



Condensed Interim Financial Statements
For the period ended 31 March 2022



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS **FOR THE QUARTER ENDED 31 MARCH 2022**

We are pleased to present on behalf of the Board of Directors, the unaudited condensed interim financial statements of Pak China Investment Company Limited (PCICL) for the quarter ended 31 March 2022 together with the Directors' Review thereon.

PCICL has posted profit after tax of Rs. 244.1 million for the first quarter ended 31 March 2022 as compared to Rs. 92.3 million in the comparable quarter last year. It shows a very healthy increase of 165%. Resultantly, earning per share has increased from Re. 0.10 during last year's quarter to Re. 0.25 in current year's quarter. Operating profit during the current quarter was Rs. 407.8 million as compared to Rs. 126.7 million during last comparable quarter.

Later in last year, SBP gradually increased the policy rate from 7.00% to 9.75% in line with the macroeconomic indicators. This resulted in upward repricing of majority of the portfolio in current quarter and coupled with the increased volume of portfolio, Net Interest Income has increased by Rs. 159.4, i.e. 55.4%. Fee & Commission income has reduced by Rs. 25 million during current quarter as compared to last quarter, majorly because last year included one-off large advisory fee. During the first quarter of 2021, PKR appreciated against USD, thus gave an exchange loss on revaluation of Rs. 92.8 million, while on the other hand this quarter has witnessed a sharp depreciation of PKR against USD and exchange gain on revaluation to the tune of 82.4 million has been booked. Stock market remained largely in pressure in the current quarter which has culminated into unrealized loss of Rs. 30.4 million on revaluation of shares.

Operating expenses increased by Rs. 10.2 million majorly due to normal annual increments in salaries of employees. Provisions and write-offs – net has increased from reversal of Rs. 2.4 million in last year's first quarter to Rs. 61.0 million during current quarter. Increase is due to specific provision of Rs. 93.9 million of existing NPL clients and reversal of specific provision of Rs. 23.3 million upon recovery. Remaining impact is reversal of general provision.

Total assets have increased by Rs. 2,070 million as of 31 Mar 2022 as compared to balance as at 31 December 2021, 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

Hassan Raza
Managing Director

Wang Baojun
Chairman

Date: 25 October 2023

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		(Un-audited)	(Audited)
		31 March	31 December
		2022	2021
	Note	-----Rupees-----	
ASSETS			
Cash and balances with treasury banks	6	38,993,816	2,067,463,832
Balances with other banks	7	4,586,905,465	6,546,094,679
Lendings to financial institutions		-	-
Investments	8	19,449,336,704	12,842,681,679
Advances	9	15,039,555,440	15,841,552,779
Fixed assets	10	241,707,302	195,131,273
Intangible assets	11	157,322	217,988
Deferred tax assets	15	-	36,208,892
Other assets	12	684,214,619	441,250,303
		40,040,870,668	37,970,601,425
LIABILITIES			
Bills payable		-	-
Borrowings	13	20,962,679,631	14,694,377,694
Deposits and other accounts	14	-	4,750,000,000
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	15	9,173,483	-
Other liabilities	16	533,877,809	251,125,550
		21,505,730,923	19,695,503,244
NET ASSETS		18,535,139,745	18,275,098,181
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		1,742,424,046	1,693,599,200
Surplus on revaluation of assets	17	120,009,645	104,092,310
Unappropriated profit		6,966,187,277	6,770,887,894
		18,535,139,745	18,275,098,181

CONTINGENCIES AND COMMITMENTS

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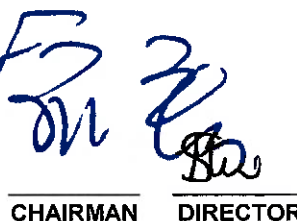
The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.



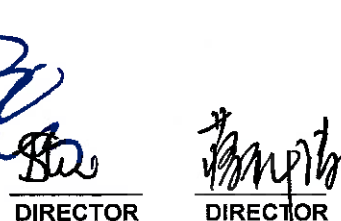
MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



CHAIRMAN



DIRECTOR








DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

		For the Quarter ended	
		31 March 2022	31 March 2021
	Note	Rupees	
MARK-UP/ RETURN/ INTEREST EARNED	19	999,481,463	446,344,263
MARK-UP/ RETURN/ INTEREST EXPENSED	20	(552,685,337)	(158,913,469)
Net mark-up/ interest income		446,796,126	287,430,794
NON MARK-UP/INTEREST INCOME			
Fee and commission income	21	18,026,688	43,177,890
Dividend income		-	-
Foreign exchange income		82,420,612	(92,787,203)
Income / (loss) from derivatives		-	-
(Loss) / Gain on securities - net	22	(30,366,837)	(21,136,308)
Other income	23	3,576,233	3,244,617
Total non-markup/ interest income		73,656,696	(67,501,004)
Share in profit of associated companies	24	15,345,259	24,491,680
Total income		535,798,081	244,421,470
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	25	127,950,884	117,703,060
Workers welfare fund		-	-
Other charges	26	-	4,692
Total non-markup / interest expenses		127,950,884	117,707,752
Profit before provisions		407,847,197	126,713,718
Provisions and write offs - net	27	61,004,116	(2,388,716)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		346,843,081	129,102,434
Taxation	28	102,718,852	36,822,365
PROFIT AFTER TAXATION		244,124,229	92,280,069
Basic and diluted earnings per share	29	0.25	0.10

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

 MANAGING DIRECTOR	 CHIEF FINANCIAL OFFICER	 CHAIRMAN	 DIRECTOR	 DIRECTOR
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PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

	For the Quarter ended	
	31 March 2022	31 March 2021
	-----Rupees-----	
Profit after taxation	244,124,229	92,280,069
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	15,917,333	806,630
Company's share of equity accounted investees' OCI:		
Available-for-sale securities financial assets - Net change in fair value - net of tax	-	-
	15,917,333	806,630
TOTAL COMPREHENSIVE INCOME	260,041,562	93,086,699

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



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

	Share capital	Advance against issue of shares	Statutory reserve	Surplus on revaluation of investments	Unappropriated profit	Total
	Rupees					
Balance as at 01 January 2021	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 (31 March 2021)	-	-	-	-	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 01 April 2021	9,696,637,540	9,881,237	1,557,422,669	84,000,063	6,227,399,801	17,575,341,310
Profit after taxation (31 December 2021)	-	-	-	-	680,882,654	680,882,654
Other comprehensive income	-	-	-	20,092,247	(1,218,030)	18,874,217
Total comprehensive income	-	-	-	20,092,247	679,664,624	699,756,871
Transfer to statutory reserve	-	-	136,176,531	-	(136,176,531)	-
Balance as at 31 December 2021	9,696,637,540	9,881,237	1,693,599,200	104,092,310	6,770,887,894	18,275,098,181
Profit after taxation	-	-	-	-	244,124,229	244,124,229
Other comprehensive income	-	-	-	15,917,333	-	15,917,333
Total comprehensive income	-	-	-	15,917,333	244,124,229	260,041,562
Transfer to statutory reserve	-	-	48,824,846	-	(48,824,846)	-
Balance as at 31 March 2022	<u>9,696,637,540</u>	<u>9,881,237</u>	<u>1,742,424,046</u>	<u>120,009,643</u>	<u>6,966,187,277</u>	<u>18,535,139,743</u>

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



CHAIRMAN



DIRECTOR



DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

		For the Quarter ended	
		31 March 2022	31 March 2021
	Note	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		346,843,081	129,102,434
Less: Share in profit of associated companies		(15,345,259)	(24,491,680)
		<u>331,497,822</u>	<u>104,610,754</u>
Adjustments for:			
Depreciation	25	11,397,392	10,717,679
Amortization	25	60,666	71,549
Provision for gratuity		4,617,018	4,247,812
Provision against non-performing loans and advances - net	27	61,004,116	(2,388,716)
Reversal of provision for diminution in value of investments	27	-	-
Impairment loss on investment in associate	27	-	-
Gain on sale of fixed assets	23	(72,047)	-
Unrealized loss / (gain) on held for trading securities	22.2	30,366,837	20,525,245
Interest expense on lease liability	20	304,061	851,519
Exchange gain		(82,420,612)	92,787,203
		<u>25,257,431</u>	<u>126,812,291</u>
		<u>356,755,253</u>	<u>231,423,045</u>
Decrease / (Increase) in operating assets			
Lendings to financial institutions		-	1,149,985,152
Advances		740,993,223	145,226,576
Others assets (excluding advance taxation)		(154,241,381)	28,582,181
		<u>586,751,842</u>	<u>1,323,793,909</u>
Increase / (Decrease) in operating liabilities			
Borrowings from financial institutions		6,268,301,937	1,738,686,213
Liabilities against assets subject to finance lease		-	-
Deposits		(4,750,000,000)	-
Others liabilities (excluding current taxation)		245,410,814	(170,901,301)
		<u>1,763,712,751</u>	<u>1,567,784,912</u>
Contribution to plan assets		(820,820)	-
Income tax paid		(145,773,758)	(34,595,206)
Net cash flow from / (used in) operating activities		<u>2,560,625,268</u>	<u>3,088,406,660</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investment realized during the period - net		(6,699,080,223)	(2,078,237,703)
Investment in associate		-	-
Dividend received		11,250,000	-
Capital expenditure		(7,932,240)	-
Proceeds from sale of fixed assets		72,050	-
Net cash flow from investing activities		<u>(6,695,690,413)</u>	<u>(2,078,237,703)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments		(16,800,000)	(14,833,032)
Net cash flow used in financing activities		<u>(16,800,000)</u>	<u>(14,833,032)</u>
Effects of exchange rate changes on cash and cash equivalents		82,420,612	(92,787,203)
Increase in cash and cash equivalents		<u>(4,069,444,533)</u>	<u>902,548,722</u>
Cash and cash equivalents at beginning of the period		6,154,451,490	2,258,346,926
Cash and cash equivalents at end of the period	30	<u>2,085,006,957</u>	<u>3,160,895,648</u>

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



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

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 Company's objectives include, inter alia, investment and financing in infrastructure projects, and in industrial, manufacturing, non-manufacturing and financial sectors.

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

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.

The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) (SBP has directed the banks/DFI's in Pakistan to implement IFRS 09 'Financial Instruments' with effect from January 01, 2024 with option to adopt the standard early if possible) and International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for DFI's. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP 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 condensed interim financial statements in line with the format prescribed under BPRD Circular No. 5 dated 22 March 2019. "Format of Interim Financial Statements effective" from the accounting year started from 01 January 2019. 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 condensed interim 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 2021.

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 PERIOD ENDED 31 MARCH 2022

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

The Securities and Exchange Commission of Pakistan (SECP), in accordance with SRO 229(I)/2019 dated February 14, 2019, has officially declared the applicability of IFRS 9 "Financial Instruments" for accounting periods ending on or after June 30, 2019. As per the BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, issued by the State Bank of Pakistan (SBP), however, the effective date of IFRS 9 implementation for a Development Finance Institutions (DFIs) is January 01, 2024. Nevertheless, the SBP has encouraged financial institutions to adopt the standard earlier if possible. The Company intends to adopt IFRS 9 with effect from January 01, 2023, without restating the comparatives.

IFRS 9 prescribes detail guidance relating to recognition, classification and measurement of financial instruments. This guidance will replace the Company's existing accounting policies relating to financial instruments, based on prudential regulations and other directives issued by SBP. Based upon the Company's initial assessment of detailed implementation guidance issued by SBP, the Company expects that its allowance for impairment against advances and debt investments will increase, resulting in lowering of the Company's capital adequacy ratio. At this stage, however, the Company is in the process of finalizing its assessment of the impact on the financial statements, primarily relating additional expected credit losses on the Company's financial assets not held at fair value through profit and loss, and operations of the Company.

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 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 2021.

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 2021. 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.

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 INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

		(Un-audited)	(Audited)
		31 March 2022	31 December 2021
		-----Rupees-----	
6	CASH AND BALANCES WITH TREASURY BANKS	Note	
	In hand		
	Local currency	50,000	13,885
	With State Bank of Pakistan in		
	Local currency current account	6.1	38,604,568
	With National Bank of Pakistan in		
	Local currency current account	137,013	72,886
	Local currency deposit account	-	2,000,000,000
	Foreign currency current account	202,235	195,725
		<u>38,993,816</u>	<u>2,067,463,832</u>

6.1 This mainly represents 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)	(Audited)
		31 March 2022	31 December 2021
		-----Rupees-----	
7	BALANCES WITH OTHER BANKS	Note	
	In Pakistan		
	In deposit account - Local currency	7.1	2,045,618,822
	In current account - Local currency		34,048
	In deposit account - Foreign currency	7.2	2,540,892,324
	In current account - Foreign currency		360,271
		<u>4,586,905,465</u>	<u>6,546,094,679</u>

7.1 This mainly represents a local currency term deposit of Rs. 2,000 million (2021: Rs. 2,000 million each) carrying mark-up rate of Rs. 13 % p.a (2021: 12% to 12.5%) and will mature on 12 April 2022 (2021: 21 January 2022 and 24 January 2022). The local currency deposit accounts other than mentioned above, carry interest rates ranging from 4.5% to 8.26% (2021: 4% to 7.25%)

7.2 This mainly represents a foreign currency term deposit of USD 13,861,000 (2021: 13,861,000) carrying mark-up rate of 3.75% (2021: 3.75%) per annum and will mature on 23 June 2022.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

8 INVESTMENTS

8.1 Investments by type

Note	(Un-audited) 31 March 2022				(Audited) 31 December 2021			
	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	255,530,666	-	(92,504,566)	163,026,100	255,530,666	-	(62,137,729)	193,392,937
Available-for-sale securities								
Federal Government Securities	10,439,075,090	-	(55,189,090)	10,383,886,000	4,496,780,170	-	(1,006,170)	4,495,774,000
Shares	27,333,834	-	60,465,792	87,799,626	27,333,834	-	17,512,597	44,846,431
Non Government Debt Securities	6,936,908,305	(339,793,303)	105,020,121	6,702,135,123	6,261,908,305	(339,793,303)	77,843,713	5,999,958,715
Preference shares	315,000,000	-	35,910,000	350,910,000	315,000,000	-	36,225,000	351,225,000
	17,718,317,229	(339,793,303)	146,206,823	17,524,730,749	11,101,022,309	(339,793,303)	130,575,140	10,891,804,146
Held to maturity securities								
Commercial Paper	477,233,728	-	-	477,233,728	477,233,728	-	-	477,233,728
Associates	1,284,346,127	-	-	1,284,346,127	1,280,250,868	-	-	1,280,250,868
Total Investments	19,735,427,750	(339,793,303)	53,702,257	19,449,336,704	13,114,037,571	(339,793,303)	68,437,411	12,842,681,679

8.1.1 Investments given as collateral

Market Treasury Bills

(Un-audited) 31 March 2022	(Audited) 31 December 2021
-----Rupees-----	
2,901,396,000	965,817,625

8.2 Provision for diminution in value of investments

8.2.1 Opening balance
Reversal during the period
Transfer to specific provision against advances
Closing Balance

339,793,303	369,434,062
-	(5,081,296)
-	(24,559,463)
339,793,303	339,793,303

8.2.2 Particulars of provision against debt securities

Category of classification

Domestic
Other assets especially mentioned
Substandard
Doubtful
Loss
Total

(Un-audited) 31 March 2022		(Audited) 31 December 2021	
-----Rupees-----			
NPI	Provision	NPI	Provision
-	-	-	-
-	-	-	-
-	-	-	-
448,548,303	339,793,303	448,548,303	339,793,303
448,548,303	339,793,303	448,548,303	339,793,303

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

9	ADVANCES	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		Performing		Non performing		Total	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		Rupees					
	Loans, cash credits, running finances, etc.	11,992,039,139	12,634,699,029	1,336,189,681	1,359,523,014	13,328,228,820	13,994,222,043
	Islamic Financing and related assets	2,554,433,359	2,629,433,359	272,493,207	272,493,207	2,826,926,566	2,901,926,566
	Advances - gross	14,546,472,498	15,264,132,388	1,608,682,888	1,632,016,221	16,155,155,386	16,896,148,609
	Provision against advances						
	- Specific	-	-	916,840,666	846,230,182	916,840,666	846,230,182
	- General	198,759,280	208,365,648	-	-	198,759,280	208,365,648
		198,759,280	208,365,648	916,840,666	846,230,182	1,115,599,946	1,054,595,830
	Advances - net of provision	14,347,713,218	15,055,766,740	691,842,222	785,786,039	15,039,555,440	15,841,552,779

9.1	Particulars of advances (Gross)	(Un-audited)	(Audited)
		31 March 2022	31 December 2021
		Rupees	
	In local currency	16,155,155,386	16,896,148,609

9.2 Advances include Rs.1,608.7 million (2021: Rs.1,632 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited)		(Audited)	
	31 March 2022		31 December 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees			
Domestic				
Other Assets Especially Mentioned	272,493,207	-	272,493,207	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,336,189,681	916,840,666	1,359,523,014	846,230,182
	1,608,682,888	916,840,666	1,632,016,221	846,230,182

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9.3 Particulars of provision against advances	(Un-audited) 31 March 2022			(Audited) 31 December 2021		
	Specific	General (Note 9.3.2)	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	846,230,182	208,365,648	1,054,595,830	668,201,172	136,440,631	804,641,803
Charge for the period	93,943,817		93,943,817	213,469,547	71,925,017	285,394,564
Reversals	(23,333,333)	(9,606,368)	(32,939,701)	(60,000,000)	-	(60,000,000)
	70,610,484	(9,606,368)	61,004,116	153,469,547	71,925,017	225,394,564
Transfer from provision for diminution in value of investments	-	-	-	24,559,463	-	24,559,463
Closing balance	916,840,666	198,759,280	1,115,599,946	846,230,182	208,365,648	1,054,595,830

9.3.1 General provision is being maintained at the rate of 1.5% (2021: 1.5%) of the performing portfolio of advances other than staff loans and Government of Pakistan guaranteed loan.

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

The net FSV benefit reduced during the period amounts to Rs. 93.94 million (2021: Rs. 251.3 million), which has resulted in increased charged for the period with the same amount. Had the FSV benefit not reduced, before and after tax profit would have been higher by Rs. 93.94 million (2021: Rs. 251.3 million) and Rs.66.70 million (2021: Rs. 178.5 million), respectively. Accumulated availed FSV benefit as of 31 March 2022 was Rs. 419.35 million (31 December 2021: Rs. 513.3 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 2022	(Audited) 31 December 2021
		-----Rupees-----	
10	FIXED ASSETS		
	Capital work-in-progress	9,527,400	8,590,000
	Property and equipment	232,179,902	186,541,273
		<u>241,707,302</u>	<u>195,131,273</u>
10.1	Capital work-in-progress		
	Advances to suppliers	<u>9,527,400</u>	<u>8,590,000</u>
		(Un-audited) For the quarter ended	
		31 March 2022	31 March 2021
		-----Rupees-----	
10.2	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Right of use assets (leased building)	50,041,181	-
	Furniture and fixture	303,600	-
	Electrical office and computer equipment	6,691,240	-
	Capital work-in-progress	937,400	-
	Total	<u>57,973,421</u>	<u>-</u>
		(Un-audited) (Audited)	
		31 March 2022	31 December 2021
		-----Rupees-----	
11	INTANGIBLE ASSETS		
	Computer Software	<u>157,322</u>	<u>217,988</u>
12	OTHER ASSETS		
	Income / mark-up accrued in local currency	426,590,048	298,351,450
	Income / mark-up accrued in foreign currency	25,936,530	2,049,118
	Advances, deposits, advance rent and other prepayments	10,871,053	9,006,107
	Receivable against fee, commission and advisory services	34,621,981	32,080,498
	Advance taxation (payments less provisions)	180,508,799	91,785,864
	Receivable from provident fund	2,883,357	7,973,522
	Others	2,802,851	3,744
		<u>684,214,619</u>	<u>441,250,303</u>

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		(Un-audited) 31 March 2022	(Audited) 31 December 2021
	Note	-----Rupees-----	
13 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Renewable Energy Power Projects (REPP)	13.1	53,684,911	59,053,401
Long Term Finance Facility (LTFF)	13.2	1,283,291,945	806,527,000
Temporary Economic Relief Facility (TERF)	13.3	981,271,676	915,722,556
Repurchase agreement borrowings		-	965,532,750
Borrowing from financial institutions	13.4	2,838,944,556	-
Other borrowings	13.5	8,474,500,000	7,455,500,000
Total secured		13,631,693,088	10,202,335,707
Unsecured			
Borrowing from financial institutions	13.6	7,330,986,543	4,492,041,987
Total unsecured		7,330,986,543	4,492,041,987
		20,962,679,631	14,694,377,694
13.1	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%.		
13.2	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%.		
13.3	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%.		
13.4	This is secured against pledge of Government securities having maturity upto 175 days and will mature on 7 July 2022. (2021: Nil) This carry mark-up at the rate of 11.26% per annum. (2021 : Nil)		
13.5	This represents secured long term & short term finance facilities from commercial banks. The principal term & conditions of each facility are given below.		
13.5.1	A term loan facility having outstanding principal balance of of Rs. 750 million 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.		
13.5.2	A drawdown of Rs. 1,551.5 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.		
13.5.3	The long 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.		
13.5.4	The long 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.		
13.5.5	A drawdown of Rs.1,250 million from a commercial bank, payable in maximum of 5 years with an inclusive grace period of 1 year. 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 assets of the company (excluding land & building) for Rs. 6,667 million inclusive of 25% margin.		
13.5.6	A drawdown of Rs. 923 million from running finance facility of Rs. 1 billion from a commercial bank 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. 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. 1,333 million inclusive of 25% margin.		
13.6	This represent un-secured borrowings from financial institutions carrying mark-up rate of 11.15% to 11.32% (2021: 11.15% to 11.32%) per annum having maturity up to 182 to 364 days (2021: 356-364 days)		
		(Un-audited) 31 March 2022	(Audited) 31 December 2021
13.7 Particulars of borrowings with respect to Currencies		-----Rupees-----	
In local currency		20,962,679,631	14,694,377,694

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14 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 31 March 2022			(Audited) 31 December 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees -----					
Customers						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	4,750,000,000	-	4,750,000,000
Others	-	-	-	-	-	-
	-	-	-	4,750,000,000	-	4,750,000,000
Financial Institutions						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	4,750,000,000	-	4,750,000,000

		(Un-audited) 31 March 2022	(Audited) 31 December 2021
		----- Rupees -----	
15 DEFERRED TAX LIABILITIES / ASSETS	Note		
Deductible Temporary Differences on			
Deductible Temporary Differences on			
- Post retirement employee benefits		4,892,798	3,791,901
- Provision for diminution in the value of available-for-sale investments		98,540,058	98,540,058
- Provision against advances, off balance sheet etc.		236,470,289	218,779,095
- Lease liability against right-of-use assets		9,728,120	-
- Surplus on revaluation of investments - HFT		11,563,071	7,767,216
- Impairment loss on available for sale & associates		56,636,383	56,636,383
		417,830,719	385,514,653
Taxable Temporary Differences on			
- Accelerated tax depreciation		(15,402,728)	(1,419,456)
- Surplus on revaluation of investments - AFS		(26,666,222)	(26,951,876)
- Accrued Interest on T- Bills		(40,257,164)	(670,226)
- Surplus on share of profit of associated companies		(20,605,662)	(20,093,754)
- Unrealized exchange gain		(324,072,426)	(300,170,449)
		(427,004,202)	(349,305,761)
		(9,173,483)	36,208,892

16 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		319,187,886	57,286,585
Suspended markup	16.1	108,755,000	108,755,000
Accrued expenses		47,860,879	54,967,110
Unearned commission / fee		858,600	3,527,268
Withholding tax / sales tax payable		1,307,340	8,560,388
Payable to defined benefit plan		16,871,720	13,075,522
Lease liability against right-of-use assets	16.2	33,545,242	-
Others		5,491,142	4,953,677
		533,877,809	251,125,550

16.1 This represents suspended / deferred mark-up, in the form of zero-rated TFCs, on classified non government debt security.

16.2 Lease liability against right-of-use assets

	(Un-audited) 31 March 2022			(Audited) 31 December 2021		
	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	18,480,000	1,492,721	16,987,279	-	-	-
Later than one year and up to five years	20,328,000	3,770,036	16,557,964	-	-	-
	38,808,000	5,262,757	33,545,243	-	-	-

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		(Un-audited) 31 March 2022	(Audited) 31 December 2021
		-----Rupees-----	
17	SURPLUS ON REVALUATION OF ASSETS	Note	
	Surplus on revaluation of		
	- Available for sale securities	8.1	146,206,823
	Deferred tax on surplus on revaluation of:		
	- Available for sale securities	15	(26,666,224)
			119,540,599
	Company's share of equity-accounted investees' OCI:		
	- Change in fair value of available-for-sale financial assets - net of tax		469,046
			120,009,645
18	CONTINGENCIES AND COMMITMENTS		
	Guarantees	18.1	2,703,496,653
	Commitments	18.2	4,709,994,391
	Other contingent liability	18.3	168,100,000
			7,581,591,044
18.1	Guarantees		
	Financial guarantees		2,703,496,653
18.2	Commitments		
	Documentary credits and short term trade related transactions		
	Letters of credit		377,805,985
	Commitments in respect of:		
	Forward government securities transactions - Purchase		2,901,396,000
	Commitments to extend credits	18.2.1	1,425,812,681
	Commitment for acquisition of fixed assets		4,979,725
			4,709,994,391
18.2.1	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. 1,425.8 million (2021: Rs. 1,457.2 million).		
18.3	Other contingent liability		
18.3.1	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.		
18.3.2	For tax related contingencies, please refer note 28.1 of these financial statements.		
19	MARK-UP/RETURN/INTEREST EARNED		
	On loans and advances		387,705,987
	On investments		458,917,797
	On lending's to financial institutions		11,324,636
	On deposits with banks		75,154,903
	On securities purchased under resale agreement		66,378,140
			999,481,463

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		(Un-audited)	
		31 March 2022	31 March 2021
Note	Rupees		
20 MARK-UP/RETURN/INTEREST EXPENSED			
On deposits	99,131,850	7,746,225	
On borrowings	444,230,135	116,024,674	
On securities sold under repurchase agreements	9,019,291	34,291,051	
Interest expense on lease liability	304,061	851,519	
	<u>552,685,337</u>	<u>158,913,469</u>	
21 FEE AND COMMISSION INCOME			
Credit related fee	8,936,452	10,671,775	
Commission on trade	416,524	224,930	
Commission on guarantees	6,473,712	1,766,674	
Investment banking fees	2,200,000	30,514,511	
	<u>18,026,688</u>	<u>43,177,890</u>	
22 GAIN ON SECURITIES			
Realized - net	22.1 -	(611,063)	
Unrealized - held for trading	22.2 (30,366,837)	(20,525,245)	
	<u>(30,366,837)</u>	<u>(21,136,308)</u>	
22.1 Realized gain / (loss) on:			
Federal Government Securities	-	(611,063)	
22.2 Un-realized gain on:			
Shares	(30,366,837)	(20,525,245)	
23 OTHER INCOME			
Rent on property	3,504,186	3,244,617	
Gain on sale of fixed assets-net	72,047	-	
	<u>3,576,233</u>	<u>3,244,617</u>	
24 INCOME FROM INVESTMENT IN ASSOCIATES			
Pakistan Stock Exchange Limited	4,772,750	12,013,250	
Central Depository Company of Pakistan Limited	10,572,509	12,478,430	
	<u>15,345,259</u>	<u>24,491,680</u>	
25 OPERATING EXPENSES			
Total Compensation expenses	98,243,289	89,108,720	
Property expense			
Rent and taxes	410,394	386,475	
Insurance	18,480	18,480	
Utilities cost	1,058,974	1,018,958	
Security	1,284,678	1,204,365	
Repair and maintenance	866,420	782,800	
Depreciation	8,692,093	8,365,325	
	<u>12,331,039</u>	<u>11,776,403</u>	
Information technology expenses			
Software maintenance	511,420	496,624	
Hardware maintenance	13,900	27,490	
Amortization	60,666	71,549	
Depreciation	724,782	492,124	
Network charges	134,340	257,730	
	<u>1,445,108</u>	<u>1,345,517</u>	
Other operating expenses			
Directors' fees and allowances	-	1,250,000	
Legal and professional charges	374,597	2,242,485	
Outsourced services costs	1,263,171	1,456,784	
Travelling and conveyance	5,634,152	2,978,268	
Insurance	1,073,513	1,130,025	
Repair and maintenance	191,497	225,142	
Depreciation	1,980,517	1,860,230	
Training and development	124,565	131,749	
Communication	1,142,834	924,069	
Stationery and printing	131,152	166,170	
Marketing, advertisement and publicity	595,252	419,147	
Auditors remuneration	775,280	874,680	
Bank charges	110,677	96,964	
Entertainment	1,241,739	917,010	
Miscellaneous	1,292,502	799,697	
	<u>15,931,448</u>	<u>15,472,420</u>	
	<u>127,950,884</u>	<u>117,703,060</u>	

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		(Un-audited)	
	Note	31 March 2022	31 March 2021
		----- Rupees -----	
26 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		-	4,692
27 PROVISIONS AND WRITE OFFS - NET			
Provisions against loans and advances		61,004,116	(2,388,716)
28 TAXATION			
For the Period			
Current		57,050,823	71,347,583
Deferred		45,668,029	(25,326,370)
For the prior period			
Current		-	(9,198,848)
		102,718,852	36,822,365

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 final hearing in this case was held on 07 March 2022, wherein ATIR has disposed of the appeal and the case has been remanded back.

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. The final hearing in this case was held on 07 March 2022, wherein ATIR has disposed of the appeal and the case has been remanded back.

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)	
	Note	31 March 2022	31 March 2021
		----- Rupees -----	
29 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period - Rupees		244,124,229	92,280,069
Weighted average number of ordinary shares - Numbers		969,663,754	969,663,754
Basic earnings per share - Re		0.25	0.10
30 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	6	38,993,816	2,067,463,832
Balance with other banks	7	2,046,013,141	6,546,094,679
		2,085,006,957	8,613,558,511

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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 2022 (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	10,383,886,000	-	10,383,886,000	-	10,383,886,000
Shares	250,825,726	250,825,726	-	-	250,825,726
Preference Shares	350,910,000	350,910,000	-	-	350,910,000
Non-Government Debt Securities	3,705,880,123	-	3,444,715,123	261,165,000	3,705,880,123
	14,691,501,849	601,735,726	13,828,601,123	261,165,000	14,691,501,849
Financial assets - disclosed but not measured at fair value					
Non-Government Debt Securities	2,996,255,000	-	-	-	-
	17,687,756,849	601,735,726	13,828,601,123	261,165,000	14,691,501,849
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	2,901,396,000	-	-	2,901,396,000	2,901,396,000
Forward government securities transactions - sale	-	-	-	-	-
31 December 2021 (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	4,495,774,000	-	4,495,774,000	-	4,495,774,000
Shares	238,239,368	238,239,368	-	-	238,239,368
Preference Shares	351,225,000	351,225,000	-	-	351,225,000
Non-Government Debt Securities	3,671,203,715	-	3,410,038,715	261,165,000	3,671,203,715
	8,756,442,083	589,464,368	7,905,812,715	261,165,000	8,756,442,083
Financial assets - disclosed but not measured at fair value					
Non-Government Debt Securities	2,328,755,000	-	-	-	-
	11,085,197,083	589,464,368	7,905,812,715	261,165,000	8,756,442,083
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	965,817,625	-	-	965,817,625	965,817,625

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 2022 (Un-audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	-----Rupees-----				
Net mark-up/return/profit	381,236,845	3,997,507	36,401,106	25,160,668	446,796,126
Inter segment revenue - net	(317,171,000)	(7,627,000)	(25,938,000)	350,736,000	-
Non mark-up income	15,826,688	(17,694,328)	-	90,769,595	89,001,955
Total Income	79,892,533	(21,223,821)	10,463,106	466,666,263	535,798,081
Segment direct expenses	(13,064,210)	(14,964,819)	(5,862,625)	(94,069,230)	(127,950,884)
Provisions	(61,004,116)	-	-	-	(61,004,116)
Profit before tax	5,824,207	(36,188,640)	4,610,481	372,697,033	346,843,081

	31 March 2022 (Un-audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Balance Sheet	-----Rupees-----				
Cash & Bank balances	-	-	2,000,000,000	2,625,899,281	4,625,899,281
Investments	7,206,003,475	1,132,790,103	10,383,886,000	726,657,126	19,449,336,704
Advances					
Performing	14,400,625,511	-	-	145,846,987	14,546,472,498
General provision	(198,759,280)	-	-	-	(198,759,280)
	14,201,866,231	-	-	145,846,987	14,347,713,218
Non-performing	1,608,019,324	-	-	663,564	1,608,682,888
Specific provision	(916,177,102)	-	-	(663,564)	(916,840,666)
	691,842,222	-	-	-	691,842,222
Others	417,022,993	39,124,617	7,123,288	462,808,345	926,079,243
Total Assets	22,616,734,921	1,171,914,720	12,391,009,288	3,961,211,739	40,040,870,668
Borrowings	9,569,420,532	400,328,000	10,992,931,099	-	20,962,679,631
Deposits	-	-	-	-	-
Others	46,060,017	11,495,874	267,777,205	217,718,196	543,051,292
Total liabilities	9,615,480,549	411,823,874	11,260,708,304	217,718,196	21,505,730,623
Equity	-	-	-	18,536,139,745	18,536,139,745
Total Equity & liabilities	9,615,480,549	411,823,874	11,260,708,304	18,762,857,941	40,040,870,668
Contingencies & Commitments	4,607,115,319	-	2,801,396,000	173,079,725	7,581,591,044

	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	12,653,379	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 December 2021 (Audited)				
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Balance Sheet	-----Rupees-----				
Cash & Bank balances	4,000,000,000	-	2,000,000,000	2,613,558,511	8,613,558,511
Investments	6,460,873,872	1,164,149,431	4,495,774,000	721,884,376	12,842,681,679
Advances					
Performing	15,118,549,942	-	-	145,582,446	15,264,132,388
General provision	(208,365,648)	-	-	-	(208,365,648)
	14,910,184,294	-	-	145,582,446	15,055,766,740
Non-Performing	1,631,352,657	-	-	663,564	1,632,016,221
Specific provision	(845,566,618)	-	-	(663,564)	(846,230,182)
	785,786,039	-	-	-	785,786,039
Others	297,147,400	33,973,960	1,369,863	340,317,233	672,808,456
Total Assets	26,453,991,605	1,198,123,391	6,497,143,863	3,821,342,566	37,970,601,425
Borrowings	8,712,372,585	501,664,000	5,480,341,009	-	14,694,377,694
Deposits	4,750,000,000	-	-	-	4,750,000,000
Others	45,404,647	10,201,560	10,016,019	185,503,324	251,125,550
Total liabilities	13,507,777,332	511,865,560	5,490,357,028	185,503,324	19,695,503,244
Equity	-	-	-	18,275,098,181	18,275,098,181
Total Equity & liabilities	13,507,777,332	511,865,560	5,490,357,028	18,460,601,505	37,970,601,425
Contingencies & Commitments	4,493,362,676	-	965,817,625	179,521,417	5,638,701,718

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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:

	31 March 2022				31 December 2021			
	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 period	-	-	-	25,120,359,796	-	-	-	59,913,740,069
Repaid during the period	-	-	-	(25,120,359,796)	-	-	-	(59,913,740,069)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	1,573,163,240	-	-	-	1,573,163,240	-
Investment made during the period	-	-	-	-	-	-	-	-
Closing balance	-	-	1,573,163,240	-	-	-	1,573,163,240	-
Advances								
Opening balance	-	79,400,676	500,000,000	-	-	43,372,843	101,050,930	-
Addition during the period	-	-	-	-	-	42,253,529	398,949,070	-
Repaid during the period	-	(1,512,845)	(26,315,789)	-	-	(6,225,697)	-	-
Closing balance	-	77,887,831	473,684,211	-	-	79,400,676	500,000,000	-
Other Assets								
Interest / mark-up accrued	-	-	4,094,448	-	-	-	4,332,192	-
Receivable from staff retirement fund	-	-	-	1,820,592	-	-	-	7,973,522
Other receivable	-	-	-	1,697,850	-	-	-	1,697,850
	-	-	4,094,448	3,518,442	-	-	4,332,192	9,671,372
Borrowings								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the period	-	-	-	448,362,400	-	-	-	9,853,727,607
Settled during the period	-	-	-	(448,362,400)	-	-	-	(9,853,727,607)
Closing balance	-	-	-	-	-	-	-	-
Other Liabilities								
Payable to staff retirement fund	-	-	-	17,584,840	-	-	-	13,075,522
Other liabilities	-	5,911,718	252,816	231,092	-	6,135,277	167,958	-
	-	5,911,718	252,816	17,815,932	-	6,135,277	167,958	13,075,522

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	31 March 2022				31 March 2021			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	Rupees							
Income								
Mark-up / return / interest earned	-	759,659	15,358,146	10,408,263	-	405,180	1,912,631	1,755,264
Dividend Received			11,250,000	-			-	-
Share of profit of associates	-	-	15,345,259	-	-	-	24,491,680	-
Expense								
Mark-up / return / interest paid	50,677	-	-	113,100	33,663	-	-	615,873
Operating expenses								
Charge for defined benefit plan	45,816	1,573,863	-	2,997,339	311,322	1,530,885	-	2,405,605
Charge for contribution plan	407,356	1,247,995	-	1,532,431	395,753	724,458	-	1,722,484
Salaries	6,721,384	20,181,899	-	-	6,529,917	11,953,524	-	-
Bonus expense	369,661	5,848,133	-	-	1,102,964	3,984,509	-	-
Overseas allowances	533,048	-	-	-	-	-	-	-
Leave fair assistance & Encashment	-	3,009,111	-	-	2,135,626	998,402	-	-
Tax borne by employer	4,239,032	2,753,780	-	-	2,726,890	-	-	-
Others	4,415,028	7,261,593	-	679,672	2,066,334	3,416,179	-	455,002
Depreciation expense on lease hold building	562,834	-	-	4,915,575	435,478	-	-	4,915,575
CDC Charges paid	-	-	235,028	-	-	-	193,815	-

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, lendings and borrowings relating to Government related entities amounted to Rs. 2,541 million (2021: 4,459.3 million), Rs. 1,425 million (2021: 1,500 million), Rs. 762.2 million (2021: Rs.762.2 million) respectively, and income earned on deposits, advances, investment and lendings and interest expense on borrowings amounted to Rs. 38.4 million (2021: 2.9 million) Rs. 42.8 million (2021: 32.8 million), Rs.21.8 million (2021: 18.6 million), Rs. 14.3 million (2021: 2.6 million) and Rs. 4.6 million (2021: 5.9 million) respectively.

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	(Un-audited) 31 March 2022	(Audited) 31 December 2021
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
34.1 Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	9,696,637,540	9,696,637,540
34.2 Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,968,398,844	15,507,909,317
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	14,968,398,844	15,507,909,317
Risk Weighted Assets (RWAs):		
Credit Risk	14,408,088,748	15,759,495,019
Market Risk	5,660,762,580	5,408,463,257
Operational Risk	3,483,706,240	3,512,078,143
Total	23,552,557,568	24,678,036,419
Common Equity Tier 1 Capital Adequacy ratio	63.55%	62.84%
Tier 1 Capital Adequacy Ratio	63.55%	62.84%
Total Capital Adequacy Ratio	63.55%	62.84%
34.3 Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	6.00%	6.00%
Tier 1 minimum ratio (%)	7.50%	7.50%
Total capital minimum ratio (%)	10.00%	10.00%
Capital Conservation Buffer (CCB)	1.50%	1.50%
Total capital plus CCB minimum ratio (%)	11.50%	11.50%
34.4 Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,968,398,844	15,507,909,317
Total Exposures	44,962,118,437	37,746,195,414
Leverage Ratio	33.29%	41.08%
Minimum Requirement	3.00%	3.00%
34.5 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	12,735,598,972	8,559,407,877
Total Net Cash Outflow	1,686,835,541	3,479,878,091
Liquidity Coverage Ratio	755.00%	245.97%
34.6 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	29,631,963,940	30,182,956,886
Total Required Stable Funding	20,486,779,968	20,635,968,934
Net Stable Funding Ratio	144.84%	146.28%
Minimum Requirement	100.00%	100.00%

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 https://pakchinainvest.com/uploads/files/Capital_Adequacy_March_2020/CAR_Mar-22.pdf

PAK CHINA INVESTMENT COMPANY LIMITED
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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.

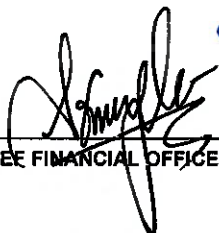
35.4 The JCR-VIS has issued a long term credit rating of AAA, and the short term rating of A1+, for the Company.

36 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 25 October 2023



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR