



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

We are pleased to present on behalf of the Board of Directors, condensed interim financial statements of Pak China Investment Company Limited for the nine-months ended 30 September 2020 together with Directors' Review thereon.

Profit after tax has increased from Rs. 646.0 million for the nine months period last year to Rs. 689.3 million for the nine months period during the current year, showing a steady growth of 6.7% in this year of unprecedented challenges. Correspondingly, earnings per share stood at Re. 0.71 for the period ended 30 September 2020 as compared to Re. 0.67 of comparable prior period.

Net mark-up income remained almost at last year's comparable period level despite the fact that during the year policy rate was sharply cut down by the SBP from 13.25% to 7% in the span of three months. This reflects the revenue being generated from increased volume of good credit quality.

Total Non-mark-up income increased by Rs. 33.9 million from Rs. 227.8 million in the corresponding period of the previous year to Rs. 261.7 million for the current period. This increase is mainly attributable to fee income of Rs. 24 million during last year however the same was Rs. 78 million for the current period & gain on sale securities by Rs. 30 million. However, foreign exchange income decreased by Rs. 47 million during current period as Pak Rupees strengthened against the US Dollar.

Operating expenses increased by only 2.4%, majorly due to impact of annual increment in salaries of employees however due to austerity measures taken by management to absorb COVID-19 pressures, other operating expenses were kept under control.

Provisions against non-performing loans & Impairment losses decreased as compared to last year majorly due to reversal of provision by Rs. 67 million. However the net impact of decrease was set off by increase in specific provisioning by Rs. 77m and impairment of Rs. 54m.

Total assets have increased by Rs. 1.17 billion. Gross advances increased by 8.8% during the current period as compared to closing balance at the end of last financial year and investment portfolio was also increased with fresh disbursements.

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

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

On behalf of the Board of Directors

Wang Baojun
Managing Director

Noor Ahmed
Director


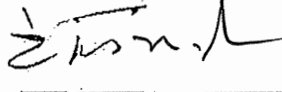

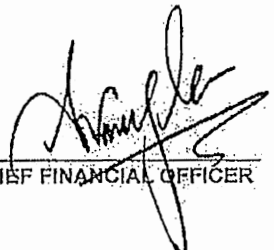
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

		(Un-audited) 30 September 2020	(Audited) 31 December 2019
	Note	Rupees	
ASSETS			
Cash and balances with treasury banks	6	2,245,454,095	3,176,193,182
Balances with other banks	7	31,022,983	878,417,860
Lendings to financial institutions	8	921,292,784	-
Investments	9	20,119,770,523	19,129,775,724
Advances	10	10,144,198,746	9,286,105,524
Fixed assets	11	242,939,250	276,895,029
Intangible assets	12	567,674	784,906
Deferred tax assets	13	78,247,663	52,515,699
Other assets	14	786,166,786	599,504,225
		34,569,660,504	33,400,192,149
LIABILITIES			
Bills payable		-	-
Borrowings	15	16,281,352,120	16,119,292,987
Deposits and other accounts	16	530,650,000	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	401,748,068	648,887,229
		17,213,750,188	16,768,180,216
NET ASSETS		17,355,910,316	16,632,011,933
REPRESENTED BY			
Share capital		9,696,637,540	9,696,637,540
Advance against issue of shares		9,881,237	9,881,237
Reserves		1,522,520,969	1,384,606,471
Surplus on revaluation of assets	18	39,077,569	4,751,677
Unappropriated profit		6,087,793,001	5,536,135,008
		17,355,910,316	16,632,011,933

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

			
MANAGING DIRECTOR	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

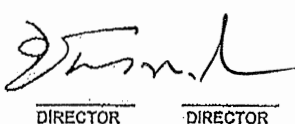
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

		Three months ended 30 September 2020	Three months ended 30 September 2019	Nine months ended 30 September 2020	Nine months ended 30 September 2019
	Note	Rupees			
Mark-up/ return/ Interest earned	20	610,736,025	694,292,120	2,679,743,254	1,490,742,988
Mark-up/ return/ Interest expensed	21	(277,923,118)	(234,341,431)	(1,484,219,712)	(274,519,577)
Net mark-up/ Interest Income		332,812,907	459,950,689	1,215,523,542	1,216,223,409
NON MARK-UP/INTEREST INCOME					
Fee and commission Income	22	54,161,288	2,240,311	78,321,571	23,851,712
Dividend Income		-	-	-	-
Foreign exchange Income		(27,161,829)	(91,610,403)	143,297,862	190,471,614
Income / (loss) from derivatives		-	-	-	-
Gain on securities	23	6,405,069	23,600.00	30,884,604	529,600
Other income	24	3,164,604	2,930,095	9,218,052	12,916,357
Total non-markup/ Interest Income		36,569,222	(66,416,397)	261,701,989	227,769,263
Share in profit of associated companies		(256,800)	-	19,207,016	15,648,820
Total Income		369,125,329	373,534,292	1,496,432,547	1,459,641,292
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	25	119,511,328	119,302,539	358,746,451	350,273,609
Workers welfare fund		-	-	-	-
Other charges		-	-	30,000	-
Total non-markup/Interest expenses		119,511,328	119,302,539	358,776,451	350,273,609
Profit before provisions		249,614,001	254,141,753	1,137,656,096	1,109,367,683
Provisions and write offs - net	27	2,603,787	116,260,241	77,347,841	217,709,022
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		247,010,214	138,881,512	1,060,308,255	891,658,661
Taxation	28	77,283,040	15,269,609	370,995,299	245,863,984
PROFIT AFTER TAXATION		169,727,174	123,621,903	689,312,956	645,904,677
Basic and diluted earnings per share	29	0.18	0.13	0.71	0.67

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.



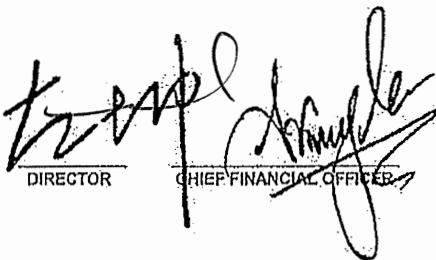
MANAGING DIRECTOR



DIRECTOR



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

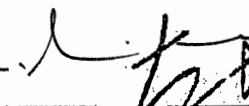
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Three months ended 30 September 2020	Three months ended 30 September 2019	Nine months ended 30 September 2020	Nine months ended 30 September 2019
	Rupees			
Profit after taxation for the period	169,727,174	123,621,903	689,312,956	645,994,677
Items that will not be reclassified to profit and loss account in subsequent periods:				
Re-measurement loss on defined benefit plan - net of tax	-	-	-	119,253
Share of other Comprehensive profit/(loss) from Associate	286,250	-	305,336	(200,357)
Related tax	(42,838)	-	(45,801)	30,054
	243,312	-	259,535	(170,303)
	169,970,486	123,621,903	689,572,491	645,843,627
Items that may be reclassified to profit and loss account in subsequent periods:				
Net change in fair value of available-for-sale securities - net of tax	(10,681,004)	(2,497,541)	34,325,892	(72,726,255)
Company's share of equity accounted investees' OCI:				
Available for sale securities financial assets - Net change in fair value	(10,681,004)	(2,497,541)	34,325,892	(72,726,255)
Total comprehensive income	159,309,482	121,124,362	723,898,383	573,217,372

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


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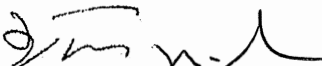
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share capital	Advance against issue of shares	Statutory reserve	Surplus on revaluation of assets	Unappropriated profit	Total
	Rupees					
Balance as at 01 January 2019	9,116,400,000	-	1,232,830,002	83,041,146	4,929,029,132	15,361,300,280
Profit after taxation for the nine months ended 30 September 2019	-	-	-	-	645,994,677	645,994,677
Other comprehensive Income	-	-	-	(72,726,255)	(51,050)	(72,777,305)
Total comprehensive income	-	-	-	(72,726,255)	645,943,627	573,217,372
Transfer to statutory reserve	-	-	129,188,725	-	(129,188,725)	-
Opening Balance as at 01 October 2019	9,116,400,000	-	1,362,018,727	10,314,891	5,445,784,034	15,934,517,852
Profit after taxation for the three months ended 31 December 2019	-	-	-	-	114,148,551	114,148,551
Other comprehensive Income	-	-	-	(5,563,214)	(1,209,833)	(6,773,047)
Total comprehensive income	-	-	-	(5,563,214)	112,938,718	107,375,504
Transfer to statutory reserve	-	-	22,587,744	-	(22,587,744)	-
Transaction with owners recognised directly in equity						
Issue of share capital	580,237,540	-	-	-	-	580,237,540
Advance against issue of shares	-	9,881,237	-	-	-	9,881,237
Transfer to statutory reserve	580,237,540	9,881,237	-	-	-	590,118,777
Opening Balance as at 01 January 2020	9,696,637,540	9,881,237	1,384,608,471	4,751,677	5,536,135,008	16,632,011,933
Profit after taxation	-	-	-	-	689,312,956	689,312,956
Other comprehensive Income	-	-	-	34,325,892	259,535	34,585,427
Total comprehensive income	-	-	-	34,325,892	689,572,491	723,898,383
Transfer to statutory reserve	-	-	137,914,498	-	(137,914,498)	-
Balance as at 30 September 2020	9,696,637,540	9,881,237	1,522,522,969	39,077,569	6,087,793,001	17,355,910,316

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 37 form an integral part of these condensed interim financial statements.


MANAGING DIRECTOR


DIRECTOR

DIRECTOR

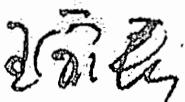

DIRECTOR


CHIEF FINANCIAL OFFICER

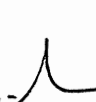
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020


		Nine months ended 30 september 2020	Nine months ended 30 September 2019
	Note	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,060,308,255	891,658,661
Less: Share of profit from associate companies		(19,207,016)	(15,648,620)
		1,041,101,239	876,010,041
Adjustments for:			
Depreciation	25	38,896,655	27,868,474
Amortization	25	217,231	142,471
Provision for gratuity		10,592,122	13,228,670
Provision against non-performing loans and advances		23,510,051	111,898,597
Impairment loss on available-for-sale investments		53,837,790	105,810,425
Gain on sale of fixed assets		(45,000)	(4,422,768)
Exchange Gain		(143,297,862)	(190,471,614)
		(16,289,013)	84,054,255
		1,024,812,226	940,084,296
(Increase)/ Decrease in operating assets			
Lendings to financial institutions		(921,292,784)	-
Advances		(881,603,273)	1,404,293,680
Others assets (excluding advance taxation)		(177,156,648)	(222,778,063)
		(1,980,052,705)	1,181,515,617
Increase / (Decrease) in operating liabilities			
Borrowings from financial institutions		162,059,133	11,853,715,086
Liabilities against assets subject to finance lease		4,474,212	123,573,518
Deposits		530,650,000	-
Others Liabilities (excluding advance taxation)		(239,079,842)	168,359,382
		458,103,503	12,145,647,986
Contribution to plan assets		(9,622,788)	(26,580,194)
Income tax paid		(407,032,606)	(211,691,836)
Net cash flow used in operating activities		(813,782,272)	14,028,955,869
CASH FLOW FROM INVESTING ACTIVITIES			
Investment (used in) / realized during the period - net		(1,146,873,722)	(14,748,879,557)
Capital expenditure		(4,772,741)	(142,679,099)
Proceeds from sale of fixed assets		45,000	4,437,930
Net cash flow (used in) / from investing activities		(1,151,701,463)	(14,888,020,726)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	580,237,540
Advance for issue of share		-	9,881,237
Liabilities against assets subject to finance lease		(13,671,000)	(12,600,000)
Net cash flow (used in) / from financing activities		(13,671,000)	577,518,777
Effects of exchange rate changes on cash and cash equivalents		143,297,862	190,471,614
Decrease in cash and cash equivalents		(1,935,866,873)	(91,074,466)
Cash and cash equivalents at beginning of the period		2,024,404,127	119,030,233
Cash and cash equivalents at end of the period	30	88,537,254	27,955,767

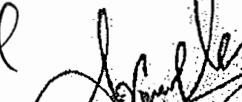
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MANAGING DIRECTOR


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PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PRESENTATION

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

2.1 STATEMENT OF COMPLIANCE

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

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

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

2.3 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019.

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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

As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to DFI's in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Company's financial statements is being assessed.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as that applied in the preparation of the financial statements for the year ended 31 December 2019.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements for the year ended 31 December 2019. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

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

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

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

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

5.1 Credit Risk Management

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

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

5.2 Liquidity Risk Management

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

5.3 Operational Risk Management

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

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

5.4 Capital Adequacy Ratio (CAR)

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

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

		(Un-audited)	(Audited)
		30 September 2020	31 December 2019
6	CASH AND BALANCES WITH TREASURY BANKS	Note	-----Rupees-----
	In hand		
	Local currency		50,000
	With State Bank of Pakistan in		
	Local currency current account	6.1	56,914,911
	With National Bank of Pakistan in		
	Local currency current account		372,892
	Local currency deposit account		-
	Foreign currency current account		176,468
	Foreign currency deposit account	6.2	2,187,939,824
			2,245,454,095
			3,176,193,182

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

6.2 This represents a foreign currency term deposit of USD 13,212,197 (2019: USD 7,530,797) carrying markup rate of 4.75% (2019: 4.75%) per annum and will mature on 22 December 2020.

		(Un-audited)	(Audited)
		30 September 2020	31 December 2019
7	BALANCES WITH OTHER BANKS	Note	-----Rupees-----
	In Pakistan		
	Local currency deposit account	7.1	30,709,799
	Foreign currency deposit account		-
	Foreign currency current account		313,184
			31,022,983
			878,417,860

7.1 These carry interest at rates ranging from 2.83% to 5.51% (2019 : 7.01 % to 11.25%) per annum.

		(Un-audited)	(Audited)
		30 September 2020	31 December 2019
8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	-----Rupees-----
	Repurchase agreement lending (Reverse Repo)	8.1	921,292,784
			-

8.1 This is secured against underlying Government securities and carries mark-up at a rate of 7.20% to 7.30% per annum and will mature on 01 October 2020 & 02 October 2020.

9	INVESTMENTS	(Un-audited)				(Audited)			
		30 September 2020				31 December 2019			
9.1	Investments by type	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		----- Rupees -----							
	Available-for-sale securities								
	Federal Government Securities	12,731,249,201	-	(10,015,251)	12,721,233,950	13,913,486,237	-	(28,859,161)	13,884,627,076
	Shares	402,333,834	-	59,498,687	461,832,521	27,333,834	-	22,719,045	50,052,879
	Non Government Debt Securities	6,303,937,689	(369,434,062)	(13,059,287)	5,921,444,340	4,507,459,840	(369,434,062)	7,484,841	4,145,510,619
		19,437,520,724	(369,434,062)	36,424,149	19,104,510,811	18,448,279,911	(369,434,062)	1,344,725	18,080,190,574
	Associates	1,015,259,712	-	-	1,015,259,712	1,049,585,150	-	-	1,049,585,150
	Total Investments	20,452,780,436	(369,434,062)	36,424,149	20,119,770,523	19,497,865,061	(369,434,062)	1,344,725	19,129,775,724
								(Un-audited)	(Audited)
9.1.1	Investments given as collateral							30 September 2020	31 December 2019
								----- Rupees -----	
	Market Treasury Bills							4,899,505,000	13,203,885,476
9.2	Provision for diminution in value of investments								
9.2.1	Opening balance							369,434,062	369,434,062
	Charge / (Reversal) for the period							-	-
	Closing Balance							369,434,062	369,434,062
								(Un-audited)	(Audited)
								30 September 2020	31 December 2019
9.2.2	Particulars of provision against debt securities							-----Rupees-----	
	Category of classification					NPI	Provision	NPI	Provision
	Domestic								
	Other assets especially mentioned					-	-	-	-
	Substandard					-	-	-	-
	Doubtful					-	-	-	-
	Loss					369,434,062	369,434,062	369,434,062	369,434,062
	Total					369,434,062	369,434,062	369,434,062	369,434,062

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10	ADVANCES	(Un-audited) Performing	(Audited)	(Un-audited) Non performing	(Audited)	(Un-audited) Total	(Audited)
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
		----- Rupees -----					
	Loans, cash credits, running finances, etc.	8,057,139,437	7,097,803,744	920,263,021	992,641,328	8,977,402,458	8,090,445,072
	Islamic Financing and related assets	1,649,856,376	1,937,250,236	282,039,747	-	1,931,896,123	1,937,250,236
	Advances - gross	<u>9,706,995,813</u>	<u>9,035,053,980</u>	<u>1,202,302,768</u>	<u>992,641,328</u>	<u>10,909,298,581</u>	<u>10,027,695,308</u>
	Provision against advances						
	- Specific	-	-	602,383,704	592,312,802	602,383,704	592,312,802
	- General	<u>162,716,131</u>	<u>149,276,982</u>	<u>-</u>	<u>-</u>	<u>162,716,131</u>	<u>149,276,982</u>
		<u>162,716,131</u>	<u>149,276,982</u>	<u>602,383,704</u>	<u>592,312,802</u>	<u>765,099,835</u>	<u>741,589,784</u>
	Advances - net of provision	<u>9,544,279,682</u>	<u>8,885,776,998</u>	<u>599,919,064</u>	<u>400,328,526</u>	<u>10,144,198,746</u>	<u>9,286,105,524</u>

10.1	Particulars of advances (Gross)	(Un-audited)	(Audited)
		30 September 2020	31 December 2019
		----- Rupees -----	
	In local currency	<u>10,909,298,581</u>	<u>10,027,695,308</u>
		<u>10,909,298,581</u>	<u>10,027,695,308</u>

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10.2 Advances include Rs.1,202.3 million (2019: Rs.992.6 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) 30 September 2020		(Audited) 31 December 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees -----			
Domestic				
Other Assets Especially Mentioned	282,039,747	-	222,946,514	-
Substandard	217,599,457	22,261,902	-	-
Doubtful	-	-	-	-
Loss	702,663,564	580,121,802	769,694,814	592,312,802
	<u>1,202,302,768</u>	<u>602,383,704</u>	<u>992,641,328</u>	<u>592,312,802</u>

10.3 Particulars of provision against advances	Un-audited 30 September 2020			Audited 31 December 2019		
	Specific	General (Note 10.3.1)	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	592,312,802	149,276,982	741,589,784	397,439,324	145,865,933	543,305,257
Charge for the year	77,102,152	13,439,149	90,541,301	240,342,228	3,411,049	243,753,277
Reversals	(67,031,250)	-	(67,031,250)	(45,468,750)	-	(45,468,750)
	<u>10,070,902</u>	<u>13,439,149</u>	<u>23,510,051</u>	<u>194,873,478</u>	<u>3,411,049</u>	<u>198,284,527</u>
Closing balance	<u>602,383,704</u>	<u>162,716,131</u>	<u>765,099,835</u>	<u>592,312,802</u>	<u>149,276,982</u>	<u>741,589,784</u>

10.3.1 General Provision is maintained at the rate of 2% of performing portfolio of advances less sovereign guaranteed portfolio.

10.3.2 Details and impact of Forced Sale Value (FSV) benefit availed as allowed under instructions issued by the State Bank of Pakistan.

The net FSV benefit has been reduced during the period by Rs. 22.7 million (2019: Rs. 58.2 million), which has resulted in increased charged for the period by the same amount. Had the FSV benefit not availed, before and after tax profit would have been increased by Rs. 22.7 million (2019: Rs. 58.2 million) and 16.12 million (2019: Rs. 41.3) respectively. Accumulated availed FSV benefit as of 30 September 2020 was Rs. 154.68 million (31 December 2019: Rs. 177.4 million). Unappropriated profit to that extent is not available for distribution by way of cash or stock dividend.

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		(Un-audited)	(Audited)
		30 September 2020	31 December 2019
11	FIXED ASSETS	Note	
		-----Rupees-----	
	Capital work-in-progress	4,839,000	4,500,000
	Property and equipment	238,100,250	272,395,029
		<u>242,939,250</u>	<u>276,895,029</u>
11.1	Capital work-in-progress		
	Advances to suppliers	<u>4,839,000</u>	<u>4,500,000</u>
		(Un-audited)	
		Nine months ended	Nine months ended
		30 September 2020	30 September 2019
		-----Rupees-----	
11.2	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Right of use assets (leased buidings)	168,135	134,058,785
	Furniture and fixture	118,320	2,642,544
	Electrical office and computer equipment	4,315,421	1,880,270
	Vehicles	-	3,997,500
	Total	<u>4,601,876</u>	<u>142,579,099</u>
		(Un-audited)	(Audited)
		30 September 2020	31 December 2019
		-----Rupees-----	
12	INTANGIBLE ASSETS		
	Computer Software	<u>567,674</u>	<u>784,906</u>
13	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	- Post retirement employee benefits	3,530,997	3,249,890
	- Provision for diminution in the value of available-for-sale investments	107,135,878	107,135,878
	- Provision against advances, off balance sheet etc.	104,418,631	97,600,716
	- Liabilities against assets subject to lease	17,614,402	20,232,712
	- Surplus on revaluation of investments	2,452,616	3,206,148
	- Impairment loss on available for sale investments	55,220,469	55,220,469
	- Impairment loss on investment in associate	67,963,660	59,887,991
		<u>358,336,653</u>	<u>346,533,804</u>
	Taxable Temporary Differences on		
	- Accrued Interest on T- Bills	-	(49,525,882)
	- Share of profit of associated companies	(14,528,231)	(11,601,379)
	- Accelerated tax depreciation	(13,257,990)	(22,144,455)
	- Unrealized exchange gain	(252,302,769)	(210,746,389)
		<u>(280,088,990)</u>	<u>(294,018,105)</u>
		<u>78,247,663</u>	<u>52,515,699</u>
14	OTHER ASSETS		
	Income / mark-up accrued in local currency	368,477,726	333,746,245
	Income / mark-up accrued in foreign currency	77,939,535	17,108,957
	Advances, deposits, advance rent and other prepayments	15,041,564	12,916,375
	Receivable against fee, commission & advisory services	32,833,842	43,932,002
	Advance against shares	201,096,000	111,720,000
	Advance taxation (payments less provisions)	89,511,603	80,005,690
	Receivable from provident fund	1,265,626	-
	Others	890	74,956
		<u>786,166,786</u>	<u>599,504,225</u>

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			(Un-audited)	(Audited)
			30 September 2020	31 December 2019
15	BORROWINGS	Note	-----Rupees-----	
	Secured			
	Borrowings from State Bank of Pakistan Renewable Energy Power Projects	15.1	85,895,851	102,001,321
	Repurchase agreement borrowings		-	308,596,080
	Borrowing from financial institutions	15.2	4,847,913,238	12,613,363,257
	Other borrowings	15.3, 15.4 & 15.5	3,623,500,000	2,000,000,000
	Total secured		8,557,309,089	15,023,960,658
	Unsecured			
	Borrowing from financial institutions	15.6	7,724,043,031	1,095,332,329
	Total unsecured		7,724,043,031	1,095,332,329
			16,281,352,120	16,119,292,987

15.1 This represents an SBP Refinance Facility under Finance Scheme for Renewable Energy Power Projects (REPP) for developing and encouraging the private sector participation in small renewable energy power projects. The loan availed under the said scheme is payable in maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP service rate of 2.00%.

15.2 This represents secured borrowings from financial institution through pledge of Government securities carrying markup rate of 6.43% (2019: 12.95% to 13.34%) per annum having maturity of 167-169 days (2019: 161-312).

15.3 This includes term loan facility of Rs. 2 billion from a commercial bank payable in maximum of 4 years with an inclusive grace period of 2 years. Markup payable is on quarterly basis at the rate of 3MK + 0.15% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.

15.4 This includes drawdown of Rs. 523.5 million from term loan facility of Rs. 2 billion from a commercial bank to be payable in a maximum of 4 years with an inclusive grace period of 2 years. Markup payable is on quarterly basis at the rate of 3MK + 0.2% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.

15.5 This includes drawdown of Rs. 1.1 billion from term loan facility of 2 billion from a commercial bank to be payable in maximum of 5 years with an inclusive grace period of 2 years. Markup payable is on quarterly basis at the rate of 3MK + 0.20% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.

15.6 This represent un-secured borrowings from financial institutions carrying markup rate of 6.65% to 6.95% (2019: 13.00% to 13.80%) per annum having maturity from 84 to 92 days (2019: 30-92 days)

16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	30 September 2020			31 December 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees -----						
Customers						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	530,650,000	-	530,650,000	-	-	-
Others	-	-	-	-	-	-
	530,650,000	-	530,650,000	-	-	-
Financial Institutions						
Current deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	530,650,000	-	530,650,000	-	-	-

			(Un-audited)	(Audited)
			30 September 2020	31 December 2019
17	OTHER LIABILITIES	Note	-----Rupees-----	
	Mark-up / return / interest payable in local currency		101,088,354	330,982,949
	Suspended Markup	17.1	200,507,112	187,992,901
	Accrued expenses		21,936,340	44,592,486
	Unearned commission / fee		1,200,500	-
	Withholding tax / sales tax payable		1,755,824	2,742,009
	Payable to defined benefit plan		12,175,852	11,206,518
	Lease liability against right-of-use assets		60,739,318	69,767,971
	Others		2,344,768	1,602,395
			401,748,068	648,887,229

17.1 This represents suspended markup kept in memorandum account; the corresponding receivable for which is being converted into zero-rated TFC's (included in note 9.1).

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17.2 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	(Un-audited) 30 September 2020			(Audited) 31 December 2019		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees					
Not later than one year	38,746,872	3,601,025	35,145,847	37,521,837	5,942,344	31,579,493
Later than one year and upto five years	25,908,251	314,780	25,593,471	40,604,891	2,416,413	38,188,478
	<u>64,655,123</u>	<u>3,915,805</u>	<u>60,739,318</u>	<u>78,126,728</u>	<u>8,358,757</u>	<u>69,767,971</u>

		(Un-audited) 30 September 2020	(Audited) 31 December 2019
		Rupees	
18	SURPLUS ON REVALUATION OF ASSETS	Note	
	Surplus on revaluation of		
	- Available for sale securities	9.1	36,424,149
	Deferred tax on surplus on revaluation of:		
	- Available for sale securities	13	2,452,616
			<u>38,876,765</u>
	Company's share of equity-accounted investees' OCI:		
	- Change in fair value of available-for-sale financial assets - net of tax		200,804
			<u>39,077,569</u>
19	CONTINGENCIES AND COMMITMENTS		
	Gaurantees	19.1	919,985,510
	Commitments	19.2	8,803,496,589
	Other contingent liability	19.3	168,100,000
			<u>9,891,582,099</u>
19.1	Gaurantees		
	Financial gaurantees		<u>919,985,510</u>
19.2	Commitments		
	Documentary credits and short term trade related transactions		
	Letters of credit		1,261,638,119
	Commitments in respect of:		
	Forward government securities transactions - Purchase		4,899,505,000
	Forward government securities transactions - Sale		922,158,820
	Commitments to extend credits	19.2.1	1,720,194,650
	Commitment for acquisition of intangible assets		-
			<u>8,803,496,589</u>
19.2.1	Commitments to extend credits		
	The Company makes commitments to extend credit in the normal course of its business, but these being revocable commitments, normally do not attract any significant penalty or expense if the facility is unilaterally withdrawn. As at balance sheet date, however, the Company's outstanding irrevocable commitments amounts to Rs. 1,720.19 million (2019: Rs. 2,469.82 million).		
19.3	Other contingent liability		
19.3.1	An ex-employee of the company has lodged a claim of Rs.168.1 million against the Company. The case has been decided in favour of the Company and the complanant 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 favour of the Company and possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.		
19.3.2	For tax related contingencies, please refer note 28.1 of these condensed interim financial statements.		

		(Un-audited)	
	Note	Nine months ended	Nine months ended
		30 September 2020	30 September 2019
		Rupees	
20	MARK-UP/RETURN/INTEREST EARNED		
	On loans and advances	875,696,136	620,269,346
	On Investments	1,508,183,550	687,703,461
	On Lendings to financial institutions	7,124,359	-
	On deposits with banks	97,735,149	100,787,497
	On securities purchased under resale agreement	191,004,060	81,982,682
		<u>2,679,743,254</u>	<u>1,490,742,986</u>

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		(Un-audited)	
		Nine months ended	Nine months ended
		30 September 2020	30 September 2019
Note		----- Rupees -----	
21	MARK-UP/RETURN/INTEREST EXPENSED		
	On deposits	9,547,484	-
	On borrowings	1,447,153,031	238,239,649
	On securities sold under repurchase agreements	3,044,985	28,994,365
	Interest expense on lease liability	4,474,212	7,285,563
		<u>1,464,219,712</u>	<u>274,519,577</u>
22	FEE & COMMISSION INCOME		
	Credit related fee	17,492,299	9,581,192
	Commission on letter of credits	1,745,321	1,487,920
	Commission on guarantees	7,810,783	2,866,750
	Investment banking fees	51,273,168	9,915,850
		<u>78,321,571</u>	<u>23,851,712</u>
23	GAIN ON SECURITIES		
	Realised	30,864,504	529,600
23.1	Realised gain on:		
	Federal Government Securities	3,457,838	506,000
	Shares	-	23,600
	Mutual Funds	17,045,893	
	Non Government Debt Securities	10,360,773	-
		<u>30,864,504</u>	<u>529,600</u>
24	OTHER INCOME		
	Rent on property	9,173,052	8,493,569
	Gain on sale of fixed assets-net	45,000	4,422,768
		<u>9,218,052</u>	<u>12,916,337</u>
25	OPERATING EXPENSES		
	Total Compensation expenses	261,658,344	240,296,156
	Property expense		
	Rent and taxes	1,322,831	8,590,200
	Insurance	32,112	64,800
	Utilities cost	4,231,874	3,968,127
	Security	3,892,452	2,880,138
	Repair and maintenance	2,376,773	4,385,933
	Depreciation	31,693,133	21,868,010
		<u>43,549,175</u>	<u>41,757,208</u>
	Information technology expenses		
	Software maintenance	757,562	757,478
	Hardware maintenance	136,017	109,359
	Depreciation	1,723,252	1,776,073
	Amortization	217,231	142,471
	Network charges	1,219,471	979,830
		<u>4,053,533</u>	<u>3,765,211</u>
	Other operating expenses		
	Directors' fees and allowances	3,000,000	2,485,560
	Legal and professional charges	4,645,125	5,943,113
	Outsourced services costs	5,810,050	5,404,214
	Travelling and conveyance	12,671,519	27,429,441
	Insurance	3,813,945	3,485,579
	Repair and maintenance	622,954	597,178
	Depreciation	5,480,270	4,224,391
	Training and development	102,750	1,106,572
	Utilities	211,560	588,486
	Communication	838,276	2,083,366
	Stationery and printing	1,867,821	2,256,612
	Marketing, advertisement and publicity	1,575,790	1,360,386
	Auditors remuneration	1,912,760	1,209,494
	Bank charges	188,302	302,777
	Entertainment	2,039,583	3,389,562
	Donations	1,000,000	-
	Miscellaneous	3,704,694	2,588,303
		<u>49,485,399</u>	<u>64,455,034</u>
		<u>358,746,451</u>	<u>350,273,609</u>

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		Un-audited	
		Nine months ended	Nine months ended
		30 September 2020	30 September 2019
		----- Rupees -----	
26	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	30,000	-
27	PROVISIONS AND WRITE OFFS - NET		
	Provisions against loans & advances	23,510,051	111,898,597
	Impairment loss on shares	53,837,790	105,810,425
		77,347,841	217,709,022
28	TAXATION		
	For the Year		
	Current	397,526,595	200,645,320
	Deferred	(26,531,296)	45,018,664
		370,995,299	245,663,984

28.1 Tax status

- 28.1.1 For the Tax Year 2011, a tax demand of Rs. 109.22 million was raised by Assistant Commissioner Inland Revenue (the "ACIR") by disallowing provision for bad debts, provision against non-performing loan and advances, credit for an installment of advance tax and Worker's Welfare Fund. Subsequently, the assessment was rectified. The Company had paid Rs. 15.11 million in protest on the issue of disallowing "provision against non-performing loan and advances" and submitted appeal before CIR(A). The appeal was decided in favor of the Company and the tax of Rs 15.11 million deposited under protest became refundable. However, the department has filed an appeal before ATIR against appellate order of CIR(A). The hearing was fixed for May 13, 2020, partially heard and adjourned. Next date for hearing of appeal is yet to be fixed by the ATIR.
- 28.1.2 For the Tax Year 2013, a tax demand of Rs. 95.01 million was raised by the Taxation Officer by disallowing provision for non performing loans, profit on debt, other provisions and charging Workers Welfare Fund. The CIR (A) upheld the orders of the assessing officer. The Company filed appeal before ATIR against the order of CIR (A) and ATIR upheld the contentions of the appellate orders of the CIR (A). Returned refund of Rs. 15 million pertaining to tax year 2011 was adjusted against the instant demand and PCICL paid balance amount of Rs. 49 million under protest. The Company filed writ petition before High Court, which is yet to be fixed for hearing.
- 28.1.3 For the Tax Year 2014 & 2015, assessment was amended by the ACIR in terms of Section 122 of the Ordinance, creating an aggregate tax demand amounting to Rs. 128 million on provisions, apportionment, super tax and default surcharge. The Company submitted appeal before the CIR(A) on the amended assessment order which has been disposed of in favor of tax department. Later the Company attained stay form ATIR for 40 days or till the disposal of main appeal subject of deposit of 30% of the total amount. As per directions of the ATIR, payment of Rs. 38.5 million was made to tax department as a cumulative payment for all the pending issues pertaining to tax year 2014 and 2015. The Company filed writ petition for interim relief before Islamabad High court. The High Court has granted stay for recovery of outstanding demand and also restrained the tax department to take extreme measures until decision of the appeal. However, the main appeal is pending for fixation by ATIR and the order is expected to be partially in favor of the Company.
- 28.1.4 For the Tax Year 2016, a tax demand of Rs. 82.54 million has been raised by the Taxation Officer mainly by disallowing provision against non-performing loans, suspended markup, disallowance of expenses attributable to capital gain, contending short payment of super tax and claim of tax credit. The CIR(A) has disposed of the appeal and major portion of the demand has been confirmed while disallowance of the tax credits is remanded back. Therefore, an appeal effect order from the assessing officer is awaited.
- 28.1.5 For the Tax Year 2017, a show cause notice was issued to the Company by ACIR. The said notice proposed to levy additional super tax under Section 4B of the Ordinance. The notice was duly replied and the order is still awaited.
- 28.1.6 On the basis of opinion of its tax advisor and appellate history, the Company's management is confident of a favorable resolution of these matters and hence no provision has been made in these financial statements.

		Un-audited	
		Nine months ended	Nine months ended
		30 September 2020	30 September 2019
		----- Rupees -----	
29	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period - Rupees	689,312,956	645,994,677
	Weighted average number of ordinary shares - Numbers	969,663,754	969,663,754
	Basic earnings per share - Re	0.71	0.67
30	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks	57,514,271	11,818,093
	Balance with other banks	31,022,983	16,137,674
		88,537,254	27,955,767

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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31 FAIR VALUE MEASUREMENTS

The fair value of quoted securities is based on quoted market price. 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 categorised:

(Un-audited) 30 September 2020					
Carrying value	Level 1	Level 2	Level 3	Total	
-----Rupees-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	12,721,233,950	-	12,721,233,950	-	12,721,233,950
Shares	461,832,521	146,832,521	-	315,000,000	461,832,521
Non-Government Debt Securities	4,142,905,713	-	3,881,740,713	261,165,000	4,142,905,713
	17,325,972,184	146,832,521	16,602,974,663	576,165,000	17,325,972,184
Financial assets - disclosed but not measured at fair value					
Investments	1,778,538,627	-	-	-	-
	19,104,510,811	146,832,521	16,602,974,663	576,165,000	17,325,972,184
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	4,899,505,000	-	-	4,899,505,000	4,899,505,000
Forward government securities transactions - sale	922,158,820	-	-	922,158,820	922,158,820
(Audited) 31 December 2019					
Carrying value	Level 1	Level 2	Level 3	Total	
-----Rupees-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	13,884,627,076	-	13,884,627,076	-	13,884,627,076
Shares	50,052,879	50,052,879	-	-	50,052,879
Non-Government Debt Securities	1,955,584,841	-	1,694,419,841	261,165,000	1,955,584,841
	15,890,264,796	50,052,879	15,579,046,917	261,165,000	15,890,264,796
Financial assets - disclosed but not measured at fair value					
Investments	2,189,925,778	-	-	-	-
	18,080,190,574	50,052,879	15,579,046,917	261,165,000	15,890,264,796
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	13,203,885,476	-	-	13,203,885,476	13,203,885,476

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

PAK CHINA INVESTMENT COMPANY LIMITED
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32 SEGMENT INFORMATION

32.1 Segment Details with respect to Business Activities

	(Un-audited) 30 September 2020				
	Corporate banking & SME	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	Rupees				
Net mark-up/return/profit	1,036,912,473	7,620,451	81,213,814	89,776,804	1,215,523,542
Inter segment revenue - net	(809,244,642)	(22,628,370)	(50,781,546)	882,654,559	-
Non mark-up income	37,398,402	67,104,985	20,514,504	155,891,114	280,909,005
Total Income	265,066,233	52,097,066	50,946,772	1,128,322,477	1,496,432,547
Segment direct expenses	(25,939,586)	(28,113,427)	(13,540,333)	(291,183,105)	(358,776,451)
Provisions	(23,510,051)	-	-	(53,837,790)	(77,347,841)
Profit before tax	215,616,596	23,983,639	37,406,439	783,301,582	1,060,308,255
Balance Sheet	Rupees				
Cash & Bank balances	-	-	-	2,276,477,078	2,276,477,078
Investments	5,918,851,861	799,355,938	12,721,233,950	680,328,774	20,119,770,523
Lending to financial institutions	-	-	921,292,784	-	921,292,784
Advances					
Performing	8,870,706,658	-	-	71,189,320	8,941,895,978
Non-performing	1,201,639,204	-	-	663,564	1,202,302,768
Others	346,801,565	240,079,007	768,474,000	520,272,327	1,107,921,373
Total Assets	16,337,999,288	1,039,434,945	13,643,295,208	3,548,931,063	34,569,660,504
Borrowings	3,394,395,851	315,000,000	12,571,956,269	-	16,281,352,120
Deposits	530,650,000	-	-	-	530,650,000
Others	215,664,816	4,399,533	84,697,758	96,985,961	401,748,068
Total liabilities	4,140,710,667	319,399,533	12,656,654,027	96,985,961	17,213,750,188
Equity	-	-	-	17,355,910,316	17,355,910,316
Total Equity & liabilities	4,140,710,667	319,399,533	12,656,654,027	17,452,896,277	34,569,660,504
Contingencies & Commitments	3,901,818,279	-	5,821,663,820	168,100,000	9,891,582,099
(Un-audited) 30 September 2019					
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Profit & Loss	Rupees				
Net mark-up/return/profit	914,373,517	6,167,713	222,568,302	73,113,877	1,216,223,409
Inter segment revenue - net	(860,448,279)	(26,327,543)	(183,117,149)	1,069,892,971	-
Non mark-up income	13,935,862	25,070,970	506,000	203,905,051	243,417,883
Total Income	67,861,100	4,911,140	39,957,153	1,346,911,899	1,459,641,292
Segment direct expenses	(12,519,006)	(26,693,989)	(12,945,663)	(298,114,951)	(350,273,609)
Provisions	(139,350,777)	-	-	(78,358,245)	(217,709,022)
Profit before tax	(84,008,683)	(21,782,849)	27,011,490	970,438,703	891,658,661
(Audited) 31 December 2019					
	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
Balance Sheet	Rupees				
Cash & Bank balances	-	-	2,000,000,000	2,054,611,042	4,054,611,042
Investments	4,134,398,498	380,245,036	13,884,627,076	730,505,114	19,129,775,724
Advances					
Performing	8,222,259,331	-	-	71,204,865	8,293,464,196
Non-Performing	991,977,764	-	-	663,564	992,641,328
Others	230,363,845	144,460,278	-	554,875,736	929,699,859
Total Assets	13,578,999,438	524,705,314	15,884,627,076	3,411,860,321	33,400,192,149
Borrowings	2,102,001,321	-	14,017,291,666	-	16,119,292,987
Others	192,318,426	411,720	329,422,995	126,734,088	648,887,229
Total liabilities	2,294,319,747	411,720	14,346,714,661	126,734,088	16,768,180,216
Equity	-	-	-	15,361,300,280	15,361,300,280
Total Equity & liabilities	2,294,319,747	411,720	14,346,714,661	15,488,034,368	32,129,480,496
Contingencies & Commitments	3,346,997,616	-	13,203,885,476	169,600,000	16,720,483,092

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33 RELATED PARTY TRANSACTIONS

The Company has related party relationships with entities in which its shareholders have any interest, key management personnel, directors and employees' funds. The Government of Pakistan (Ministry of Finance) is a related party of the Company; therefore all government authorities, agencies, affiliates and other organizations ("state-controlled entities") are related parties of the Company. Transactions with these state-controlled entities are not very significant and impracticable to quantify, for disclosure in these financial statements. Other entities which for its business acquisition or provision of services relies / depends to a greater extent on the Company / DFI i.e. major portion (50% or more) of its business (upstream or downstream) is also a related party.

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

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

	(Un-audited) 30 September 2020				(Audited) 31 December 2019			
	Directors	Key management personnel	Associates (Cost)	Other related parties	Directors	Key management personnel	Associates (Cost)	Other related parties
Lendings to financial institutions	Rupees							
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	59,327,234,255	-	-	-	47,224,615,136
Repaid during the year	-	-	-	(58,832,622,255)	-	-	-	(47,224,615,136)
Closing balance	-	-	-	494,612,000	-	-	-	-
Investments								
Opening balance	-	-	1,372,067,240	111,720,000	-	-	1,372,067,240	11,000,000
Investment made during the year	-	-	-	89,376,000	-	-	-	100,720,000
Investment disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	1,372,067,240	201,096,000	-	-	1,372,067,240	111,720,000
Advances								
Opening balance	-	38,092,442	-	-	-	24,513,896	-	-
Addition during the year	-	-	-	101,050,930	-	15,642,935	-	-
Repaid during the year	-	(1,625,025)	-	-	-	(2,064,389)	-	-
Closing balance	-	36,467,417	-	101,050,930	-	38,092,442	-	-
Other Assets								
Interest / mark-up accrued	-	-	-	1,062,293	-	-	-	-
Dividend Received	-	-	-	-	-	-	9,187,500	-
Receivable from staff retirement fund	-	-	-	1,265,626	-	-	-	-
Other receivable	-	2,114,062	-	28,356,000	38,622	2,106,480	-	1,697,850
	-	2,114,062	-	30,683,919	38,622	2,106,480	9,187,500	1,697,850

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	(Un-audited) 30 September 2020				(Audited) 31 December 2019			
	Directors	Key management personnel	Associates (Cost)	Other related parties	Directors	Key management personnel	Associates (Cost)	Other related parties
Borrowings								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-	-	5,808,571,459
Settled during the year	-	-	-	-	-	-	-	(5,808,571,459)
Closing balance	-	-	-	-	-	-	-	-
Other Liabilities								
Interest / mark-up payable	-	-	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	12,175,852	-	-	-	11,206,518
Other liabilities	-	-	-	46,870,715	-	-	80,446	54,154,792
	-	-	-	59,046,567	-	-	80,446	65,361,310

	(Un-audited) 30 September 2020				(Un-audited) 30 September 2019			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	Rupees							
Income								
Mark-up / return / interest earned	-	1,121,227	-	34,449,637	-	1,148,597	-	11,805,662
Fee and commission income	-	-	-	26,658,150	-	-	-	5,729,850
Net gain/(loss) on sale of securities	-	-	-	-	-	-	-	-
Share of profit of associates	-	-	19,207,016	-	-	-	15,648,620	-
Expense								
Mark-up / return / interest paid	176,674	-	-	3,237,497	217,588	-	-	9,082,068
Operating expenses								
Charge for defined benefit plan	607,612	4,323,393	-	5,661,117	1,952,523	4,147,212	-	7,128,935
Charge for contribution plan	1,134,830	2,033,253	-	4,283,180	2,008,956	1,543,067	-	3,811,835
Salaries	18,724,700	33,504,270	-	-	32,231,122	25,513,243	-	-
Bonuses paid	4,102,660	12,216,978	-	-	7,096,393	5,434,576	-	-
Overseas allowances	5,790,632	-	-	-	4,668,909	-	-	-
Leave fair assistance & Encashment	1,995,008	3,120,263	-	-	3,402,745	2,158,591	-	-
Tax borne by employer	16,576,915	-	-	-	12,756,098	-	-	-
Others	8,396,392	10,342,350	-	2,360,044	23,300,704	10,934,465	-	1,762,431
Rent	-	-	-	-	353,391	-	-	-
Depreciation expense on lease hold building	1,696,381	-	-	18,619,928	771,619	-	-	-
CDC Charges paid	-	-	1,107,062	-	-	-	600,826	-

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	(Un-audited)	(Audited)
	30 September 2020	31 december 2019
	----- Rupees -----	
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
34.1 Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	9,696,637,540	9,696,637,540
34.2 Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,458,069,966	14,482,895,000
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	14,458,069,966	14,482,895,000
Risk Weighted Assets (RWAs):		
Credit Risk	13,069,542,045	13,020,072,000
Market Risk	4,474,397,074	3,684,893,000
Operational Risk	2,959,119,737	2,955,667,000
Total	20,503,058,856	19,660,632,000
Common Equity Tier 1 Capital Adequacy ratio	70.52%	73.66%
Tier 1 Capital Adequacy Ratio	70.52%	73.66%
Total Capital Adequacy Ratio	70.52%	73.66%
34.3 Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	6.00%	6.00%
Tier 1 minimum ratio (%)	7.50%	7.50%
Total capital minimum ratio (%)	10.00%	10.00%
Capital Coservation Buffer (CCB)	1.50%	2.50%
Total capital plus CCB minimum ratio (%)	11.50%	12.50%
34.4 Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,458,069,966	14,482,895,000
Total Exposures	40,320,308,539	47,690,469,000
Leverage Ratio	35.86%	30%
Minimum Requirement (%)	3%	3%
34.5 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	11,805,808,137	5,625,374,806
Total Net Cash Outflow	1,125,571,939	272,598,273
Liquidity Coverage Ratio	1049%	2064%
Minimum Requirement (%)	100%	100%
34.6 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	20,981,089,412	21,869,975,434
Total Required Stable Funding	15,863,417,868	19,862,410,210
Net Stable Funding Ratio	132%	110%
Minimum Requirement (%)	100%	100%

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

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 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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35 GENERAL

35.1 Events after the reporting date

There are no adjusting events after that the balance sheet date that may have an impact on the financial statements.

35.2 Captions, as prescribed by BPRD Circular No. 5 of 2019 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 VIS Credit Rating Company Limited has issued a long term credit rating of AAA, and the short term rating of A1+, for the Company.

36 RECLASSIFICATION OF COMPARATIVE FIGURES

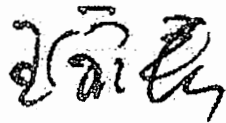
36.1 There have been no significant reclassifications in these condensed interim financial statements except for:

- definition of cash and cash equivalent used in preparation of statement of cashflows statement; and
- the policy for charging of inter segment revenue for preparation of note for segment information.

37 DATE OF AUTHORIZATION

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

10 NOV 2020



MANAGING DIRECTOR



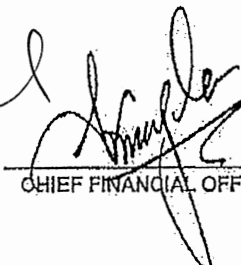
DIRECTOR



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER