,304,815,239
	Total unsecured	888,212,630	2,304,815,239
		14,641,600,051	12,902,913,838
15.1	This represents an SBP Refinance Facility under Finance Scheme for Renewable Energy Power Projects (REPP) for developing and encouraging the private sector participation in small renewable energy power projects. The loan availed under the said scheme is payable in maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP service rate of 2.00%.		
15.2	This represents an SBP Long Term Finance Facility (LTFF) for imported and locally manufactured plant & machinery. The loan availed under the said scheme is payable in a maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP mark-up rate of 2.00%.		
15.3	This represents an SBP Refinance Facility under Temporary Economic Refinance Facility (TERF) for imported and local manufactured plant & machinery, during COVID-19 pandemic. The loan availed under the said scheme is payable in a maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP mark-up rate of 1.00%.		
15.4	This includes term loan facility of Rs. 2 billion from a commercial bank payable in maximum of 4 years with an inclusive grace period of 2 years. Mark-up is payable on quarterly basis at the rate of 3MK + 0.15% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.		
15.5	This includes drawdown of Rs. 1,036.5 million from term loan facility of Rs. 2 billion from a commercial bank, payable in a maximum of 4 years with an inclusive grace period of maximum of 2 years. Mark-up is payable on quarterly basis at the rate of 3MK + 0.20% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.		
15.6	This includes term loan facility of Rs. 2 billion from a commercial bank, payable in maximum of 5 years with an inclusive grace period of 2 years. Mark-up is payable on quarterly basis at the rate of 3MK + 0.20% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.		
15.7	This includes drawdown of Rs. 500 million from Running Finance facility of Rs. 1 billion from a commercial bank to finance company's loan, advances and investment portfolio. The loan availed under the said scheme shall be payable in a maximum of 1 year on roll over basis. Mark-up payable is on quarterly basis at the rate of 3MK + 0.12% p.a.		
15.8	This represent un-secured borrowings from financial institutions carrying markup rate of 7.00 to 7.80% (2020: 6.75% to 7.00%) per annum having maturity up to 90 days (2019: from 88 to 92 days)		
		(Un-audited) 31 March 2021	(Audited) 31 December 2020
15.9	Particulars of borrowings with respect to Currencies	-----Rupees-----	
	In local currency	14,641,600,051	12,902,913,838

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16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 31 March 2021			(Audited) 31 December 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees -----					
Customers						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	512,400,000	-	512,400,000	512,400,000	-	512,400,000
Others	-	-	-	-	-	-
	512,400,000	-	512,400,000	512,400,000	-	512,400,000
Financial Institutions						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	512,400,000	-	512,400,000	512,400,000	-	512,400,000

17 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		30,616,951	187,705,827
Suspended markup	17.1	212,346,460	212,346,460
Accrued expenses		32,674,324	51,543,157
Withholding tax / sales tax payable		1,571,790	2,656,571
Payable to contribution benefit plan		3,573,934	-
Payable to defined benefit plan		19,373,488	15,125,676
Lease liability against right-of-use assets	17.2	24,341,308	38,322,821
Others		6,342,999	3,775,744
		<u>330,841,254</u>	<u>511,476,256</u>

17.1 This represents suspended markup kept in memorandum account; the corresponding receivable, which is being converted into zero-rated TFC's, has been included in note 8.1.

17.2 Lease liability against right-of-use assets

	(Un-audited) 31 March 2021			(Audited) 31 December 2020		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees -----					
Not later than one year	25,908,251	1,566,943	24,341,308	40,741,286	2,418,465	38,322,821
Later than one year and up to five years	-	-	-	-	-	-
	<u>25,908,251</u>	<u>1,566,943</u>	<u>24,341,308</u>	<u>40,741,286</u>	<u>2,418,465</u>	<u>38,322,821</u>

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		(Un-audited) 31 March 2021	(Audited) 31 December 2020
		-----Rupees-----	
18	SURPLUS ON REVALUATION OF ASSETS	Note	
	Surplus on revaluation of		
	- Available for sale securities	9.1	111,033,890
	Deferred tax on surplus on revaluation of:		
	- Available for sale securities	13	(27,348,829)
			83,685,061
	Company's share of equity-accounted investees' OCI:		
	- Change in fair value of available-for-sale financial assets - net of tax		315,002
			84,000,063
19	CONTINGENCIES AND COMMITMENTS		
	Guarantees	19.1	1,719,832,948
	Commitments	19.2	9,245,143,986
	Other contingent liability	19.3	168,100,000
			11,133,076,933
19.1	Guarantees		
	Financial guarantees		1,719,832,948
19.2	Commitments		
	Documentary credits and short term trade related transactions		
	Letters of credit		-
	Commitments in respect of:		
	Forward government securities transactions - Purchase		7,608,857,925
	Forward government securities transactions - Sale		-
	Commitments to extend credits	19.2.1	1,636,286,061
			9,245,143,986
19.2.1	Commitments to extend credits		
	The Company makes commitments to extend credit in the normal course of its business, but these being revocable commitments, normally do not attract any significant penalty or expense if the facility is unilaterally withdrawn. As at reporting date, however, the Company's outstanding irrevocable commitments amounts to Rs. 1,636.29 million (2020: Rs. 1,970.34 million).		
19.3	Other contingent liability		
19.3.1	An ex-employee of the company has lodged a claim of Rs.168.1 million against the Company. The case has been decided in favor of the Company and the complainant has filed an appeal before the High Court against decision of the Civil Judge. Based on internal assessment and legal advice, management is confident that the case will be decided in the favor of the Company and possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.		
19.3.2	For tax related contingencies, please refer note 27.2 of these financial statements.		
20	MARK-UP/RETURN/INTEREST EARNED		
		(Un-audited) 31 March 2021	31 March 2020
		----- Rupees -----	
	On loans and advances	216,467,331	384,388,090
	On investments	218,214,756	670,671,172
	On lending's to financial institutions	-	1,286,525
	On deposits with banks	3,464,869	43,535,380
	On securities purchased under resale agreement	8,197,307	146,008,651
		446,344,263	1,245,889,818

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		(Un-audited)	
		31 March 2021	31 March 2020
		----- Rupees -----	
	Note		
21 MARK-UP/RETURN/INTEREST EXPENSED			
On deposits		7,746,225	-
On borrowings		116,024,674	730,415,489
On securities sold under repurchase agreements		34,291,051	2,008,054
Interest expense on lease liability		851,519	1,496,037
		<u>158,913,469</u>	<u>733,919,580</u>
22 FEE AND COMMISSION INCOME			
Credit related fee		10,671,775	6,000,000
Commission on trade		224,930	447,053
Commission on guarantees		1,766,674	4,741,808
Investment banking fees		30,514,511	11,293,515
		<u>43,177,890</u>	<u>22,482,376</u>
23 LOSS ON SECURITIES			
Realized	23.1	(611,063)	-
Un-realized - held for trading	23.2	(20,525,245)	-
		<u>(21,136,308)</u>	<u>-</u>
23.1 Realized loss on:			
Federal Government Securities		(611,063)	-
23.2 Un-realized gain on:			
Shares		(20,525,245)	-
24 OTHER INCOME			
Rent on property		3,244,617	3,004,274
Gain on sale of fixed assets-net		-	45,000
		<u>3,244,617</u>	<u>3,049,274</u>
25 OPERATING EXPENSES			
Total Compensation expenses		89,108,720	78,854,298
Property expense			
Rent and taxes		386,475	540,395
Insurance		18,480	10,704
Utilities cost		1,018,958	1,310,471
Security		1,204,365	1,337,466
Repair and maintenance		782,800	742,326
Depreciation		8,365,325	6,715,938
		11,776,403	10,657,300
Information technology expenses			
Software maintenance		496,624	252,522
Hardware maintenance		27,490	52,200
Amortization		71,549	72,146
Depreciation		492,124	615,138
Network charges		741,275	(294,090)
		1,829,062	697,916
Other operating expenses			
Directors' fees and allowances		1,250,000	250,000
Legal and professional charges		2,242,485	482,464
Outsourced services costs		1,456,784	1,774,901
Travelling and conveyance		2,978,268	6,592,299
Insurance		1,130,025	1,675,206
Repair and maintenance		225,142	204,302
Depreciation		1,860,230	1,732,059
Training and development		131,749	54,000
Utilities		-	211,560
Communication		440,524	321,734
Stationery and printing		166,170	718,247
Marketing, advertisement and publicity		419,147	483,686
Auditors remuneration		874,680	666,519
Bank charges		96,964	114,572
Entertainment		917,010	1,011,314
Miscellaneous		799,697	1,435,597
		<u>14,988,875</u>	<u>17,728,460</u>
		<u>117,703,060</u>	<u>107,937,974</u>

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		(Un-audited)	
		31 March 2021	31 March 2020
26	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	4,692	30,000
27	PROVISIONS AND WRITE OFFS - NET		
	Provisions against loans & advances	(2,388,716)	(47,279,606)
28	TAXATION		
	For the Year		
	Current	71,347,583	133,981,899
	Deferred	(25,326,370)	99,449,266
	For the prior year		
	Current	(9,198,848)	-
		36,822,365	233,431,165
28.1	Tax status		
28.1.1	For the Tax Year 2011, a tax demand of Rs. 109.22 million was raised by Assistant Commissioner Inland Revenue (the "ACIR") by disallowing provision for bad debts, provision against non-performing loan and advances, credit for an instalment of advance tax and Worker's Welfare Fund. Subsequently, the assessment was rectified. The Company had paid Rs. 15.11 million in protest on the issue of disallowing "provision against non-performing loan and advances" and submitted appeal before CIR(A). The appeal was decided in favor of the Company and the tax of Rs. 15.11 million deposited under protest became refundable. However, the department has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against appellate order of CIR(A). The hearing was fixed for 13 May 2020, partially heard and adjourned. Next date for hearing of appeal is yet to be fixed by the ATIR.		
28.1.2	For the Tax Year 2013, a tax demand of Rs. 95.01 million was raised by the Taxation Officer by disallowing provision for non performing loans, profit on debt, other provisions and charging Workers Welfare Fund. The CIR(A) upheld the orders of the assessing officer. The Company filed appeal before the CIR(A) on the amended assessment order which has been disposed of in favor of tax department. Later the Company attained stay form ATIR for 40 days or till the disposal of main appeal subject of deposit of 30% of the total amount. As per directions of the ATIR, payment of Rs. 38.5 million was made to tax department as a cumulative payment for all the pending issues pertaining to tax year 2014 and 2015. The Company filed writ petition for interim relief before Islamabad High Court. The High Court has granted stay for recovery of outstanding demand and also restrained the tax department to take extreme measures until decision of the appeal. However, the main appeal is pending for fixation by ATIR and the order is expected to be partially in favor of the Company.		
28.1.3	For the Tax Year 2014 & 2015, assessment was amended by the ACIR in terms of Section 122 of the Income tax ordinance, creating an aggregate tax demand amounting to Rs. 128 million on provisions, apportionment, super tax and default surcharge. The Company submitted appeal before the CIR(A) on the amended assessment order which has been disposed of in favor of tax department. Later the Company attained stay form ATIR for 40 days or till the disposal of main appeal subject of deposit of 30% of the total amount. As per directions of the ATIR, payment of Rs. 38.5 million was made to tax department as a cumulative payment for all the pending issues pertaining to tax year 2014 and 2015. The Company filed writ petition for interim relief before Islamabad High Court. The High Court has granted stay for recovery of outstanding demand and also restrained the tax department to take extreme measures until decision of the appeal. However, the main appeal is pending for fixation by ATIR and the order is expected to be partially in favor of the Company.		
28.1.4	For the Tax Year 2016, a tax demand of Rs. 82.54 million has been raised by the Taxation Officer mainly by disallowing provision against non-performing loans, suspended mark-up, disallowance of expenses attributable to capital gain, contending short payment of super tax and claim of tax credit. The CIR(A) has disposed of the appeal and major portion of the demand has been confirmed while disallowance of the tax credits is remanded back. Therefore, an appeal effect order from the assessing officer is awaited.		
28.1.5	For the Tax Year 2017, a show cause notice was issued to the Company by ACIR. The said notice proposed to levy additional super tax under Section 4B of the Ordinance. The notice was duly replied and the order is still awaited.		
28.1.6	On the basis of opinion of its tax advisor and appellate history, the Company's management is confident of a favorable resolution of these matters and hence no provision has been made in these financial statements.		
		(Un-audited)	
		31 March 2021	31 March 2020
		-----Rupees-----	
29	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period - Rupees	92,280,069	408,501,093
	Weighted average number of ordinary shares - Numbers	969,663,754	969,663,754
	Basic earnings per share - Re	0.10	0.42
30	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks	1,044,555,778	41,967,986
	Balance with other banks	2,116,339,870	24,632,905
		3,160,895,648	66,600,891

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31 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries (if any), is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits, cash & bank balances and borrowings can not be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

31.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

31.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

31 MARCH 2021 (Un-audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
		----- Rupees -----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	10,224,208,306	-	10,224,208,306	-	10,224,208,306
Shares	228,334,220	228,334,220	-	-	228,334,220
Preference Shares	349,650,000	349,650,000	-	-	349,650,000
Non-Government Debt Securities	3,969,881,311	-	3,708,716,311	261,165,000	3,969,881,311
	14,772,073,837	577,984,220	13,932,924,617	261,165,000	14,772,073,837
Financial assets - disclosed but not measured at fair value					
Non-Government Debt Securities	1,712,346,460	-	-	-	-
	16,484,420,297	577,984,220	13,932,924,617	261,165,000	14,772,073,837
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	7,608,857,925	-	-	7,608,857,925	7,608,857,925
Forward government securities transactions - sale	-	-	-	-	-
31 DECEMBER 2020 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
		----- Rupees -----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	7,971,944,000	-	7,971,944,000	-	7,971,944,000
Shares	255,012,540	255,012,540	-	-	255,012,540
Preference Shares	384,930,000	384,930,000	-	-	384,930,000
Non-Government Debt Securities	4,094,382,122	-	3,833,217,122	261,165,000	4,094,382,122
	12,706,268,662	639,942,540	11,805,161,122	261,165,000	12,706,268,662
Financial assets - disclosed but not measured at fair value					
Non-Government Debt Securities	1,712,346,460	-	-	-	-
	14,418,615,122	639,942,540	11,805,161,122	261,165,000	12,706,268,662
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	4,987,510,000	-	-	4,987,510,000	4,987,510,000
Forward government securities transactions - sale	1,150,804,380	-	-	1,150,804,380	1,150,804,380

31.3 Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms length transaction. Fair value of the financial instrument is based on:

Federal Government Securities
Listed Securities
Non-Government Debt Securities

PKRV rates (Reuters page)
Market Prices
MUFAP

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32 SEGMENT INFORMATION

32.1 Segment Details with respect to Business Activities

	31 MARCH 2021 (Un-audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	-----Rupees-----				
Net mark-up/return/profit	242,978,469	534,564	41,384,399	2,533,363	287,430,794
Inter segment revenue - net	(186,436,390)	(2,893,023)	(36,245,700)	225,575,113	-
Non mark-up income	12,663,379	22,467,696	(611,063)	(77,529,336)	(43,009,324)
Total Income	69,205,458	20,109,237	4,527,636	150,579,140	244,421,470
Segment direct expenses	(10,222,000)	(12,425,544)	(5,129,033)	(89,931,175)	(117,707,752)
Provisions	2,388,716	-	-	-	2,388,716
Profit before tax	61,372,174	7,683,693	(601,398)	60,647,965	129,102,434

	31 MARCH 2021 (Un-audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Balance Sheet	-----Rupees-----				
Cash & Bank balances	-	-	1,000,000,000	2,160,895,648	3,160,895,648
Investments	5,675,375,471	1,142,621,722	10,224,208,306	705,982,724	17,748,188,223
Advances					
Performing	9,634,541,261	-	-	98,102,560	9,732,643,821
Non-performing	1,673,953,099	-	-	663,564	1,674,616,663
Others	273,898,001	18,130,151	876,712	450,933,396	743,838,260
Total Assets	17,257,767,832	1,160,751,873	11,225,085,018	3,416,577,892	33,060,182,615
Borrowings	5,557,662,871	501,664,000	8,582,273,180	-	14,641,600,051
Deposits	512,400,000	-	-	-	512,400,000
Others	238,531,254	9,960,402	7,712,809	74,636,789	330,841,254
Total liabilities	6,308,594,125	511,624,402	8,589,985,989	74,636,789	15,484,841,305
Equity	-	-	-	17,575,341,310	17,575,341,310
Total Equity & liabilities	6,308,594,125	511,624,402	8,589,985,989	17,649,978,099	33,060,182,615
Contingencies & Commitments	3,356,119,008	-	7,608,857,925	168,100,000	11,133,076,933

	31 MARCH 2020 (Un-audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	-----Rupees-----				
Net mark-up/return/profit	441,867,704	2,363,652	42,899,926	24,838,956	511,970,238
Inter segment revenue - net	(382,618,000)	(9,708,000)	(21,332,000)	413,658,000	-
Non mark-up income	11,188,861	20,961,859	-	158,499,668	190,650,388
Total Income	70,438,565	13,617,511	21,567,926	596,996,624	702,620,626
Segment direct expenses	(7,815,188)	(9,026,725)	(3,272,769)	(87,853,292)	(107,967,974)
Provisions	47,279,606	-	-	-	47,279,606
Profit before tax	109,902,983	4,590,786	18,295,157	509,143,332	641,932,258

	31 DECEMBER 2020 (Audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Balance Sheet	-----Rupees-----				
Cash & Bank balances	-	-	1,149,985,152	2,258,346,926	3,408,332,078
Investments	5,806,029,357	1,185,948,537	7,971,944,000	693,969,474	15,657,891,368
Advances					
Performing	9,791,400,277	-	-	84,081,404	9,875,481,681
Non-Performing	1,673,953,099	-	-	663,564	1,674,616,663
Others	283,928,020	49,071,270	204,807	459,518,818	792,722,915
Total Assets	17,555,310,753	1,235,019,807	9,122,133,959	3,496,580,186	31,409,044,705
Borrowings	5,147,185,361	501,664,000	7,254,064,477	-	12,902,913,838
Deposits	512,400,000	-	-	-	512,400,000
Others	227,844,921	11,035,458	168,347,435	104,248,442	511,476,256
Total liabilities	5,887,430,282	512,699,458	7,422,411,912	104,248,442	13,926,790,094
Equity	-	-	-	17,482,254,611	17,482,254,611
Total Equity & liabilities	5,887,430,282	512,699,458	7,422,411,912	17,586,503,053	31,409,044,705
Contingencies & Commitments	3,651,222,918	-	6,138,314,380	168,100,000	9,957,637,298

33 RELATED PARTY TRANSACTIONS

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

[illegible]

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	31 MARCH 2021 (Un-audited)				31 MARCH 2020 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	Rupees							
Income								
Mark-up / return / interest earned	-	405,180	1,912,631	1,755,264	-	379,141	-	19,155,565
Fee and commission income	-	-	-	-	-	-	-	-
Share of profit of associates	-	-	24,491,680	-	-	-	13,300,344	-
Expense								
Mark-up / return / interest paid	33,663	-	-	615,873	60,116	-	-	1,075,226
Operating expenses								
Charge for defined benefit plan	311,322	1,530,885	-	2,405,605	226,840	1,441,131	-	1,887,039
Charge for contribution plan	395,753	724,458	-	1,722,484	378,976	639,858	-	1,367,199
Salaries	6,529,917	11,953,524	-	-	6,253,095	10,023,353	-	-
Bonus expense	1,102,964	3,984,509	-	-	-	5,356,959	-	-
Overseas allowances	-	-	-	-	2,132,560	-	-	-
Leave fair assistance & Encashment	2,135,626	998,402	-	-	1,995,008	815,891	-	-
Tax borne by employer	2,726,690	-	-	-	3,074,090	-	-	-
Others	2,066,334	3,416,179	-	455,002	2,525,590	3,416,573	-	477,977
Depreciation expense on lease hold building	435,748	-	-	4,915,575	327,462	-	-	4,024,189
CDC Charges paid	-	-	193,815	-	-	-	212,104	-

The Federal Government through Ministry of Finance holds controlling interest (50% shareholding) in the Company and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Company. The Company in the ordinary course of business enters into transaction with Government related entities. Such transactions include deposits to, investments, lendings, loan and advances and provision of other banking services. As at reporting date the deposits, loans and advances, investments and, lendings relating to Government related entities amounted to Rs. 1,000 million (2020: 2,186.4 million), Rs. 1,500 million (2020: 2,500 million), Rs. 1,058 million (2020: Rs.1,058 million) and Rs. Nil (2020: 1,150), respectively, and income earned on deposits, advances, investment and lendings amounted to Rs. 2.8 million (2020: 41.6 million) Rs. 32.8 million (2020: 55.9 million), Rs. 22.4 million (2020: 37 million) respectively.

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	(Un-audited) 31 March 2021	(Audited) 31 December 2020
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
34.1 Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>9,696,637,540</u>	<u>9,696,637,540</u>
34.2 Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,730,648,196	14,548,974,333
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>14,730,648,196</u>	<u>14,548,974,333</u>
Risk Weighted Assets (RWAs):		
Credit Risk	12,750,120,142	13,091,514,213
Market Risk	4,683,772,682	4,534,521,389
Operational Risk	3,219,606,302	2,959,119,737
Total	<u>20,653,499,126</u>	<u>20,585,155,339</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>71.32%</u>	<u>70.68%</u>
Tier 1 Capital Adequacy Ratio	<u>71.32%</u>	<u>70.68%</u>
Total Capital Adequacy Ratio	<u>71.32%</u>	<u>70.68%</u>
34.3 Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	<u>6.00%</u>	<u>6.00%</u>
Tier 1 minimum ratio (%)	<u>7.50%</u>	<u>7.50%</u>
Total capital minimum ratio (%)	<u>10.00%</u>	<u>10.00%</u>
Capital Conservation Buffer (CCB)	<u>1.50%</u>	<u>2.50%</u>
Total capital plus CCB minimum ratio (%)	<u>11.50%</u>	<u>12.50%</u>
34.4 Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,732,240,155	14,548,974,333
Total Exposures	41,225,987,716	37,098,334,832
Leverage Ratio	<u>35.74%</u>	<u>39.22%</u>
Minimum Requirement	<u>3.00%</u>	<u>3.00%</u>
34.5 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	7,518,561,772	6,876,435,858
Total Net Cash Outflow	2,091,014,959	2,172,567,377
Liquidity Coverage Ratio	<u>359.57%</u>	<u>316.51%</u>
Minimum Requirement	<u>100.00%</u>	<u>100.00%</u>
34.6 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,953,319,958	22,753,402,740
Total Required Stable Funding	17,080,020,511	17,162,309,958
Net Stable Funding Ratio	<u>134.39%</u>	<u>132.58%</u>
Minimum Requirement	<u>100.00%</u>	<u>100.00%</u>

The SBP, vide BPRD Circular No.08 dated 23 June 2016 has set the minimum Net Stable Funding Ratio Requirement (NSFR) for Banks / DFIs at 100%.

The link to the full disclosure is available at <http://pakchinainvest.com>

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35 GENERAL

35.1 Events after the reporting date

There are no adjusting events after the date of statement of financial position that may have an impact on the financial statements.

35.2 Captions, as prescribed by BSD Circular No. 2, issued by the SBP, for which there are no amounts, have not been reproduced in these financial statements except for the statement of financial position and profit and loss account.

35.3 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

35.4 The JCR-VIS has issued a long term credit rating of AAA, and the short term rating of A1+, for the Company.

36 DATE OF AUTHORIZATION

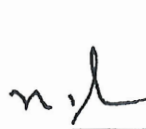
These financial statements were authorized for issue in the Board of Directors meeting held on 28 APR 2021



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR



DIRECTOR