



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

We are pleased to present on behalf of the Board of Directors, the condensed interim financial statements of Pak China Investment Company Limited for the period ended 30 September 2021 together with Directors' Review thereon.

Profit after tax of during nine months period ended 30 September 2021 Rs. 698.4 million has slightly increased by only 1% as compared to nine months period of last year of Rs. 689.3 million. Correspondingly, earnings per share stood at Re. 0.72 for the period ended 30 September 2021 as compared to Re. 0.71 per share of comparable prior period.

There was a 6% decrease in net mark-up income majorly due to heavy reduction in policy rate by SBP last year, which was greatly offset by recovery of suspended mark-up from one of the clients. Total Non-mark-up income decreased by 7% which is mainly attributable to un-realized loss on shares in the nine months of current year.

Operating expenses increased by only Rs. 28 million i.e. 8%, majorly due to annual increment impact however due to austerity measures taken by management to absorb COVID-19 pressures, other operating expenses were kept under control.

Provisions against non-performing loans & Impairment losses decreased by Rs. 15 million during the period as the last year figure included impairment on one of the investments.

Total assets have shown growth of 10.5%, by Rs. 3.3 billion majorly due to increase in investment in MTBs and incremental advances, corresponding impact of which is witnessed in increased borrowings as well. Net advances also increased significantly i.e. 13.5% during the current period as compared to closing balance at the end of last financial year.

During the period ended 30 September 2021, VIS Credit Rating Company has reaffirmed the entity ratings of the Company as long term AAA and short term A-1+, highest in both categories. The medium to long term rating of AAA denotes highest credit quality, with negligible risk factors, being only slightly more than risk-free debt of Government of Pakistan. The outlook on the assigned rating is Stable.

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

Jiang Ketao
A / Managing Director

12 NOV 2021

Islamabad

Noor Ahmed
Director



Condensed Interim Financial Statements

For the Nine Months ended 30 September 2021

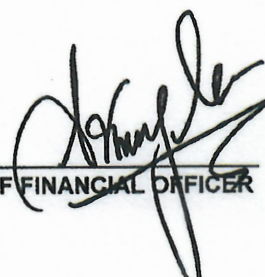
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

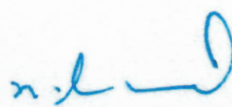
		(Un-audited) 30 September 2021	(Audited) 31 December 2020
	Note	-----Rupees-----	
ASSETS			
Cash and balances with treasury banks	6	31,192,583	2,223,116,872
Balances with other banks	7	2,365,592,856	35,230,054
Lendings to financial institutions	8	484,085,000	1,149,985,152
Investments	9	18,032,371,235	15,657,891,368
Advances	10	13,113,225,673	11,550,098,344
Fixed assets	11	202,275,173	233,362,516
Intangible assets	12	280,002	494,736
Deferred tax assets	13	67,907,881	105,401,492
Other assets	14	425,622,173	453,464,171
		34,722,552,576	31,409,044,705
LIABILITIES			
Bills payable		-	-
Borrowings	15	16,061,942,607	12,902,913,838
Deposits and other accounts	16	-	512,400,000
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	488,740,084	511,476,256
		16,550,682,691	13,926,790,094
NET ASSETS		18,171,869,885	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		1,678,646,358	1,538,966,655
Surplus on revaluation of assets	18	74,547,741	83,193,433
Unappropriated profit		6,712,157,009	6,153,575,746
		18,171,869,885	17,482,254,611

CONTINGENCIES AND COMMITMENTS 19

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


A / MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR


DIRECTOR

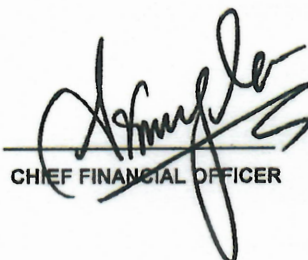

DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	For the quarter ended		For the nine months ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		Rupees		Rupees	
MARK-UP/ RETURN/ INTEREST EARNED	20	765,596,031	610,736,025	2,108,751,649	2,679,743,254
MARK-UP/ RETURN/ INTEREST EXPENSED	21	(436,217,596)	(277,923,118)	(964,967,691)	(1,464,219,712)
Net mark-up/ interest income		329,378,435	332,812,907	1,143,784,058	1,215,523,542
NON MARK-UP/INTEREST INCOME					
Fee and commission income	22	16,284,187	54,161,288	73,708,038	78,321,571
Dividend income		-	-	-	-
Foreign exchange income / (loss)		181,253,336	(27,161,629)	154,491,127	143,297,862
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net	23	(11,697,104)	6,405,059	4,898,186	30,864,504
Other income	24	3,438,141	3,164,504	9,927,375	9,218,052
Total non-markup/ interest income		189,278,660	36,569,222	243,024,726	261,701,989
Share in profit of associated companies		20,290,275	(256,800)	49,290,479	19,207,016
Total income		538,947,270	369,125,329	1,436,099,263	1,496,432,547
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	25	134,200,084	119,511,328	387,419,208	358,746,451
Workers welfare fund		-	-	-	-
Other charges	26	-	-	4,692	30,000
Total non-markup / interest expenses		134,200,084	119,511,328	387,423,900	358,776,451
Profit before provisions		404,747,186	249,614,001	1,048,675,363	1,137,656,096
Provisions and write offs - net	27	(4,233,328)	2,603,787	62,003,033	77,347,841
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		408,980,514	247,010,214	986,672,330	1,060,308,255
Taxation	28	118,154,054	77,283,040	288,273,817	370,995,299
PROFIT AFTER TAXATION		290,826,460	169,727,174	698,398,513	689,312,956
Basic and diluted earnings per share	29	0.30	0.18	0.72	0.71

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


A / MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR



DIRECTOR


DIRECTOR


PAK CHINA INVESTMENT COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	For the quarter ended		For the nine months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	-----Rupees-----		-----Rupees-----	
Profit after taxation	290,826,460	169,727,174	698,398,513	689,312,956
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 from Associate	(62,950)	286,250	(62,950)	305,336
Related tax	7,869	(42,938)	(74,597)	(45,801)
	(55,081)	243,312	(137,547)	259,535
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	(39,055,436)	(10,661,004)	(8,799,736)	34,325,892
Company's share of equity accounted investees' OCI:				
Available-for-sale securities financial assets - Net change in fair value - net of tax	154,044	-	154,044	-
	(38,901,392)	(10,661,004)	(8,645,692)	34,325,892
TOTAL COMPREHENSIVE INCOME	251,869,987	159,309,482	689,615,274	723,898,383

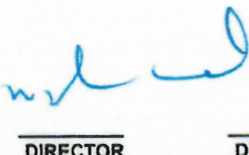
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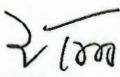
A / MANAGING DIRECTOR



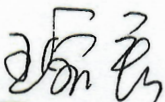
CHIEF FINANCIAL OFFICER



DIRECTOR



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DIRECTOR

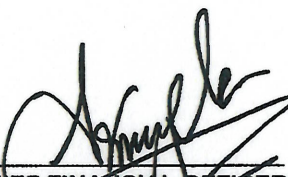
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Share capital	Advance against issue of shares	Statutory reserve	Surplus on revaluation of investments	Unappropriated profit	Total
	Rupees					
Balance as at 01 January 2020 (Audited)	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 (30 September 2020)	-	-	-	-	689,312,956	689,312,956
Other comprehensive loss	-	-	-	34,325,892	259,535	34,585,427
Total comprehensive income	-	-	-	34,325,892	689,572,491	723,898,383
Transfer to statutory reserve	-	-	137,914,498	-	(137,914,498)	-
Opening Balance as at 01 October 2020	9,696,637,540	9,881,237	1,522,520,969	39,077,569	6,087,793,001	17,355,910,316
Profit after taxation (31 December 2020)	-	-	-	-	83,889,951	83,889,951
Other comprehensive income	-	-	-	44,115,864	(1,661,520)	42,454,344
Total comprehensive income	-	-	-	44,115,864	82,228,431	126,344,295
Transfer to statutory reserve	-	-	16,445,686	-	(16,445,686)	-
Balance as at 01 January 2021 (Audited)	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	-	-	-	-	698,398,513	698,398,513
Other comprehensive income	-	-	-	(8,645,692)	(137,547)	(8,783,239)
Total comprehensive income	-	-	-	(8,645,692)	698,260,966	689,615,274
Transfer to statutory reserve	-	-	139,679,703	-	(139,679,703)	-
Balance as at 30 September 2021	9,696,637,540	9,881,237	1,678,646,358	74,547,741	6,712,157,009	18,171,869,885

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.


A / MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR


DIRECTOR


DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		For the nine months ended	
		30 September 2021	30 September 2020
Note		Rupees	
	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before taxation	986,672,330	1,060,308,255
	Less: Share in profit of associated companies	(49,290,479)	(19,207,016)
		937,381,851	1,041,101,239
	Adjustments for:		
	Depreciation	25 32,438,152	38,896,655
	Amortization	25 214,734	217,231
	Provision for gratuity	12,430,129	10,592,122
	Provision against non-performing loans and advances - net	27 67,084,329	23,510,051
	Reversal of provision for diminution in value of investments	(5,081,296)	-
	Impairment loss on investment in associate	27 -	53,837,790
	Gain on sale of fixed assets	(20,478)	(45,000)
	Unrealized loss on held for trading securities	31,784,680	-
	Interest expense on lease liability	21 2,103,794	4,474,212
	Exchange loss / (gain)	(154,491,127)	(143,297,862)
		(13,537,083)	(11,814,801)
		923,844,768	1,029,286,438
	Decrease / (Increase) in operating assets		
	Lendings to financial institutions	665,900,152	(921,292,784)
	Advances	(1,630,211,658)	(881,603,273)
	Others assets (excluding advance taxation)	(20,535,146)	(177,156,648)
		(984,846,652)	(1,980,052,705)
	Increase / (Decrease) in operating liabilities		
	Borrowings from financial institutions	3,159,028,769	162,059,133
	Deposits	(512,400,000)	530,650,000
	Others liabilities (excluding current taxation)	94,007,263	(239,079,842)
		2,740,636,032	453,629,291
	Contribution to plan assets	(12,852,865)	(9,622,788)
	Income tax paid	(212,085,738)	(407,032,508)
	Net cash flow from / (used in) operating activities	2,454,695,545	(913,792,272)
	CASH FLOW FROM INVESTING ACTIVITIES		
	Investment (made) / realized during the period - net	(4,806,031,487)	(1,146,973,722)
	Dividend received	7,437,500	-
	Capital expenditure	(1,350,810)	(4,772,741)
	Proceeds from sale of fixed assets	20,478	45,000
	Net cash flow (used in) / from investing activities	(4,799,924,319)	(1,151,701,463)
	CASH FLOW FROM FINANCING ACTIVITIES		
	Lease payments	(14,833,032)	(13,671,000)
	Net cash flow used in financing activities	(14,833,032)	(13,671,000)
	Effects of exchange rate changes on cash and cash equivalents	154,491,127	143,297,862
	Increase in cash and cash equivalents	(2,205,570,679)	(1,935,866,873)
	Cash and cash equivalents at beginning of the year	2,258,346,926	2,024,404,127
30	Cash and cash equivalents at end of the year	52,776,247	88,537,254

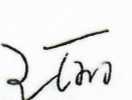
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A / MANAGING DIRECTOR


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PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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

2.1 STATEMENT OF COMPLIANCE

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; and
- 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.

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

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 26 August 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 28 April 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 01 January 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 31 December 2018. The management of the Company assesses that as SBP has defined the segment categorization 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.

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.

2.2 Amendments to existing accounting and reporting standards that have become effective in the current period

There are 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 either to not be relevant or not to have any significant impact on the Company's financial statements.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

2.3 Standards, interpretations of and amendments to published accounting standards that are not yet effective

During the period, State Bank of Pakistan, vide SBP BPRD circular no. 24, dated 05 July 2021, has extended the applicable date of IFRS-9 from annual periods beginning on or after 01 January 2021 to annual periods beginning on or after 01 January 2022. IFRS 9 will replace the existing requirements issued by SBP relating to classification, measurement and disclosures of financial instruments, and IAS 39 Financial Instruments: Recognition and Measurement (whose application remains deferred). IFRS 9 includes guidance on the classification and measurement of financial instruments, including a new impairment model, i.e. Expected Credit Loss (ECL) model, and new general hedge accounting requirements. The change in impairment model is expected to impact all financial assets of the Company. Accounting for restructured / rescheduled and off-balance sheet exposures is also expected to change.

The Banks/DFIs are required to continue the run quarterly parallel run of IFRS 9 for the year ending 31 December 2021; including preparation of pro-forma financial statements under IFRS 9 for the years ended/ ending 31 December 2020 and 2021.

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.

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 by conducting rapid portfolio reviews in line with emerging risks and effect of COVID-19 related disruptions, discussed below, in economic activity on its portfolio.

On 30 January 2020, the World Health Organization (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, have taken 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 (part of) 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. Owing to lower than expected impact on the economy, Gross Domestic Product (GDP) has resumed its moderate upward trend and is estimated to have grown by 3.9% in FY 2021. The emerging fourth wave of COVID-19 has, however, renewed uncertainty regarding future direction of economy.

The State Bank of Pakistan (SBP) also responded to the crisis by cutting the Policy Rate by 625 basis points to 7% between March and June 2020. 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 (option to defer payments ended on 30 September 2020); and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up (relaxation of regulatory criteria ended on 30 September 2020).

COVID-19 continue to impact financial institution 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 low interest rate environment and continuity of business operations.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

In prior year, the Company had rescheduled / restructured facilities for thirteen (13) borrowers, under COVID-19 relief measure; accordingly, principal repayments amounting to Rs. 963.51 million were deferred up to one year. During the period, upon expiry of relaxation period, none of these rescheduled parties required provision / impairment. The Company however continue to monitor the financial and operational performance of the borrowers and also maintaining 1.5 % general provision against performing loans and advances, amounting to Rs. 164.20 million. Management of the Company, based on the evaluation of underlying increased credit risks and uncertainties involved, is confident that specific and general provision recognized in the condensed interim financial statements include a reasonable estimate of impact of risk of default due to increased credit risk in specific segments of the economy.

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 INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		(Un-audited) 30 September 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	29,706,754	36,401,019
With National Bank of Pakistan in			
Local currency current account		1,247,827	358,887
Foreign currency current account		188,002	172,071
Foreign currency deposit account		-	2,186,182,160
		<u>31,192,583</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.

		(Un-audited) 30 September 2021	(Audited) 31 December 2020
	Note	-----Rupees-----	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit account - Local currency	7.1	20,410,411	31,485,761
In current account - Local currency		800,849	3,443,212
In deposit account - Foreign currency	7.2	2,344,009,192	-
In current account - Foreign currency		372,404	301,081
		<u>2,365,592,856</u>	<u>35,230,054</u>

7.1 These carry interest rates ranging from 2.98% to 5.50% (2020: 2.75% to 5.51%) per annum.

7.2 This represents a foreign currency term deposit of USD 13,755,000 for 181 days (2020: Nil) carrying mark-up rate of 1.80% (2020: Nil) per annum and will mature on 23 December 2021.

		(Un-audited) 30 September 2021	(Audited) 31 December 2020
		-----Rupees-----	
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lending (reverse repo)		<u>484,085,000</u>	<u>1,149,985,152</u>

8.1 This is secured against underlying Government securities and carries mark-up at a rate of 7.75% (2020: 6.50%) per annum and will mature on 01 October 2021.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

9 INVESTMENTS

9.1 Investments by type

Note	(Un-audited) 30 September 2021				(Audited) 31 December 2020			
	Cost / Amortized cost	Provision for diminution	Surplus	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees-----				-----Rupees-----			
Held-for-trading securities								
Shares	85,328,000	-	(12,025,915)	73,302,085	145,328,000	-	49,218,765	194,546,765
Available-for-sale securities								
Federal Government Securities	10,576,807,813	-	(1,511,463)	10,575,296,350	7,973,121,890	-	(1,177,890)	7,971,944,000
Shares	197,536,500	-	(7,218,609)	190,317,891	27,333,834	-	33,131,941	60,465,775
Non Government Debt Securities	5,824,548,305	(339,793,303)	76,232,582	5,560,987,584	6,175,105,522	(369,434,062)	1,057,122	5,806,728,582
Preference shares	315,000,000	-	36,225,000	351,225,000	315,000,000	-	69,930,000	384,930,000
	16,913,892,618	(339,793,303)	103,727,510	16,677,826,825	14,490,561,246	(369,434,062)	102,941,173	14,224,068,357
Associates	1,281,242,325	-	-	1,281,242,325	1,239,276,246	-	-	1,239,276,246
Total Investments	18,280,462,943	(339,793,303)	91,701,595	18,032,371,235	15,875,165,492	(369,434,062)	152,159,938	15,657,891,368

9.1.1 Investments given as collateral

Market Treasury Bills

Note	(Un-audited) 30 September 2021	(Audited) 31 December 2020
	----- Rupees -----	
	496,559,500	4,987,510,000

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

Reversal during the period*

Transfer to specific provision against advances*

Closing Balance

Note	(Un-audited) 30 September 2021	(Audited) 31 December 2020
	369,434,062	369,434,062
	(5,081,296)	-
10.3	(24,559,463)	-
	339,793,303	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)	
30 September 2021		31 December 2020	
-----Rupees-----			
NPI	Provision	NPI	Provision
-	-	-	-
-	-	-	-
-	-	-	-
448,548,303	339,793,303	369,434,062	369,434,062
448,548,303	339,793,303	369,434,062	369,434,062

* Investments classified as "loss" includes zero-rated Term Finance Certificates (TFCs), amounting to Rs. 108.76 million, received pursuant to a court settlement, against overdue mark-up on a classified Non Government Debt Security. Under Prudential Regulations, issued by State Bank of Pakistan, the markup remains suspended/ deferred (refer to note 17.1). As part of this settlement, principal amount of Rs. 5.08 million has been received, whereas, a part of principal, amounting to Rs. 24.56 million, has been converted into an Advance (note 10).

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

10	ADVANCES	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		Performing		Non performing		Total	
		30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
		Rupees					
	Loans, cash credits, running finances, etc.	9,675,665,079	9,036,290,486	1,419,523,014	1,394,963,551	11,095,188,093	10,431,254,037
	Islamic Financing and related assets	2,637,056,698	1,643,832,998	277,266,477	279,653,112	2,914,323,175	1,923,486,110
	Advances - gross	12,312,721,777	10,680,123,484	1,696,789,491	1,674,616,663	14,009,511,268	12,354,740,147
	Provision against advances						
	- Specific	-	-	736,316,203	668,201,172	736,316,203	668,201,172
	- General	159,969,392	136,440,631	-	-	159,969,392	136,440,631
	Advances - net of provision	12,152,752,385	10,543,682,853	960,473,288	1,006,415,491	13,113,225,673	11,550,098,344

10.1	Particulars of advances (Gross)	(Un-audited)	(Audited)
		30 September 2021	31 December 2020
	In local currency	Rupees	
		14,009,511,268	12,354,740,147

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

10.2 Advances include Rs.1,696.8 million (2020: Rs.1,674.6 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) 30 September 2021		(Audited) 31 December 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees -----			
Domestic				
Other Assets Especially Mentioned	277,266,477	-	279,653,112	-
Substandard	-	-	474,700,530	43,555,567
Doubtful	692,299,987	131,634,937	217,599,457	44,523,803
Loss	727,223,027	604,681,266	702,663,564	580,121,802
	<u>1,696,789,491</u>	<u>736,316,203</u>	<u>1,674,616,663</u>	<u>668,201,172</u>

10.3	Particulars of provision against advances	Note	(Un-audited) 30 September 2021			(Audited) 31 December 2020		
			Specific	General (Note 10.3.1)	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 period		43,555,568	23,528,761	67,084,329	142,919,620	-	142,919,620
	Reversals		-	-	-	(67,031,250)	(12,836,351)	(79,867,601)
			43,555,568	23,528,761	67,084,329	75,888,370	(12,836,351)	63,052,019
	Transfer from provision for diminution in value of investment	9.2.1	24,559,463	-	24,559,463	-	-	-
	Closing balance		<u>736,316,203</u>	<u>159,969,392</u>	<u>896,285,595</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 loan.

10.3.2 Details and impact of Forced Sale Value (FSV) benefit

The net FSV benefit availed during the period is Rs. 75.1 million (2020: Rs. 84.6 million), which has resulted in reduced charge for the period. Had the FSV benefit not availed, before and after tax profit would have been lower by Rs. 75.1 million (2020: Rs. 84.6 million) and Rs. 53.3 million (2020: Rs. 60 million), respectively. Accumulated availed FSV benefit as of 30 June 2021 was 337 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.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		(Un-audited) 30 September 2021	(Audited) 31 December 2020
		-----Rupees-----	
11	FIXED ASSETS		
	Capital work-in-progress	5,379,600	4,839,000
	Property and equipment	196,895,573	228,523,516
		<u>202,275,173</u>	<u>233,362,516</u>
11.1	Capital work-in-progress		
	Advances to suppliers	<u>5,379,600</u>	<u>4,839,000</u>
		(Un-audited) For the nine months ended 30 September 2021	(Audited) 30 September 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 buidings)	-	168,135
	Furniture and fixture	-	118,320
	Electrical office and computer equipment	810,210	4,315,421
	Capital work-in-progress	<u>540,600</u>	<u>339,000</u>
	Total	<u>1,350,810</u>	<u>4,940,876</u>
		(Un-audited) 30 September 2021	(Audited) 31 December 2020
		-----Rupees-----	
12	INTANGIBLE ASSETS		
	Computer Software	<u>280,002</u>	<u>494,736</u>
13	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	Deductible Temporary Differences on		
	- Post retirement employee benefits	4,263,852	4,386,446
	- Provision for diminution in the value of available-for-sale investments	98,540,058	107,135,878
	- Provision against advances, off balance sheet etc.	169,969,127	143,392,427
	- Lease liability against right-of-use assets	7,422,139	11,113,618
	- Surplus on revaluation of investments - HFT	1,503,239	(7,382,815)
	- Impairment loss on available for sale and investment in an associate	111,856,852	123,184,129
		<u>393,555,267</u>	<u>381,829,683</u>
	Taxable Temporary Differences on		
	- Accelerated tax depreciation	(3,723,927)	(11,144,608)
	- Surplus on revaluation of investments - AFS	(29,648,815)	(20,062,742)
	- Surplus on share of profit of associated companies	(20,217,687)	(17,966,311)
	- Unrealized exchange gain	(272,056,957)	(227,254,530)
		<u>(325,647,386)</u>	<u>(276,428,191)</u>
		<u>67,907,881</u>	<u>105,401,492</u>
14	OTHER ASSETS		
	Income / mark-up accrued in local currency	325,962,246	299,765,997
	Income / mark-up accrued in foreign currency	11,484,875	242,909
	Advances, deposits, advance rent and other prepayments	9,684,945	8,103,273
	Pre-IPO Investment	7,076,539	-
	Receivable against fee, commission and advisory services	5,191,275	5,893,832
	Advance taxation (payments less provisions)	63,300,440	111,677,584
	Receivable from provident fund	2,921,853	-
	Receivable against disposal of shares	-	27,778,595
	Others	-	1,981
		<u>425,622,173</u>	<u>453,464,171</u>

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		(Un-audited) 30 September 2021	(Audited) 31 December 2020
		-----Rupees-----	
15	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Renewable Energy Power Projects	15.1 64,421,891	80,527,361
	Long Term Finance Facility (LTFF)	15.2 500,000,000	231,418,000
	Temporary Economic Relief Facility (TERF)	15.3 788,843,742	401,740,000
	Repurchase agreement borrowings	15.4 496,126,000	-
	Borrowing from financial institutions	-	4,847,913,238
	Other borrowings	15.5,15.6,15.7, 15.8,15.9 5,536,500,000	5,036,500,000
	Total secured	7,385,891,633	10,598,098,599
	Unsecured		
	Borrowing from financial institutions	15.10 8,676,050,974	2,304,815,239
	Total unsecured	8,676,050,974	2,304,815,239
		16,061,942,607	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 and 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	These are secured against pledge of Government securities having maturity upto 4 days. These carry mark-up at the rate of 7.50% per annum (note 9.1.1).		
15.5	This includes term loan facility having outstanding principal balance of of Rs. 1.25 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		
15.6	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.		
15.7	This includes drawdown of Rs. 250 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 + 0.15% 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.		
15.8	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.		
15.9	This includes 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.		
15.10	This represent un-secured borrowings from financial institutions carrying mark-up rate of 7.40% (2020: 6.75% to 7.00%) per annum having maturity from 182 to 183 days (2020: 88-92 days)		
		(Un-audited) 30 September 2021	(Audited) 31 December 2020
		-----Rupees-----	
15.11	Particulars of borrowings with respect to Currencies		
	In local currency	16,061,942,607	12,902,913,838

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 30 September 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
Others	-	-	-	-	-	-
	-	-	-	512,400,000	-	512,400,000
Financial Institutions						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	512,400,000	-	512,400,000

	Note	(Un-audited) 30 September 2021	(Audited) 31 December 2020
		----- Rupees -----	
17 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		284,825,261	187,705,827
Suspended markup	17.1	108,755,000	212,346,460
Accrued expenses		45,642,832	51,543,157
Withholding tax / sales tax payable		1,512,373	2,656,571
Payable to defined benefit plan		14,702,940	15,125,676
Lease liability against right-of-use assets	17.2	25,593,583	38,322,821
Others		7,708,095	3,775,744
		488,740,084	511,476,256

17.1 This represents suspended/ deferred mark-up, in the form of zero-rated TFCs, on certain classified non government debt security (refer to note 9.2.2). The comparative amount of suspended/ deferred mark-up related to a separate restructured/ rescheduled advance. During the period, upon settlement of related zero-rated TFCs, the Company has recognized mark-up income amounting to Rs. 222.76 million in the condensed interim profit and loss account.

17.2 Lease liability against right-of-use assets

	(Un-audited) 30 September 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	314,668	25,593,583	40,741,286	2,418,465	38,322,821
Later than one year and up to five years	-	-	-	-	-	-
	25,908,251	314,668	25,593,583	40,741,286	2,418,465	38,322,821

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		(Un-audited) 30 September 2021		(Audited) 31 December 2020
		-----Rupees-----		
18	SURPLUS ON REVALUATION OF ASSETS	Note		
	Surplus on revaluation of			
	- Available for sale securities	9.1	103,727,510	102,941,173
	Deferred tax on surplus on revaluation of:			
	- Available for sale securities	13	(29,648,815)	(20,062,742)
			74,078,695	82,878,431
	Company's share of equity-accounted investees' OCI:			
	- Change in fair value of available-for-sale financial assets - net of tax		469,046	315,002
			<u>74,547,741</u>	<u>83,193,433</u>
19	CONTINGENCIES AND COMMITMENTS			
	Guarantees	19.1	2,421,299,994	1,381,350,038
	Commitments	19.2	1,599,452,550	8,408,187,260
	Other contingent liability	19.3	168,100,000	168,100,000
			<u>4,188,852,544</u>	<u>9,957,637,298</u>
19.1	Guarantees			
	Financial guarantees		<u>2,421,299,994</u>	<u>1,381,350,038</u>
19.2	Commitments			
	Documentary credits and short term trade related transactions			
	Letters of credit		388,543,335	299,536,358
	Commitments in respect of:			
	Forward government securities transactions - Purchase		496,559,500	4,987,510,000
	Forward government securities transactions - Sale		484,759,500	1,150,804,380
	Commitments to extend credits	19.2.1	229,049,615	1,970,336,522
	Commitment for acquisition of fixed assets		540,600	-
			<u>1,599,452,550</u>	<u>8,408,187,260</u>
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. 229 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 28.1 of these financial statements.			
20	MARK-UP/RETURN/INTEREST EARNED			
	On loans and advances		921,883,621	875,696,136
	On investments		1,125,576,752	1,508,183,550
	On lending's to financial institutions		202,740	7,124,359
	On deposits with banks		52,080,685	97,735,149
	On securities purchased under resale agreement		9,007,851	191,004,060
			<u>2,108,751,649</u>	<u>2,679,743,254</u>

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		(Un-audited)	
		For the nine months ended	
		30 September 2021	30 September 2020
Note		----- Rupees -----	
21	MARK-UP/RETURN/INTEREST EXPENSED		
	On deposits	25,791,509	9,547,484
	On borrowings	600,144,378	1,447,153,031
	On securities sold under repurchase agreements	336,927,910	3,044,985
	Interest expense on lease liability	2,103,794	4,474,212
		<u>964,967,591</u>	<u>1,464,219,712</u>
22	FEE AND COMMISSION INCOME		
	Credit related fee	25,972,682	17,492,299
	Commission on trade	1,118,154	1,745,321
	Commission on guarantees	7,965,488	7,810,783
	Investment banking fees	38,651,714	51,273,168
		<u>73,708,038</u>	<u>78,321,571</u>
23	GAIN ON SECURITIES		
	Realized - net	36,682,866	30,864,504
	Unrealized - held for trading	(31,784,680)	-
		<u>4,898,186</u>	<u>30,864,504</u>
23.1	Realized gain / (loss) on:		
	Federal Government Securities	578,015	3,457,838
	Non Government Debt Securities	4,759,727	10,360,773
	Shares	30,126,099	-
	Mutual Funds	1,219,025	17,045,893
		<u>36,682,866</u>	<u>30,864,504</u>
23.2	Un-realized gain on:		
	Shares	(31,784,680)	-
24	OTHER INCOME		
	Rent on property	9,906,897	9,173,052
	Gain on sale of fixed assets-net	20,478	45,000
		<u>9,927,375</u>	<u>9,218,052</u>
25	OPERATING EXPENSES		
	Total Compensation expenses	299,838,815	261,658,344
	Property expense		
	Rent and taxes	1,161,286	1,322,831
	Insurance	55,440	32,112
	Utilities cost	3,632,084	4,231,874
	Security	3,793,156	3,892,452
	Repair and maintenance	2,010,452	2,376,773
	Depreciation	25,361,502	31,693,133
		<u>36,013,920</u>	<u>43,549,175</u>
	Information technology expenses		
	Software maintenance	1,492,709	757,562
	Hardware maintenance	487,839	136,017
	Amortization	214,734	217,231
	Depreciation	1,477,694	1,723,252
	Network charges	2,313,921	1,219,471
	Others	226,800	-
		<u>6,213,697</u>	<u>4,053,533</u>
	Other operating expenses		
	Directors' fees and allowances	2,750,000	3,000,000
	Legal and professional charges	3,552,745	4,645,125
	Outsourced services costs	5,439,094	5,810,050
	Travelling and conveyance	10,900,923	12,671,519
	Insurance	3,291,036	3,813,945
	Repair and maintenance	241,771	622,954
	Depreciation	5,598,956	5,480,270
	Training and development	838,650	102,750
	Utilities	-	211,560
	Communication	889,247	838,276
	Stationery and printing	1,517,339	1,867,821
	Marketing, advertisement and publicity	1,761,786	1,575,790
	Auditors remuneration	2,738,603	1,912,760
	Bank charges	386,658	188,302
	Entertainment	1,891,805	2,039,583
	Donations	-	1,000,000
	Miscellaneous	3,554,163	3,704,694
		<u>45,352,776</u>	<u>49,485,399</u>
		<u>387,419,208</u>	<u>358,746,451</u>

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		(Un-audited)	
		For the nine months ended	
Note		30 September 2021	30 September 2020
		----- Rupees -----	
26	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	4,692	30,000
27	PROVISIONS AND WRITE OFFS - NET		
	Reversal of provision for diminution in value of investments	9.2 (5,081,296)	-
	Provisions against loans and advances	10.3 67,084,329	23,510,051
	Impairment loss on investment in associate	-	53,837,790
		62,003,033	77,347,841
28	TAXATION		
	For the Period		
	Current	259,776,011	397,526,595
	Deferred	27,810,935	(26,531,296)
	For the prior year		
	Current	686,871	-
		288,273,817	370,995,299

- 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 ATIR against the order of CIR(A) and ATIR upheld the contentions of the appellate orders of the CIR(A). Returned refund of Rs. 15 million pertaining to tax year 2011 was adjusted against the instant demand and the Company paid balance amount of Rs. 49 million under protest. The Company filed writ petition before High Court, which is yet to be fixed for hearing.
- 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)	
		For the half year ended	
Note		30 September 2021	30 September 2020
		----- Rupees -----	
29	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period - Rupees	698,398,513	689,312,956
	Weighted average number of ordinary shares - Numbers	969,663,754	969,663,754
	Basic earnings per share - Re	0.72	0.71
30	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks	6 31,192,583	57,514,271
	Balance with other banks	7 21,583,664	31,022,983
		52,776,247	88,537,254

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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:

30 September 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	10,575,296,350	-	10,575,296,350	-	10,575,296,350
Shares	263,619,976	263,619,976	-	-	263,619,976
Preference Shares	351,225,000	351,225,000	-	-	351,225,000
Non-Government Debt Securities	3,732,232,584	-	3,471,067,584	261,165,000	3,732,232,584
	14,922,373,910	614,844,976	14,046,363,934	261,165,000	14,922,373,910
Financial assets - disclosed but not measured at fair value					
Non-Government Debt Securities	1,828,755,000	-	-	-	-
	16,751,128,910	614,844,976	14,046,363,934	261,165,000	14,922,373,910
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	496,559,500	-	-	496,559,500	496,559,500
Forward government securities transactions - sale	484,759,500	-	-	484,759,500	484,759,500
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

32 SEGMENT INFORMATION

32.1 Segment Details with respect to Business Activities

30 September 2021 (Un-audited)					
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	-----Rupees-----				
Net mark-up/return/profit	991,488,026	1,908,477	132,283,483	18,104,072	1,143,784,058
Inter segment revenue - net	(546,038,000)	(16,553,000)	(100,308,000)	662,899,000	-
Non mark-up income	39,476,051	56,449,562	1,797,040	194,592,552	292,315,205
Total Income	484,926,077	41,805,039	33,772,523	875,595,624	1,436,099,263
Segment direct expenses	(32,591,237)	(36,325,259)	(17,566,230)	(300,941,174)	(387,423,900)
Provisions	(62,003,033)	-	-	-	(62,003,033)
Profit before tax	390,331,807	5,479,780	16,206,293	574,654,450	986,672,330
30 September 2021 (Un-audited)					
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Balance Sheet	-----Rupees-----				
Cash & Bank balances	-	-	484,085,000	2,396,785,439	2,880,870,439
Investments	5,553,543,642	1,179,614,619	10,575,296,350	723,916,624	18,032,371,235
Advances					
Performing	12,164,626,152	-	-	148,095,625	12,312,721,777
General provision	(159,969,392)	-	-	-	(159,969,392)
	12,004,656,760	-	-	148,095,625	12,152,752,385
Non-performing	1,696,125,927	-	-	663,564	1,696,789,491
Specific provision	(735,652,639)	-	-	(663,564)	(736,316,203)
	960,473,288	-	-	-	960,473,288
Others	315,329,069	24,578,241	411,000	355,766,919	696,085,229
Total Assets	18,834,002,759	1,204,192,860	11,059,792,350	3,624,564,607	34,722,552,576
Borrowings	5,888,101,633	501,664,000	9,172,176,974	500,000,000	16,061,942,607
Deposits	-	-	-	-	-
Others	19,361,874	10,228,964	261,414,954	197,734,292	488,740,084
Total liabilities	5,907,463,507	511,892,964	9,433,591,928	697,734,292	16,550,682,691
Equity	-	-	-	18,171,869,885	18,171,869,885
Total Equity & liabilities	5,907,463,507	511,892,964	9,433,591,928	18,869,604,177	34,722,552,576
Contingencies & Commitments	3,038,892,944	-	981,319,000	168,640,600	4,188,852,544
30 September 2020 (Un-audited)					
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	-----Rupees-----				
Net mark-up/return/profit	1,036,912,473	7,620,451	81,213,814	89,776,804	1,215,523,542
Inter segment revenue - net	(809,244,642)	(22,628,370)	(50,781,546)	882,654,559	-
Non mark-up income	37,398,402	67,104,985	20,514,504	155,891,114	280,909,005
Total Income	265,066,233	52,097,066	50,946,772	1,128,322,477	1,496,432,547
Segment direct expenses	(25,939,586)	(28,113,427)	(13,540,333)	(291,183,105)	(358,776,451)
Provisions	(23,510,051)	-	-	(53,837,790)	(77,347,841)
Profit before tax	215,616,596	23,983,639	37,406,439	783,301,582	1,060,308,255
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	15,657,891,168
Advances					
Performing	10,596,042,080	-	-	84,081,404	10,680,123,484
General provision	(136,440,631)	-	-	-	(136,440,631)
	10,459,601,449	-	-	84,081,404	10,543,682,853
Non-Performing	1,673,953,099	-	-	663,564	1,674,616,663
Specific provision	(667,537,608)	-	-	(663,564)	(668,201,172)
	1,006,415,491	-	-	-	1,006,415,491
Others	283,928,020	49,071,270	204,807	459,518,818	792,722,915
Total Assets	17,555,974,317	1,235,019,807	9,122,133,959	3,495,916,622	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

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

33 RELATED PARTY TRANSACTIONS

The Company has related party relationships with shareholders and entities in which its shareholders have any interest, key management personnel, directors and employees' funds. The Government of Pakistan (Ministry of Finance) is a related party of the Company; therefore all government authorities, agencies, affiliates and other organizations ("state-controlled entities") are related parties of the Company. Significant transactions with these state-controlled entities have been separately disclosed, in aggregate. Other entities which for its business acquisition or provision of services relies / depends to a greater extent on the Company / DFI i.e. major portion (50% or more) of its business (upstream or downstream) is also a related party.

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:

	30 September 2021 (Un-audited)				31 December 2020 (Audited)			
	Directors	Key management personnel	Associates (Cost)	Other related parties	Directors	Key management personnel	Associates (Cost)	Other related parties
	Rupees							
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	7,356,339,822	-	-	-	77,689,011,725
Repaid during the year	-	-	-	(6,872,254,822)	-	-	-	(77,689,011,725)
Closing balance	-	-	-	484,085,000	-	-	-	-
Investments								
Opening balance	-	-	1,573,163,240	-	-	-	1,483,787,240	-
Investment made during the year	-	-	-	-	-	-	89,376,000	-
Closing balance	-	-	1,573,163,240	-	-	-	1,573,163,240	-
Advances								
Opening balance	-	43,372,843	101,050,930	-	-	40,127,538	-	-
Addition during the year	-	42,253,539	398,949,070	-	-	7,796,496	101,050,930	-
Repaid during the year	-	(4,722,105)	-	-	-	(4,551,191)	-	-
Closing balance	-	80,904,277	500,000,000	-	-	43,372,843	101,050,930	-
Other Assets								
Interest / mark-up accrued	-	-	2,334,405	-	-	-	756,639	-
Dividend Received	-	-	-	-	-	-	9,426,500	-
Receivable from staff retirement fund	-	-	-	2,921,853	-	-	-	-
Other receivable	-	-	-	1,697,850	-	-	-	1,697,850
	-	-	2,334,405	4,619,703	-	-	10,183,139	1,697,850
Borrowings								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	9,654,991,807	-	-	-	-
Settled during the year	-	-	-	(9,654,991,807)	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Other Liabilities								
Payable to staff retirement fund	-	-	-	14,702,940	-	-	-	15,125,676
Other liabilities	-	16,978,055	364,283	25,593,583	-	5,129,934	-	24,596,398
	-	16,978,055	364,283	40,296,523	-	5,129,934	-	39,722,074

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	30 September 2021 (Un-audited)				30 September 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	-	1,719,754	8,457,147	2,242,644	-	1,121,227	-	34,449,637
Fee and commission income	-	-	-	-	-	-	-	26,658,150
Share of profit of associates	-	-	49,290,479	-	-	-	19,207,016	-
Expense								
Mark-up / return / interest paid	33,663	-	-	5,142,145	176,674	-	-	3,237,497
Operating expenses								
Charge for defined benefit plan	933,966	4,682,736	-	6,813,427	607,612	4,323,393	-	5,661,117
Charge for contribution plan	1,195,088	2,604,215	-	4,539,468	1,134,830	2,033,253	-	4,283,180
Salaries	19,718,944	45,056,549	-	-	18,724,700	33,504,270	-	-
Bonus expense	6,948,912	14,629,633	-	-	4,102,660	12,216,978	-	-
Overseas allowances	-	-	-	-	5,790,632	-	-	-
Leave fair assistance & Encashment	2,135,626	2,692,598	-	-	1,995,008	3,120,263	-	-
Tax borne by employer	21,958,680	5,709,394	-	-	16,576,915	-	-	-
Others	5,654,687	14,651,060	-	2,279,223	8,396,392	10,342,350	-	2,360,044
Depreciation expense on lease hold building	1,321,769	-	-	14,910,577	1,696,381	-	-	18,619,928
CDC Charges paid	-	-	720,446	-	-	-	1,107,062	-

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 & advances and borrowings. As at reporting date the balances with banks, loans and advances, investments and, lendings relating to Government related entities amounted to Rs. 1.436 million (2020: Rs. 2,186.7 million), Rs. 1,500 million (2020: Rs. 2,500 million), Rs. 995.3 million (2020: Rs.1,058 million) and Rs. Nil (2020: Rs. 1,150 million), respectively, and income earned on balances with banks, advances, investment & lendings and interest expense on borrowings amounted to Rs. 8.7 million (2020: Rs. 94.3 million) Rs. 99.9 million (2020: Rs. 129.9 million), Rs. 67.5 million (2020: Rs. 94.3 million), Rs. 2.6 million (2020: Rs. 63.9 million) and Rs. 66.1 million (2020: Rs. 1.2 million) respectively.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	(Un-audited) 30 September 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	15,351,479,898	14,548,974,333
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>15,351,479,898</u>	<u>14,548,974,333</u>
Risk Weighted Assets (RWAs):		
Credit Risk	13,192,116,656	13,091,514,213
Market Risk	5,504,041,310	4,534,521,389
Operational Risk	3,219,606,302	2,959,119,737
Total	<u>21,915,764,268</u>	<u>20,585,155,339</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>70.05%</u>	<u>70.68%</u>
Tier 1 Capital Adequacy Ratio	<u>70.05%</u>	<u>70.68%</u>
Total Capital Adequacy Ratio	<u>70.05%</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	15,351,479,898	14,548,974,333
Total Exposures	54,197,553,033	37,098,334,832
Leverage Ratio	<u>28.33%</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	14,215,976,155	6,876,435,858
Total Net Cash Outflow	5,112,565,888	2,172,567,377
Liquidity Coverage Ratio	<u>278.06%</u>	<u>316.51%</u>
34.6 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	23,322,811,553	22,753,402,740
Total Required Stable Funding	17,965,641,747	17,162,309,958
Net Stable Funding Ratio	<u>129.82%</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/downloads/CAR_September-2021.pdf

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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.


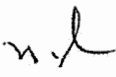
35.2 Captions, as prescribed by BSD Circular No. 2, issued by the SBP, for which there are no amounts, have not been reproduced in these financial statements except for the statement of financial position and profit and loss account.

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 12 NOV 2021

					
A / MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR	