PAKCHINA
INVESTMENT COMPANY LIMITED

Condensed Interim Financial Statements

For the period ended 30 September 2023

PAKCHINA
INVESTMENT COMPANY LIMITED

DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 nine months ended 30 Sept 2023 together with the Directors' Review thereon.

Profit after tax of PCICL clocked at Rs. 1,964 million for the nine months ended 30 Sept 2023 as compared to Rs. 1,267 million in the nine months of prior year, showing an immense increase of 55%. Resultantly, earning per share has increased from Rs. 1.31 during last year's first nine months to Rs. 1.98 in current year's first nine months. Operating profit (profit before provisions and tax) during the current nine months has touched Rs. 3,457 million as compared to Rs. 2,031 million during the first nine months of last year.

Later in last year, SBP gradually started increasing the policy rate from 15% which reached at 22% as of 30 Sept 2023 in line with the macroeconomic indicators. Upward repricing of majority of the portfolio in current nine months resulted in increase of net Interest Income by Rs. 1,285 million i.e. 77% more than the last year. During the first nine months of 2023, PKR depreciated against USD, thus gave an exchange gain on revaluation of foreign currency deposits amounting to Rs. 906 million, which was Rs. 712 million in comparable period.

Operating expenses increased by Rs. 80.4 million majorly due to increased travel cost & regular annual increments in salaries of employees. Net provisions and write-offs have increased from Rs. 72 million in last year's first nine months to Rs. 119 million during current year's nine months.

Total assets have decreased by Rs. 29,795 million as of 30 Sept 2023 as compared to the balance as at 31 December 2022, majorly due to investment in market treasury bills being funded by short term borrowings.

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

Song Zhenwen
Managing Director
Pak China Investment Co. Ltd.

Sun Bo
Chairman Board of Directors
Pak China Investment Co. Ltd.

24 July 2025
Islamabad

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PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2023

	Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
ASSETS			
Cash and balances with treasury banks	6	189,013,637	93,364,567
Balances with other banks	7	4,423,923,479	3,313,389,248
Lendings to financial institutions	8	-	99,825,849
Investments	9	43,102,937,043	73,440,579,528
Advances	10	15,214,780,919	16,198,258,207
Property and equipment	11	176,928,205	178,345,992
Right-of-use assets	13	151,954,226	157,495,626
Intangible assets	14	3,632,581	-
Deferred tax assets		-	-
Other assets	14	1,156,852,367	733,982,851
Total Assets		64,420,022,457	94,215,241,868
LIABILITIES			
Bills payable		-	-
Borrowings	15	41,182,903,666	72,177,830,346
Deposits and other accounts	16	763,066,385	1,503,420,313
Lease liabilities	18	155,348,854	134,450,409
Subordinated debt		-	-
Deferred tax liabilities	17	48,639,183	26,820,653
Other liabilities	19	989,508,300	756,678,830
Total Liabilities		43,139,466,388	74,599,200,551
NET ASSETS		21,280,556,069	19,616,041,317
REPRESENTED BY			
Share capital		9,905,975,280	9,905,975,280
Advance against issue of shares	20	15,212,360	5,212,360
Reserve		2,380,605,923	1,891,727,790
(Deficit) / Surplus on revaluation of assets	21	(546,056,018)	244,804,836
Unappropriated profit		9,524,818,524	7,568,321,051
		21,280,556,069	19,616,041,317

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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 (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	For the quarter ended		For the nine months ended	
		30 September 2023	30 September 2022	**30 September 2023**	30 September 2022
		Rupees		Rupees	
Mark-up / Return / Interest earned	23	**3,596,017,360**	1,526,170,100	**9,314,818,263**	3,972,428,163
Mark-up / Return / Interest expensed	24	**(2,478,785,288)**	(833,406,415)	**(6,355,760,437)**	(2,298,253,673)
Net mark-up / interest income		**1,117,232,072**	692,763,685	**2,959,057,826**	1,674,174,490
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	**18,185,659**	8,517,634	**41,538,497**	67,614,544
Dividend income		**-**	323,365	**14,208,096**	16,831,694
Foreign exchange income		**24,097,484**	334,761,960	**906,011,474**	711,672,910
Income / (loss) from derivatives		**-**	-	**-**	-
Gain / (Loss) on securities	26	**59,039,273**	42,714,413	**58,860,441**	3,512,213
Net gain / (loss) on derecognition of financial assets measured at amortised cost		**-**	-		
Other income	27	**4,074,877**	3,691,078	**11,643,924**	10,699,450.00
Total non-markup / interest income		**105,397,293**	390,008,450	**1,032,262,432**	810,330,811
Total income		**1,222,629,365**	1,082,772,135	**3,991,320,258**	2,484,505,301
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	**172,217,228**	152,504,729	**533,942,651**	453,561,194
Workers welfare fund		**-**	-	**-**	-
Other charges	28.1	**-**	-	**250,000**	-
Total non-markup / interest expenses		**172,217,228**	152,504,729	**534,192,651**	453,561,194
Profit before credit loss allowance		**1,050,412,137**	930,267,406	**3,457,127,607**	2,030,944,107
Credit loss allowance and write offs - net	28.2	**47,374,797**	(33,212,890)	**119,954,592**	72,347,730
Extra ordinary / unusual items		**-**	-	**-**	-
PROFIT BEFORE TAXATION		**1,003,037,340**	963,480,296	**3,337,173,015**	1,958,596,377
Taxation	29	**529,484,718**	309,910,285	**1,373,016,777**	691,886,187
PROFIT AFTER TAXATION		**473,552,622**	653,570,011	**1,964,156,238**	1,266,710,190
Basic and diluted earnings per share		**0.48**	0.67	**1.98**	1.30

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 COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	For the quarter ended		For the nine months ended	
	30 September 2023	30 September 2022	**30 September 2023**	30 September 2022
	---------- Rupees ----------		---------- Rupees ----------	
Profit after taxation for the period	**473,552,622**	653,570,011	**1,964,156,238**	1,266,710,190
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	**25,913,463**	44,383,564	**(27,638,255)**	(16,042,710)
	25,913,463	44,383,564	**(27,638,255)**	(16,042,710)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of Shares through FVOCI - net of tax	**13,389,952**	35,013,361	**27,680,307**	(57,581,246)
Re-measurement gain on defined benefit obligations - net of tax	**-**	-	**984,943**	681,108
	13,389,952	35,013,361	**28,665,250**	(56,900,138)
Total comprehensive income	**512,856,037**	732,966,936	**1,965,183,233**	1,193,767,342

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 (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Share capital	Advance against issue of shares	Statutory reserve	Surplus / (deficit) on revaluation of investments	Unappropriated profit	Total
Balance as at 01 January 2022	9,696,637,540	9,881,237	1,626,807,563	206,109,425	6,507,549,063	18,046,984,828
Profit after taxation for the period ended 30 September 2022	-	-	-	-	1,266,710,190	1,266,710,190
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(16,042,710)	-	(16,042,710)
Movement in surplus / (deficit) on revaluation of investments in Government securities - net of tax	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in Shares - net of tax	-	-	-	(57,581,246)	-	(57,581,246)
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	681,108	681,108
Total comprehensive income / (loss) - net of tax	-	-	-	(73,623,956)	681,108	(72,942,848)
Transfer to statutory reserve	-	-	253,342,038	-	(253,342,038)	-
Balance as at 01 October 2022	9,696,637,540	9,881,237	1,880,149,601	132,485,469	7,521,598,323	19,240,752,170
Profit after taxation for the period ended 31 December 2022	-	-	-	-	57,890,945	57,890,945
Other comprehensive income / (loss) - net of tax						
Movement in deficit on revaluation of investments in debt instruments - net of tax	-	-	-	(4,381,180)	-	(4,381,180)
Movement in surplus on revaluation of investments in Government securities - net of tax	-	-	-	(851,825)	-	(851,825)
Movement in surplus on revaluation of investments in Shares - net of tax	-	-	-	117,552,372	-	117,552,372
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	409,972	409,972
Total comprehensive income / (loss) - net of tax	-	-	-	112,319,367	409,972	112,729,339
Transfer to statutory reserve	-	-	11,578,189	-	(11,578,189)	-
Transaction with owners recognized directly in equity						
Advance against issue of shares	-	204,668,863	-	-	-	204,668,863
Issue of Share Capital	209,337,740	(209,337,740)	-	-	-	-
	209,337,740	(4,668,877)	-	-	-	204,668,863
Balance as at 31 December 2022	9,905,975,280	5,212,360	1,891,727,790	244,804,836	7,568,321,051	19,616,041,317
	-	-	-	-	-	-
Impact of IFRS - 9	-	-	-			
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(92,416,049)	92,416,049	-
Transfer from unappropriated profit to surplus on revaluation of assets - net of tax				(698,486,857)	698,486,857	-
Impact of effective interest rate and modification loss - net of tax	-	-	-		(157,365,243)	(157,365,243)
Impact of expected credit loss (ecl) allowance - net of tax	-	-	-	-	(153,303,238)	(153,303,238)
Impact of adopting IFRS - 9 - (Note 3)	-	-	-	(790,902,906)	480,234,425	(310,668,481)
Transfer to statutory reserve	-	-	96,046,885	-	(96,046,885)	-
Adjusted retained earnings 01 January 2023	9,905,975,280	5,212,360	1,987,774,675	(546,098,070)	7,952,508,591	19,305,372,836
Profit after taxation for the period ended 30 September 2023					1,964,156,238	1,964,156,238
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(27,638,255)	-	(27,638,255)
Movement in deficit on revaluation of investments in Government securities - net of tax	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in Shares - net of tax	-	-	-	27,680,307	-	27,680,307
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	984,943	984,943
Total other comprehensive income	-	-	-	42,052	984,943	1,026,995
Transfer to statutory reserve	-	-	392,831,248	-	(392,831,248)	-
Transaction with owners recognized directly in equity						
Advance against issue of shares	-	10,000,000	-	-	-	10,000,000
Balance as at 30 September 2023	9,905,975,280	15,212,360	2,380,605,923	(546,056,018)	9,524,818,524	21,280,556,069
	-	-	-	-	-	-

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 (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	For the nine months ended 30 September 2023	30 September 2022
		----------------Rupees----------------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,337,173,015	1,958,596,377
Less:			
Dividend income		(14,208,096)	(16,831,694)
		3,322,964,919	1,941,764,683
Adjustments for:			
Depreciation	28	10,814,485	10,185,665
Depreciation on right-of-use assets	28	34,218,792	26,650,621
Amortization	28	1,206,432	184,020
Credit loss allowance and write offs	28.2	120,733,940	72,347,730
Loss / (Gain) on sale / disposal of property and equipment		(88,513)	563,485
Finance charges on leased assets	24	15,341,311	2,099,003
Provision for gratuity		14,913,819	13,851,054
Unrealized loss on revaluation of 'FVTPL' securities	26	(28,552,926)	(3,512,213)
Exchange gain		(906,011,474)	(711,672,910)
		(737,424,134)	(589,303,545)
		2,585,540,785	1,352,461,138
(Increase) / Decrease in operating assets			
Lendings to financial institutions		99,825,849	(1,665,058,490)
Securities classified as FVTPL		-	-
Advances		(45,321,366)	(754,754,271)
Others assets (excluding advance taxation)		(487,537,188)	(474,357,542)
		(433,032,705)	(2,894,170,303)
Increase / (Decrease) in operating liabilities			
Borrowings from financial institutions		(29,247,803,134)	10,441,611,801
Deposits		(740,353,928)	(4,554,190,338)
Others liabilities (excluding current taxation)		287,854,839	1,005,420,332
		(29,700,302,223)	6,892,841,795
Payments against off-balance sheet obligations			
Income tax paid		(1,009,165,126)	(380,883,797)
Contribution to plan assets		(16,552,491)	(20,669,517)
		(1,025,717,617)	(401,553,314)
Net cash flow from / (used in) from operating activities		(28,573,511,760)	4,949,579,316
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		28,624,020,593	(11,886,175,847)
Dividend received		14,208,096	16,831,694
Investments in property and equipment		(14,259,524)	(14,879,375)
Disposal of property and equipment		112,354	867,286
Net cash flow from / (used in) from investing activities		28,624,081,519	(11,883,356,242)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(23,120,258)	(16,800,000)
Receipts / Payments of long term liabilities		(925,562,500)	-
Issue of share capital		-	209,337,740
Advance for issue of share		10,000,000	(4,668,877)
Net cash flow from / (used in) financing activities		(938,682,758)	187,868,863
Effects of exchange rate changes on cash and cash equivalents		906,011,474	711,672,910
(Decrease) / Increase in cash and cash equivalents		17,898,475	(6,034,235,153)
Cash and cash equivalents at beginning of the year		220,240,475	6,154,617,111
Cash and cash equivalents at end of the year	31	238,138,950	120,381,958

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 FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

1 STATUS AND NATURE OF BUSINESS

Pak China Investment Company Limited (the Company) is a public limited company incorporated in Pakistan on July 27, 2007 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). 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 People's Republic of China' and 'Government of Islamic Republic 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

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited financial statements for the year ended December 31, 2022.

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. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- Directives issued by the State Bank of Pakistan (SBP) & the Securities and Exchange Commission of Pakistan (SECP); and

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banks and DFIs through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Accordingly, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs.

The Company believes that there is no significant doubt on the Company's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on the going concern basis.

3 MATERIAL ACCOUNTING POLICIES

The material 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 of the Company for the year ended December 31, 2022 except for early adoption of IFRS-9 w.e.f January 01, 2023.

3.1 Adoption of IFRS 9 and new forms of the preparation of condensed interim financial statements

The State Bank of Pakistan (SBP), through BPRD Circular Letter No. 07 dated April 13, 2023, deferred the mandatory implementation of IFRS 9 "Financial Instruments" to accounting periods beginning on or after January 1, 2024. However, early adoption of the standard was permitted and encouraged. Accordingly, the Company opted for early adoption and has implemented IFRS 9 effective from January 1, 2023.

The adoption of IFRS 9 has led to changes in the Company's accounting policies and necessitated adjustments to amounts previously recognized in the condensed interim financial statements. In line with the transitional provisions of IFRS 9, the standard has been applied retrospectively without restating the prior period comparatives. Consequently, the difference between the previously reported and the remeasured carrying amounts of financial instruments—aggregating to Rs. 384.187 million—has been adjusted directly through opening retained earnings as of January 1, 2023.

IFRS 9 introduces fundamental changes in the classification and measurement of financial assets, replacing the earlier classification approach with a model based on business objectives and contractual cash flow characteristics. It also introduces a forward-looking Expected Credit Loss (ECL) model for the recognition of impairment on financial assets, which involves significant management judgment and estimation.

During the year, the SBP issued revised formats for interim financial statements via BPRD Circular No. 02 dated February 9, 2023, initially applicable from January 1, 2023, but later deferred to January 1, 2024. As the Company opted for early adoption of IFRS 9, it has also adopted these revised formats, resulting in changes to the presentation and disclosures in the condensed interim financial statements.

There were significant changes in the accounting policies, which are detailed below:

3.1.1 IFRS 9 – Financial Instruments

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting of financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

3.1.2 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS) and Held to maturity (HTM) have been replaced by:

- Financial assets at fair value through profit or loss account (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortized cost. Financial liabilities can also be designated at FVPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Company did not have any financial liability measured at FVPL.

The classification and subsequent measurement is dependent on the Company's business model.

3.1.3 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

a. Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
b. Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
c. Other Business Models: Resulting in classification of financial assets as FVPL

3.1.4 Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Company has arrived at the below given classification and measurement mapping for its financial assets.

Porfolio / Business Model		Financial asset measurement	
Financial Assets Portfolio	Business Model	Asset is SPPI	Asset is not SPPI
Advances and Debt Investments originated by IBG / CBG	Hold to Collect / Hold to Collect or Sell	At Amortized Cost / FVOCI	At Fair Value through Profit and Loss
Bank Deposits / Cash	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Placements with Financial Institutions	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Debt Investments originated by Treasury Division with the intent to hold to collect and sell	Hold to Collect and Sell	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and Loss
Debt Investments originated by Treasury Division with the intent to hold to collect	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Equity Investments	Other	• Quoted : At FVTPL or at FVOCI (irrevocable option) • Unquoted : At Fair Value through Other Comprehensive Income • Strategic Investment : N/A	
Staff Advances	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss

3.1.5 Reclassification

Reclassification of financial assets will only be made in exceptional cases along with the rationale for the change in the business model (under which they were managed) that has led to the reclassification. Such changes must be demonstrable to external parties. Financial liabilities are never reclassified.

3.1.6 Debt Instruments - Financial assets

Debt financial assets held by the Company (including; advances, lending to financial institutions, investment in federal government securities and other private debt securities, cash and balances with treasury Banks, balances with other Banks, and other financial assets) are measured at amortized cost if they meet both of the following conditions and is not designated as at FVPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Company's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Company assess whether and how the sales are consistent with the HTC objective. This assessment includes the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVPL:

- the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3.1.7 Equity instruments - Financial assets

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes is classified as measured at FVTPL.

3.1.8 Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at Amortized Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

Debt instruments at FVTOCI

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for Debt instruments at FVTOCI is explained in note 5.1. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Equity instruments at FVTOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Company's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee companies as per their latest available financial statements.

Investments in other unquoted securities are valued at cost less impairment losses, if any.

Financial assets (equity and debt instruments) at fair value through profit or loss

Financial assets (both equity and debt) at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Impairment of investments

Impairment of debt instrument is computed using expected credit loss model. No ECL has been provided for on sovereign facilities assuming that these are fully secured against Government guarantee.

3.1.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

3.1.10 Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Company's loan loss impairment method by replacing SBP Prudential Regulation incurred loss approach with a forward-looking ECL approach. From 01 Jan 2023, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined below.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. The Company has rebutted 30 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets , the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1:	When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The Company uses a PD of 100% and LGD is used as prescribed by the SBP under the prudential regulation. Therefore, the stage 3 provisioning are aligned with regulatory requirements.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
Financial guarantee contracts	The Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

No ECL has been provided for on sovereign facilities assuming that these are fully secured against Government guarantee.

The calculation of ECLs

The Company calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The interest rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Company uses an approximation e.g. contractual rate (at reporting date).

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Forward looking information

In its ECL models, the Company relies on a range of forward looking information as economic inputs, such as:

• GDP growth

• Consumer Price Index

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. Under IFRS 9, the Company's accounting policy for taking benefit of collateral assigned to it through its lending arrangements is to consider liquid collateral only. Due to the complexities involved in the Pakistan regarding non-liquid collateral realization and lack of historical experience to demonstrate recoveries through realization of such collaterals, a hair cut of 100% was used for non-liquid collateral types for stage 1 and stage 2 loans.

Credit Conversion Factor (CCF)

As per the guidelines issued by SBP vide BPRD Circular Letter No. 03 of 2022 dated July 05, 2022, FIs are advised to estimate the expected portion of the commitment that will be drawn down over the expected life of the commitment on the basis of their past experience and forward looking information. If not possible, the FIs may use the CCF for the calculation of EAD for off balance sheet exposures as defined under BSD Circular No. 08 of 2006 dated Dec 27, 2006.

Currently the Company is in the process of the preparation of model for CCF calculation.

Write-offs

The gross carrying amount of a credit instrument will be reduced when there is no reasonable expectation of recovery, in accordance with the terms of its Write-Off policy. Write-off constitutes a derecognition event.

Revenue recognition and other items

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income and Net gains/(losses) on financial assets at fair value through profit or loss, respectively.

3.1.11 Forborne and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk as per Company's policy. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne until all of the relevant criteria given in the prudential regulations has been met.

3.1.12 Derecognition

Financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the profit or loss account.

3.1.13 Transitioning adjustments

The comparative period have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS-9 have been recognized in opening retained earnings as of January 01, 2023, as per detail given below:-

3.1.13.1 Transition due to adoption of IFRS 9

	31 December 2022	Expected credit loss allowances	Other adjustments in relation to adoption of IFRS 9	01 January 2023
	----Rupees----			
ASSETS				
Cash and balances with treasury banks	93,364,567	-	-	93,364,567
Balances with other banks	3,313,389,248	(67,489)	-	3,313,321,759
Lendings to financial institutions	99,825,849	-	-	99,825,849
Investments	73,440,579,527	(125,069,589)	(36,735,488)	73,278,774,450
Advances	16,198,258,207	(172,284,591)	(1,159,398,211)	14,866,575,405
Property and equipment	178,345,992	-	-	178,345,992
Right-of-use assets	157,495,626	-	-	157,495,626
Intangible assets	-	-	-	-
Deferred tax assets	-	-	-	-
Other assets	733,982,851	-	-	733,982,851
Total Assets	**94,215,241,867**	**(297,421,669)**	**(1,196,133,699)**	**92,721,686,499**
LIABILITIES				
Bills payable	-	-	-	-
Borrowings	72,177,830,346	-	(961,260,203)	71,216,570,143
Deposits and other accounts	1,503,420,313	-	-	1,503,420,313
Lease liabilities	-	-	-	-
Subordinated debt	-	-	-	-
Deferred tax liabilities	26,820,653	(75,507,565)	(77,508,254)	(126,195,166)
Other liabilities	891,129,239	(68,610,866)	-	822,518,373
Total Liabilities	**74,599,200,551**	**(144,118,431)**	**(1,038,768,457)**	**73,416,313,663**
NET ASSETS	**19,616,041,316**	**(153,303,238)**	**(157,365,242)**	**19,305,372,835**
REPRESENTED BY				
Share capital	9,905,975,280	-	-	9,905,975,280
Advance against issue of shares	5,212,360	-	-	5,212,360
Reserve	1,891,727,790	-	96,046,885	1,987,774,675
(Deficit) / Surplus on revaluation of assets	244,804,835	-	(790,902,906)	(546,098,071)
Unappropriated profit	7,568,321,051	(153,303,238)	537,490,779	7,952,508,591
	19,616,041,316	**(153,303,238)**	**(157,365,242)**	**19,305,372,835**

PAK CHINA INVESTMENT COMPANY LIMITED
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FOR THE PERIOD ENDED 30 SEPTEMBER 2023

		Rupees
Unappropriated profit		
Retained earnings as of December 31, 2022		7,568,321,051
IFRS - 9 Impact		
Expected Credit loss (ECL) allowance		(228,810,803)
Reclassification of provision for impairment on AFS quoted securities		798,270,694
Reclassification of deficit on AFS quoted securities		102,102,299
Effective interest rate and modification loss		(234,873,496)
Transfer statutory reserve - net		(96,046,885)
Deferred tax on ECL	75,507,565	
Deferred tax on provision for Impairment adjustment	(99,783,837)	
Deferred tax on effective interest rate and modification loss	77,508,254	
Deferred tax on deficit on AFS quoted securities	(9,686,250)	
Related deferred tax impact		43,545,732
Adjusted Retained Earnings as of January 01, 2023		**7,952,508,591**
Balances with Other banks		
As at December 31, 2022		3,313,389,248
IFRS 9 Impact		
Expected Credit loss (ECL) allowance	(67,489)	(67,489)
As at January 01, 2023		**3,313,321,759**
Investment		
As at December 31, 2022		73,440,579,527
IFRS 9 Impact		
Expected Credit loss (ECL) allowance	(125,069,589)	
Effective interest rate	(36,735,488)	(161,805,077)
As at January 01, 2023		**73,278,774,450**
Advances		
As at December 31, 2022		16,198,258,207
IFRS 9 Impact		
Expected Credit loss (ECL) allowance	(172,284,591)	
Effective interest rate and modification loss	(1,159,398,211)	(1,331,682,802)
As at January 01, 2023		**14,866,575,405**
Borrowings		
As at December 31, 2022		72,177,830,346
IFRS 9 Impact		
Effective interest rate	(961,260,203)	(961,260,203)
As at January 01, 2023		**71,216,570,143**
Other liabilities		
As at December 31, 2022		891,129,239
IFRS 9 Impact		
Expected Credit loss (ECL) allowance	(68,610,866)	(68,610,866)
As at January 01, 2023		**822,518,373**

	Rupees	
(Deficit) / Surplus on revaluation of assets		
As at December 31, 2022		244,804,835
IFRS 9 Impact		
Reclassification of provision for impairment on AFS quoted securities	(798,270,694)	
Adjustment of deferred tax in relation to impairment adjustment	99,783,837	
		(698,486,857)
Reclassification of deficit on AFS quoted securities	(102,102,299)	
Reclassification of deferred tax	9,686,250	
		(92,416,049)
As at January 01, 2023		**(546,098,071)**
Deferred tax liabilities		
As at December 31, 2022		26,820,653
IFRS 9 Impact		
Expected Credit loss (ECL) allowance	(75,507,565)	
Effective interest rate and modification loss	(77,508,254)	
		(153,015,819)
As at January 01, 2023		**(126,195,166)**

3.1.13.2 Reclassification of investments due to adoption of IFRS-9

Reclassification for Available for sale securities (AFS)	
Balance as at December 31, 2022	**73,273,041,774**
Equity securities reclassified to FVPL	(444,436,134)
Debt securities reclassified to FVOCI	(72,005,900,428)
Equity securities reclassified to FVOCI	(822,705,212)
AFS investment as at January 01, 2023	-
Reclassification for Held for trading securities (HFT)	
Balance as at December 31, 2022	**167,537,754**
Equity securities reclassified to FVPL	(167,537,754)
HFT investment as at January 01, 2023	-

3.2 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

3.3 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective

There are various other standards, interpretations and amendments to accounting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Company's financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the audited annual financial statements for the year ended December 31, 2022 except the effects of adoption of IFRS - 9.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements for the year ended December 31, 2022. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with the emerging risks.

		Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
			---Rupees---	
6	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	Local currency		50,000	5,404
	With State Bank of Pakistan in			
	Local currency current account	6.1	186,294,511	86,954,943
	With National Bank of Pakistan in			
	Local currency current account		2,349,342	6,154,598
	Foreign currency current account		319,784	249,622
			189,013,637	93,364,567
	Less: Credit loss allowance held against balances with other banks		-	-
	Cash and balances with treasury banks - net of credit loss allowance		189,013,637	93,364,567

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.

		Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
			---Rupees---	
7	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current account		454,002	435,390
	In deposit account		4,423,651,046	3,312,953,858
			4,424,105,048	3,313,389,248
	Less: Credit loss allowance held against balances with other banks		(181,569)	-
	Balances with other banks - net of credit loss allowance		4,423,923,479	3,313,389,248

		Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
			---Rupees---	
8	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Reverse repo agreements		-	99,825,849
			-	99,825,849
	Less: Credit loss allowance held against lending to financial institutions		-	-
	Lendings to financial institutions - net of credit loss allowance		-	99,825,849

9 Investments

9.1 Investments by type

	Note	(Unaudited) 30 September 2023				(Audited) 31 December 2022			
		Cost / Amortized cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
FVTPL									
Shares		368,917,271	-	104,071,788	472,989,059	-	-		
		368,917,271	-	104,071,788	472,989,059				
FVOCI									
Federal Government securities		33,709,002,413	-	16,802,580	33,725,804,993				
Shares		1,798,163,239	(429,036,471)	(686,204,693)	682,922,075				
Non Government debt securities	10.3	8,456,508,538	(440,505,002)	(7,786,476)	8,008,217,060				
		43,963,674,190	(869,541,473)	(677,188,589)	42,416,944,128				
Amortized cost									
Federal Government securities		-	-	-	-				
Commercial papers		213,003,856	-	-	213,003,856				
Shares		-	-	-	-				
Non Government debt securities		-	-	-	-				
		213,003,856	-	-	213,003,856				
Held-for-trading securities									
Shares		-	-	-	-	249,107,207	-	(81,569,453)	167,537,754
Available-for-sale securities									
Federal Government Securities		-	-	-	-	63,587,717,693	-	(2,547,864)	63,585,169,829
Shares		-	-	-	-	1,600,497,074	(928,567,246)	202,721,519	874,651,347
Preference shares		-	-	-	-	315,000,000	-	77,490,000	392,490,000
Non Government Debt Securities		-	-	-	-	8,697,481,837	(328,758,918)	52,007,679	8,420,730,598
						74,200,696,604	(1,257,326,164)	329,671,334	73,273,041,774
Held to maturity securities									
Non Government Debt Securities		-	-	-	-	-	-	-	-
Total Investments		44,545,595,317	(869,541,473)	(573,116,801)	43,102,937,043	74,449,803,811	(1,257,326,164)	248,101,881	73,440,579,528

	Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
		---------- Rupees ----------	
9.1.1 Investments given as collateral			
Market Treasury Bills		**28,136,465,775**	54,890,201,468

	------Rupees------	
9.2 Credit loss allowance for diminution in value of investments		
9.2.1 Opening balance	**1,257,326,164**	1,041,141,932
Impact of reclassification due to adoption of IFRS-9	**(798,270,694)**	
Impact of remeasurement due to adoption of IFRS-9	**125,069,589**	
Charge / Reversal		
Charge for the period	**297,712,640**	227,218,617
Reversals for the period	**(12,296,226)**	(11,034,385)
	285,416,414	216,184,232
Closing Balance	**869,541,473**	1,257,326,164

9.3 Particulars of credit loss allowance against debt securities

		(Unaudited) 30 September 2023		(Audited) 31 December 2022	
		------------------------- Rupees	-------------------------		
		Outstanding amount	**Credit loss allowance Held**	Outstanding amount	Credit loss allowance Held
Domestic					
Performing	Stage 1	**7,787,760,168**	**19,701,422**	8,259,967,917	-
Underperforming	Stage 2	**249,111,890**	**1,167,100**	-	-
Non-performing	Stage 3	**-**	**-**	-	-
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**419,636,480**	**419,636,480**	437,513,920	328,758,918
Total		**8,456,508,538**	**440,505,002**	8,697,481,837	328,758,918

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10 ADVANCES

	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Performing		Non performing		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	Rupees					
Loans, cash credits, running finances, etc.	12,880,593,009	13,719,836,397	1,219,523,014	1,266,189,682	14,100,116,023	14,986,026,079
Islamic Financing and related assets	2,323,163,658	2,257,060,085	108,966,105	262,946,667	2,432,129,763	2,520,006,752
Advances - gross	15,203,756,667	15,976,896,482	1,328,489,119	1,529,136,349	16,532,245,786	17,506,032,831
					16,532,245,786	-
Credit loss allowance against advances						
- Stage 1	78,538,486	223,364,828	-	-	78,538,486	223,364,828
- Stage 2	76,523,660	-	-	-	76,523,660	-
- Stage 3	-	-	1,162,402,720	1,084,409,796	1,162,402,720	1,084,409,796
	155,062,147	223,364,828	1,162,402,720	1,084,409,796	1,317,464,867	1,307,774,624
Advances - net of credit loss allowance	15,048,694,520	15,753,531,654	166,086,399	444,726,553	15,214,780,919	16,198,258,207

10.1 Particulars of advances (Gross)

	(Unaudited) 30 September 2023	(Audited) 31 December 2022
	Rupees	
In local currency	16,532,245,786	17,506,032,831

10.2 Advances include Rs.1,478 million (2022: Rs 1,529 million) which have been placed under non-performing / Stage 3 status as detailed below:-

		(Unaudited) 30 September 2023		(Audited) 31 December 2022	
Category of Classification		Non Performing Loans	Provision / Credit loss allowance	Non Performing Loans	Provision / Credit loss allowance
		Rupees			
Domestic					
Other Assets Especially Mentioned (OAEM)	Stage 3	108,966,105	80,867,074	262,946,667	-
Substandard	Stage 3	-	-	-	-
Doubtful	Stage 3	-	-	-	-
Loss	Stage 3	1,219,523,014	1,081,535,646	1,266,189,682	1,084,409,796
		1,328,489,119	1,162,402,720	1,529,136,349	1,084,409,796

10.3 Particulars of credit loss allowance against advances

10.3.1

	(Unaudited) 30 September 2023					(Audited) 31 December 2022	
	Stage 1	Stage 2	Stage 3	General	Specific	General	Specific
	Rupees						
Opening balance	194,410,089	25,010,538	1,088,353,996	223,364,828	1,084,409,796	208,365,648	846,230,182
Impact of IFRS - 9	(105,189,369)	126,096,930	151,377,030	(223,364,828)	(1,084,409,796)	-	-
Charge for the period	10,038,783	14,559,842	11,852,150	14,999,180	331,512,946	14,999,180	331,512,946
Reversals	(20,721,016)	(89,143,650)	(89,180,456)	-	(93,333,332)	-	(93,333,332)
	(10,682,234)	(74,583,808)	(77,328,306)	14,999,180	238,179,614	14,999,180	238,179,614
Closing balance	78,538,486	76,523,660	1,162,402,720	14,999,180	238,179,614	223,364,828	1,084,409,796

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10.4 Advances - Particulars of credit loss allowance

		(Unaudited)				(Audited)	
	30 September 2023					31 December 2022	
	Stage 1	Stage 2	Stage 3	General Provision	Specific Provision	General Provision	Specific Provision
	Rupees						
10.4.1 Opening balance	194,410,089	25,010,538	1,088,353,996	223,364,828	1,084,409,796	208,365,648	846,230,182
Impact of adopting IFRS 9	(105,189,369)	126,096,930	151,377,030	(223,364,828)	(1,084,409,796)		-
New Advances	13,532,068	-	-	-	-	14,999,180	-
Advances derecognised or repaid	(1,826,829)	(10,079,225)	(46,666,669)	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-
Transfer to stage 2	(7,159,484)	7,159,484	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-
	4,545,755	(2,919,741)	(46,666,669)	-	-	14,999,180	-
Amounts written off / charged off	-	-	-	-	-	-	-
Changes in risk parameters	(15,227,989)	(71,664,067)	(42,513,787)	-	-	-	-
Other changes (to be specific)	-	-	11,852,150	-	-	-	238,179,614
	(15,227,989)	(71,664,067)	(30,661,637)	-	-	-	238,179,614
Closing balance	78,538,486	76,523,660	1,162,402,720	-	-	223,364,828	1,084,409,796

10.4.2 Advances - Category of calssification

		(Unaudited) 30 September 2023		(Audited) 31 December 2022	
		Rupees			
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
Domestic					
Performing	Stage 1	12,524,801,743	78,538,486	13,109,527,277	194,410,089
Underperforming	Stage 2	2,678,954,924	76,523,660	2,867,369,205	25,010,538
Non-Performing	Stage 3				
Other Assets Especially Mentioned (OAEM)		108,966,105	80,867,074	262,946,667	-
Substandard		-	-	-	
Doubtful		-	-	-	
Loss		1,219,523,014	1,081,535,646	1,266,189,682	1,088,353,996
		16,532,245,786	1,317,464,867	17,506,032,831	1,307,774,623

		Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
			----Rupees----	
11	**PROPERTY AND EQUIPMENT**			
	Capital work-in-progress	11.1	4,048,775	6,053,650
	Property and equipment		172,879,430	172,292,342
			176,928,205	178,345,992
11.1	**Capital work-in-progress**			
	Advances to suppliers		4,048,775	6,053,650

		(Unaudited) For the nine months ended 30 September 2023	31 December 2022
11.2	**Additions to property and equipment**	----Rupees----	

The following additions have been made to Property and Equipment during the period:

	30 September 2023	31 December 2022
Capital work-in-progress	-	-
Property and equipment		
Leasehold Improvements	1,597,166	-
Furniture and fixture	788,643	422,123
Electrical office and computer equipment	9,039,590	17,439,852
	11,425,399	17,861,975

11.3 Disposal of property and equipment

The net book value of fixed assets disposed off during the period is as follows:

	30 September 2023	31 December 2022
Buidling on freehold land - Lift	-	1,358,076
Electrical office and computer equipment	23,841	-
Total	23,841	1,358,076

		(Unaudited) 30 September 2023	(Audited) 31 December 2022
12	**RIGHT-OF-USE ASSETS**	Building	Building
		----Rupees----	
	At 01 January 2023		
	Cost	288,804,003	114,115,953
	Accumulated Depreciation	(131,308,377)	(94,834,855)
	Net Carrying amount at 31 January 2023	157,495,626	19,281,098
	Additions during the period	28,677,392	174,688,050
	Deletions during the period	-	-
	Depreciation Charge for the period	(34,218,792)	(36,473,522)
	Net Carrying amount at 30 September 2023	151,954,226	157,495,626

		(Unaudited) 30 September 2023	(Audited) 31 December 2022
13	**INTANGIBLE ASSETS**	----Rupees----	
	Computer Software	3,632,581	1

		(Unaudited) For the nine months ended 30 September 2023	31 December 2022
13.1	**Additions to intangible assets**	----Rupees----	

The following additions have been made to intangible assets during the period:

	30 September 2023	31 December 2022
Directly purchased	4,839,000	8,000

		Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
			Rupees	
14	**OTHER ASSETS**			
	Income / mark-up accrued in local currency		883,527,538	442,586,871
	Income / mark-up accrued in foreign currency		146,074,801	160,608,703
	Advances, deposits, advance rent and other prepayments		84,699,014	12,442,563
	Receivable against fee, commission and advisory services		34,504,048	48,199,149
	Advance taxation (payments less provisions)		-	64,667,672
	Receivable against rent		2,832,802	-
	Receivable from provident fund		3,497,209	5,345,606
	Others		1,716,955	132,287
			1,156,852,367	733,982,851
	Less: Provision against other assets	14.1	-	-
	Other assets (Net of credit loss allowance)		1,156,852,367	733,982,851
15	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan			
	Renewable Energy Power Projects (REPP)	15.1	25,353,239	42,947,931
	Long Term Finance Facility (LTFF)	15.2	1,604,670,219	2,153,087,527
	Temporary Economic Relief Facility (TERF)	15.3	929,512,642	1,294,924,187
			2,559,536,100	3,490,959,645
	Repurchase agreement borrowings	15.4	8,949,161,431	342,849,573
	Borrowing from banks			
	Against government securities	15.5	19,063,548,000	54,229,359,000
	Against book debts/receivables	15.6	7,153,999,792	8,274,229,167
			35,166,709,223	62,846,437,740
	Total secured		37,726,245,323	66,337,397,385
	Unsecured			
	Borrowing from Financial institutions			
	Bai Muajjal		3,456,658,343	4,340,432,961
	Clean borrowings		-	1,500,000,000
	Total unsecured		3,456,658,343	5,840,432,961
			41,182,903,666	72,177,830,346

16 **DEPOSITS AND OTHER ACCOUNTS**

	(Unaudited) 30 September 2023			(Audited) 31 December 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees					
Customers						
Term deposits	763,066,385	-	763,066,385	1,503,420,313	-	1,503,420,313

16.1 All the deposits are in local currency.

		(Unaudited) 30 September 2023	(Audited) 31 December 2022
17	**DEFERRED TAX LIABILITIES**	Rupees	
	Deductible Temporary Differences on		
	- Post retirement employee benefits	3,110,184	3,172,456
	- Provision for diminution in the value of FVOCI / AFS	167,324,224	251,272,142
	- Liabilities against assets subject to lease	60,586,053	44,368,636
	- Credit loss allowance / provision against advances, off balance sheet etc.	633,047,133	363,304,524
	- Revaluation of investments - FVOCI / AFS	131,132,571	(84,866,498)
	- Effective interest rate and modification loss	33,179,516	-
	- Capital Losses	12,263,527	50,065
		1,040,643,208	577,301,325
	Taxable Temporary Differences - FVOCI		
	- Accelerated tax depreciation	(51,444,244)	(45,926,006)
	- Revaluation of investments - FVPL / HFT	(12,757,500)	10,196,182
	- Unrealized exchange gain	(1,025,080,657)	(568,392,154)
		(1,089,282,401)	(604,121,978)
		(48,639,193)	(26,820,653)

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18 LEASE LIABILITIES

	Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
		Rupees	
Outstanding amount at the start of the year		134,450,409	-
Additions during the year		28,677,392	174,688,050
Lease payments including interest		(23,120,258)	(45,202,896)
Interest expense		15,341,311	4,965,255
Exchange difference		-	-
Outstanding amount at the end of the year		155,348,854	134,450,409

18.1 Contractual maturity of lease liabilities

	30 September 2023	31 December 2022
	Rupees	
Not later than one year	20,528,000	50,336,671
Later than one year and upto five years	134,820,854	84,113,738
Over five years	-	-
Total lease liabilities	155,348,854	134,450,409

This Represents space obtained for Office in Islamabad and a house for chinese staff. These are discounted using incremental borrowing rate ranging from 10.77% to 22.13% (2022:10.77%). Lease rentals are subject to annual escalation of 10% and 8.34% for chinese staff house and office space respectively.

19 OTHER LIABILITIES

	Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
		Rupees	
Mark-up / Return / Interest payable in local currency		848,518,608	564,788,453
Accrued expenses		60,324,310	59,967,347
Unearned fee / commission		2,252,358	2,816,015
Current taxation (provisions less payments)		16,835,717	-
Withholding tax / sales tax payable		7,276,565	2,998,588
Payable to defined benefit plan		7,974,832	9,613,504
Payable to Employees Old Age Benefit Institution		-	66,000
Credit loss allowance against off-balance sheet obligations	19.1	37,162,578	-
Suspended markup		-	108,755,000
Others		9,163,332	7,673,923
		989,508,300	756,678,830

19.1 Credit loss allowance against off-balance sheet obligations

Opening balance	-	-
Impact of IFRS 09	-	-
	-	-
Charge for the period / year	37,162,578	-
Reversals	-	-
	37,162,578	-
Amount written off	-	-
Closing balance	37,162,578	-

20 ADVANCE AGAINST ISSUE OF SHARES

This represents difference between amount received and shares issued to Ministry of Finance (MOF). The shares were issued in the ratio of 50:50 to both the sponsors. This amount will be adjusted against next tranche of equity injection.

21 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

	Note	(Unaudited) 30 September 2023	(Audited) 31 December 2022
		Rupees	
(Deficit) / surplus on revaluation of			
- Securities measured at FVOCI - Debt	9.1	9,016,104	49,459,816
- Securities measured at FVOCI - Shares		(686,204,693)	280,211,518
		(677,188,589)	329,671,334
Deferred tax on (Deficit) / surplus on revaluation of:			
- Securities measured at FVOCI - Debt		(3,516,281)	(16,321,738)
- Securities measured at FVOCI - Shares		134,648,852	(68,544,760)
		131,132,571	(84,866,498)
		(546,056,018)	244,804,836

22 CONTINGENCIES AND COMMITMENTS

	Note	30 September 2023	31 December 2022
Guarantees	22.1	4,483,382,665	3,572,561,685
Commitments	22.2	29,637,285,898	8,402,083,225
Other contingent liability	22.3	168,100,000	168,100,000
		34,288,768,563	12,142,744,910

22.1 Guarantees

Financial guarantees	4,483,382,665	3,572,561,685

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		Note	(Unaudited) 30 September 2023	(Audited) 30 September 2022
			-----Rupees-----	
22.2	**Commitments**			
	Documentary credits and short term trade related transactions			
	Letters of credit		80,913,189	253,997,522
	Commitments in respect of:			
	Forward government securities transactions - Purchase	22.2.1	28,136,465,775	6,277,033,116
	- Forward lending	22.2.2	1,416,052,809	1,869,586,337
	Commitment for acquisition of property and equipment		3,854,125	1,466,250
			29,637,285,898	8,402,083,225
22.2.1	**Commitments in respect of forward government securities transactions**			
	Purchase		28,136,465,775	6,277,033,116
	Sale		-	-
			28,136,465,775	6,277,033,116

22.2.2 Commitments in respect of forward lending

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

22.3 Other contingent liability

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.

		Note	(Unaudited) For the nine months ended 30 September 2023	30 September 2022
			----- Rupees -----	
23	**MARK-UP / RETURN / INTEREST EARNED**			
	Loans and advances		2,491,701,812	1,431,895,757
	Investments		6,424,885,691	2,074,126,611
	Lending to financial institutions		14,490,528	14,613,434
	Balances with banks		334,291,840	238,332,350
	On securities purchased under resale agreement		49,448,392	213,460,011
	On Investments - IFRS 9			
			9,314,818,263	3,972,428,163
23.1	**Interest income (calculated using effective interest rate method) recognised on:**			
	Financial assets measured at amortised cost;		2,889,932,572	1,898,301,552
	Financial assets measured at fair value through OCI.		6,424,885,691	2,074,126,611
			9,314,818,263	3,972,428,163
24	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		145,911,532	161,001,192
	Borrowings		5,677,234,462	2,060,701,688
	On securities sold under repurchase agreements		517,273,132	74,451,790
	Interest expense on lease liability		15,341,311	2,099,003
			6,355,760,437	2,298,253,673
24.1	Interest expense calculated using effective interest rate method		6,355,760,437	2,298,253,673
25	**FEE AND COMMISSION INCOME**			
	Credit related fee		4,312,807	17,138,334
	Investment banking fees		10,550,112	33,799,952
	Commission on trade		641,419	2,491,725
	Commission on guarantees		26,034,159	14,184,533
			41,538,497	67,614,544
26	**GAIN / (LOSS) ON SECURITIES**			
	Realized	26.1	30,307,515	-
	Unrealised - Measured at FVPL	9.1	28,552,926	3,512,213
			58,860,441	3,512,213
26.1	**Realized (loss) / gain on:**			
	Federal Government Securities		(1,023,782)	-
	Shares		31,331,297	-
			30,307,515	-
26.2	**Net gain / (loss) on financial assets / liabilities measured at FVTPL:**			
	Designated upon initial recogination		28,552,926	-
	Mandatory measured at FVPL		-	3,512,213
			28,552,926	3,512,213
	Net gain / (loss) on financial assets measured at FVOCI		30,307,515	-
			58,860,441	3,512,213
27	**OTHER INCOME**			
	Rent on property		11,555,411	10,699,450
	Gain on sale of property and equipment - net		88,513	-
			11,643,924	10,699,450

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		Note	(Unaudited) For the nine months ended 30 September 2023	30 September 2022
			---------------- Rupees ----------------	
28	**OPERATING EXPENSES**			
	Total Compensation expenses	28.1	384,528,193	337,712,072
	Property expense			
	Rent and taxes		1,239,868	1,651,508
	Insurance		51,867	55,440
	Utilities cost		8,085,433	5,765,069
	Security (including guards)		4,595,353	4,173,110
	Repair & maintenance (including janitorial charges)		6,228,188	2,959,986
	Depreciation		35,321,328	27,785,158
			55,522,037	42,390,271
	Information technology expenses			
	Software maintenance		1,637,697	1,622,457
	Hardware maintenance		164,530	396,443
	Depreciation		3,563,945	2,543,996
	Amortization		1,206,432	184,020
	Network charges		751,115	655,860
			7,323,719	5,402,776
	Other operating expenses			
	Legal and professional charges		3,751,596	5,033,471
	Outsourced services costs		5,634,622	5,086,549
	Travelling and conveyance		36,708,245	24,814,265
	Insurance		3,667,700	3,266,230
	Repair and maintenance		916,561	1,728,864
	Depreciation		6,148,004	6,507,132
	Training and development		5,730,100	1,301,744
	Communication		3,203,245	2,672,336
	Stationery and printing		4,017,522	2,356,283
	Marketing, advertisement and publicity		3,784,327	2,655,382
	Auditors remuneration	28.3	2,558,384	2,531,128
	Bank charges		268,344	305,663
	Entertainment		5,399,076	4,216,743
	Donations		-	1,000,000
	Loss on sale of fixed assets		-	563,485
	Miscellaneous		4,780,976	4,016,800
			86,568,702	68,056,075
			533,942,651	453,561,194

		Note	30 September 2023	30 September 2022
28.1	**OTHER CHARGES**			
	Penalties imposed by Securities and exchange commission of Pakistan		250,000	-
28.2	**CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**			
	Impairment loss on investments	9.2	298,739,919	-
	Credit loss allowance for diminution in value of investments - net	9.2	(13,323,505)	(5,526,141)
	Credit loss allowance against loans & advances - net	10.3	(162,594,346)	77,873,871
	Other credit loss allowance	14.1	(2,867,476)	-
		10.3	119,954,592	72,347,730
29	**TAXATION**			
	Current		1,090,668,515	461,441,414
	Prior period		-	46,827,470
	Deferred		282,348,262	183,617,303
			1,373,016,777	691,886,187
30	**BASIC EARNINGS PER SHARE**			
	Profit for the period - Rupees		1,964,156,238	1,266,710,190
	Weighted average number of ordinary shares - Numbers		990,597,528	977,119,619
	Basic earnings per share - Rupees		1.98	1.30

30.1 Diluted earning per share has not been separately presented as the Company does not have convertible instruments in issue.

31 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, 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:

	(Unaudited) 30 September 2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	33,725,804,993	-	33,725,804,993
Shares	417,471,578	-	-	417,471,578
Preference Shares	371,700,000	-	-	371,700,000
Non-Government Debt Securities	-	5,163,074,858	-	5,163,074,858
	789,171,578	38,888,879,851	-	39,678,051,429
Financial assets - disclosed but not measured at fair value				
Shares	-	-	-	366,739,556
Commercial Paper	-	-	-	213,003,856
Non-Government Debt Securities	-	-	-	3,005,920,000
	-	-	-	3,585,663,412
	789,171,578	38,888,879,851	-	43,263,714,841

	(Audited) 31 December 2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	63,585,169,830	-	63,585,169,830
Shares	543,280,432	-	-	543,280,432
Preference Shares	392,490,000	-	-	392,490,000
Non-Government Debt Securities	-	3,790,810,598	-	3,790,810,598
	935,770,432	67,375,980,428	-	68,311,750,860
Financial assets - disclosed but not measured at fair value				
Shares	-	-	-	498,908,668
Non-Government Debt Securities	-	-	-	4,629,920,000
	-	-	-	5,128,828,668
	935,770,432	67,375,980,428	-	73,440,579,528
Off-balance sheet financial instruments - measured at fair				
Forward government securities transactions - purchase	-	6,277,033,116	-	6,277,033,116
Forward government securities transactions - sale	-	-	-	-

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	PKRV rates (Reuters page)
Listed Securities	Market Prices
Non-Government Debt Securities	MUFAP

32 SEGMENT INFORMATION

32.1 Segment Details with respect to Business Activities

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
	(Unaudited) 30 September 2023				
Profit & Loss	Rupees				
Net mark-up / return / profit	2,315,847,666	87,292,003	183,376,954	372,541,203	2,959,057,826
Inter segment revenue - net	(2,206,352,706)	(138,198,000)	(45,508,000)	2,390,058,706	-
Non mark-up income	83,790,119	31,840,697	(1,023,782)	917,655,398	1,032,262,432
Total Income	193,285,079	(19,065,300)	136,845,172	3,680,255,307	3,991,320,258
Segment direct expenses	(48,685,687)	(28,317,767)	(24,406,831)	(432,782,366)	(534,192,651)
Provisions / Impairment	(119,954,592)	-	-	-	(119,954,592)
Profit before tax	24,644,800	(47,383,067)	112,438,341	3,247,472,941	3,337,173,015

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
	(Unaudited) 30 September 2023				
Balance Sheet	Rupees				
Cash & Bank balances	-	-	-	4,612,937,116	4,612,937,116
Investments	8,273,412,529	1,153,907,482	33,725,804,993	(50,187,961)	43,102,937,043
Advances					
Performing	15,084,588,450	-	-	119,168,217	15,203,756,667
Credit loss allowance	(155,050,140)	-	-	(12,007)	(155,062,147)
	14,929,538,310	-	-	119,156,210	15,048,694,520
Non-performing	1,327,825,555	-	-	663,564	1,328,489,119
Credit loss allowance	(1,161,739,156)	-	-	(663,564)	(1,162,402,720)
	166,086,399	-	-	-	166,086,399
Others	838,274,531	58,319,464	15,739,649	577,033,835	1,489,367,379
Total Assets	24,207,311,769	1,212,226,946	33,741,544,642	5,258,939,200	64,420,022,457
Borrowings	9,291,112,607	178,414,004	31,713,377,055	-	41,182,903,666
Deposits & other accounts	-	-	763,066,385	-	763,066,385
Others	170,547,173	10,329,843	680,321,737	332,297,584	1,193,496,337
Total liabilities	9,461,659,780	188,743,847	33,156,765,177	332,297,584	43,139,466,388
Equity	-	-	-	21,280,556,069	21,280,556,069
Total Equity & liabilities	9,461,659,780	188,743,847	33,156,765,177	21,612,853,653	64,420,022,457
Contingencies & Commitments	5,980,348,663	-	28,136,465,775	171,954,125	34,288,768,563

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
	(Unaudited) 30 September 2022				
Profit & Loss	Rupees				
Net mark-up / return / profit	1,369,275,738	17,209,809	151,698,805	135,990,139	1,674,174,490
Inter segment revenue - net	(317,171,000)	(7,627,000)	(25,938,000)	350,736,000	-
Non mark-up income	33,814,592	43,042,872	-	733,473,347	810,330,811
Total Income	1,085,919,330	52,625,681	125,760,805	1,220,199,486	2,484,505,301
Segment direct expenses	(43,721,671)	(47,155,762)	(20,519,857)	(342,163,904)	(453,561,194)
Provisions	(67,847,730)	(4,500,000)	-	-	(72,347,730)
Profit before tax	974,349,928	969,919	105,240,948	878,035,582	1,958,596,377

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
	(Audited) 31 December 2022				
Balance Sheet	Rupees				
Cash & Bank balances	-	-	99,825,849	3,406,753,815	3,506,579,664
Investments	8,411,511,729	1,984,093,199	63,044,974,600	-	73,440,579,528
Advances					
Performing	15,528,041,993	300,000,000	-	148,854,489	15,976,896,482
General provision	(218,864,828)	(4,500,000)	-	-	(223,364,828)
	15,309,177,165	295,500,000	-	148,854,489	15,753,531,654
Non-Performing	1,528,472,785	-	-	663,564	1,529,136,349
Specific provision	(1,083,746,232)	-	-	(663,564)	(1,084,409,796)
	444,726,553	-	-	-	444,726,553
Others	447,395,000	45,545,263	87,499	576,796,707	1,069,824,469
Total Assets	24,612,810,447	2,325,138,462	63,144,887,948	4,132,405,011	94,215,241,868
Borrowings	11,237,401,812	350,287,000	60,590,141,534	-	72,177,830,346
Deposits	-	-	1,503,420,313	-	1,503,420,313
Others	102,913,646	13,484,211	459,391,741	342,160,294	917,949,892
Total liabilities	11,340,315,458	363,771,211	62,552,953,588	342,160,294	74,599,200,551
Equity	-	-	-	19,616,041,317	19,616,041,317
Total Equity & liabilities	11,340,315,458	363,771,211	62,552,953,588	19,958,201,611	94,215,241,868
Contingencies & Commitments	5,696,145,544	-	6,277,033,116	169,566,250	12,142,744,910

33 RELATED PARTY TRANSACTIONS

The Company has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

The Company enters into transacitons with related paties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the

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

	(Unaudited) 30 September 2023			(Audited) 31 December 2022		
	Directors	Key management	Other related parties	Directors	Key management	Other related parties
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	9,204,799,823	-	-	83,266,548,545
Repaid during the period	-	-	(9,204,799,823)	-	-	(83,266,548,545)
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	822,705,214	-	-	822,705,214
Investment made during the period / year	-	-	-			-
Investment disposed off during the year	-	-	-			-
Transfer in / (out) - net	-	-	-			-
Revaluation / impairment impact	-	-	(221,320,569)	-	-	-
Closing balance	-	-	601,384,645	-	-	822,705,214
Advances						
Opening balance	-	76,461,653	394,736,843	-	79,400,676	500,000,000
Addition during the period / year	-	19,964,627	-	-	4,627,620	-
Transferred to other assets	-	(22,489,933)		-	-	-
Repaid during the period / year	-	(12,215,634)	(78,947,368)		(7,566,643)	(105,263,157)
Closing balance	-	61,720,713	315,789,475	-	76,461,653	394,736,843
Credit loss allowance held against advances	-	6,390	1,292,941	-	-	-
Other Assets						
Deferred Employees Benefits						
Opening balance	-	-	-	-	-	-
Transferred from advances	-	22,489,933	-	-	-	-
Addition during the period / year	-	20,322,423	-	-	-	-
Repaid during the period	-	(4,645,527)	-	-	-	-
Amortized during the period / year	-	(2,285,997)	-	-	-	-
Closing balance	-	35,880,832	-	-	-	-
Interest / mark-up accrued	-	-	5,269,963	-	-	5,080,209
Receivable from staff retirement fund	-	-	3,497,209	-	-	5,345,606
Other receivable	-	2,500,000	2,988,372	-	483,554	2,366,908
	-	2,500,000	11,755,544	-	483,554	12,792,723
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	20,656,248,405	-	-	9,648,205,968
Settled during the period	-	-	(20,656,248,405)	-	-	(9,648,205,968)
Closing balance	-	-	-	-	-	-
Deposits						
Opening balance	-	-	203,420,313	-	-	-
Received during the period / year	-	-	762,770,041	-	-	399,229,975
Withdrawn during the period / year	-	-	(738,962,688)	-	-	(195,809,662)
Closing balance	-	-	227,227,666	-	-	203,420,313
Other Liabilities						
Interest / mark-up payable	-	-	7,134,681	-	-	2,937,046
Payable to staff retirement fund	-	-	7,974,832	-	-	9,613,504
Other liabilities	(11,722,314)	6,804,955	142,572,856	2,550,537	11,515,936	98,805,108
	(11,722,314)	6,804,955	157,682,369	2,550,537	11,515,936	111,355,658

	(Unaudited) 30 September 2023			(Unaudited) 30 September 2022		
	Directors	Key management	Other related parties	Directors	Key management	Other related parties
Income						
Mark-up / return / interest earned	-	4,754,330	71,000,483	-	2,250,839	99,611,715
Fee and commission income	-	-	-	-	-	200,000
Dividend Received	-	-	-			11,250,000
Expense			-			
Mark-up / return / interest paid	278,635	278,635	13,669,491	349,834	349,834	3,513,449
Operating expenses						
Charge for defined benefit plan	578,853	6,267,483	8,067,483	137,448	4,794,300	8,919,306
Charge for contribution plan	1,719,517	3,541,888	5,003,164	1,325,002	3,367,269	4,696,596
Salaries	28,372,027	60,113,074	-	21,862,549	57,980,022	-
Bonus expense	6,485,147	27,255,808	-	4,779,687	24,741,234	-
Overseas allowances	8,829,298	-	-	7,301,397	-	-
Leave fair assistance & encashment	3,198,230	6,774,791	-	-	5,522,781	-
Tax borne by employer	12,537,790	11,162,056	-	15,941,820	7,709,117	-
Others	16,076,806	28,215,893	4,707,119	9,361,836	22,040,161	3,501,765
Depreciation expense on lease hold building	2,079,335	2,079,335	21,742,781	3,913,349	-	14,910,575
CDC Charges paid	-	-	-	-	-	709,823

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. 2.9 million (2022: 6.6 million), Rs. 975 million (2022: 1.200 million), Rs. 541.9 million (2022: 666.1 million) and Rs. nil (2022: 99.8 million) respectively, and income earned on deposits, advances, investment and lendings and interest expense on borrowings amounted to Rs. nil (2022: 87.7 million) Rs. 179.8 million (2022: 147.9 million), Rs. 83.3 million (2022: 70.8 million), Rs. 2.9 million (2022: 33.7 million) and Rs. 44.8 million (2022: 8.0 million) respectively.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

		(Unaudited) 30 September 2023	(Audited) 31 December 2022
34	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**		
34.1	**Minimum Capital Requirement (MCR):**	------------- Rupees -------------	
	Paid-up capital (net of losses)	9,905,975,280	9,905,975,280
34.2	**Capital Adequacy Ratio (CAR):**		
	Eligible Common Equity Tier 1 (CET 1) Capital	17,416,612,638	15,867,454,650
	Eligible Tier 2 Capital	-	-
	Total Eligible Capital (Tier 1 + Tier 2)	17,416,612,638	15,867,454,650
	Risk Weighted Assets (RWAs):		
	Credit Risk	22,799,049,542	16,786,952,392
	Market Risk	7,352,380,976	7,547,481,608
	Operational Risk	4,267,725,030	4,278,071,776
	Total	34,419,155,548	28,612,505,776
	Common Equity Tier 1 Capital Adequacy ratio	50.60%	55.46%
	Tier 1 Capital Adequacy Ratio	50.60%	55.46%
	Total Capital Adequacy Ratio	50.60%	55.46%
34.3	**Other information:**		
	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	17,416,612,638	15,867,454,650
	Total Exposures	75,793,151,517	100,205,083,006
	Leverage Ratio	22.98%	15.83%
	Minimum Requirement	3.00%	3.00%
34.5	**Liquidity Coverage Ratio (LCR):**		
	Total High Quality Liquid Assets	14,088,801,136	16,313,020,791
	Total Net Cash Outflow	6,789,190,149	3,064,041,335
	Liquidity Coverage Ratio	207.52%	532.40%
34.6	**Net Stable Funding Ratio (NSFR):**		
	Total Available Stable Funding	27,722,964,818	31,417,151,478
	Total Required Stable Funding	19,193,020,902	26,682,858,025
	Net Stable Funding Ratio	144.44%	117.74%
	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/car2023/car-september-23.pdf

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 BPRD 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 24 JUL 2025.

MANAGING DIRECTOR   CHIEF FINANCIAL OFFICER   CHAIRMAN   DIRECTOR   DIRECTOR