



Condensed Interim Financial Statements
For the period ended 31 March 2020



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS **FOR THE QUARTER ENDED 31 MARCH 2020**

We are pleased to present on behalf of the Board of Directors, the unaudited financial statements of Pak China Investment Company Limited for the quarter ended 31 March 2020 together with Directors' Review thereon.

Profit after tax increased by 118% as compared to comparable prior period i.e 31 March 2019, from Rs. 188 million to Rs. 409 million. Correspondingly, earnings per share stood at Re. 0.42 for the period ended 31 March 2020 as compared to Re. 0.21 per share of comparable prior period.

Net mark-up income increased by Rs. 149 million from Rs. 363 million in the corresponding period of the previous year to Rs. 512 million for the current period. This increase is mainly attributable to increase in policy rate by SBP and diversion of investments to lucrative instruments.

Total Non-mark-up income increased by Rs. 138 million from Rs. 39 million in the corresponding period of the previous year to Rs. 177 million for the current period. This increase is mainly attributable to foreign exchange gain of Rs. 17 million in the corresponding period however the same was Rs.152 million for the current period. Further fee and commission income increased by 9 million and other income decreased by 4.2 million.

Operating expenses increased by Rs. 3 million majorly due to increase in salaries however due to austerity measures taken by management to absorb COVID-19 pressures legal and professional charges, travelling & conveyance, depreciation and repair & maintenance and all other expenses decreased.

Provisions against non-performing loans & Impairment losses decreased majorly due to reversal of provision by Rs. 67 million.

Total assets have increased by Rs. 1,932 million majorly due to lending's being funded by repo & call borrowings, earning a decent spread & increase in corporate advance portfolio.

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

A handwritten signature in black ink, appearing to be 'Wang Baojun'.

Wang Baojun
Managing Director

A handwritten signature in blue ink, appearing to be 'Noor Ahmed'.

Noor Ahmed
Director

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
	Note	-----Rupees-----	
ASSETS			
Cash and balances with treasury banks	6	2,238,495,731	3,176,193,182
Balances with other banks	7	24,632,905	878,417,860
Lendings to financial institutions	8	1,791,439,300	-
Investments	9	19,635,034,414	19,129,775,724
Advances	10	10,529,634,058	9,286,105,524
Fixed assets	11	271,022,509	276,895,029
Intangible assets	12	712,760	784,906
Deferred tax assets	15	-	52,515,699
Other assets	13	841,391,512	602,269,797
		35,335,383,189	33,402,957,721
LIABILITIES			
Bills payable		-	-
Borrowings	14	17,190,869,489	16,119,292,987
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	15	55,452,092	-
Other liabilities	16	1,021,812,700	651,652,801
		18,268,134,281	16,770,945,788
NET ASSETS		17,067,248,908	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		1,466,306,690	1,384,606,471
Surplus on revaluation of assets	17	31,487,559	4,751,677
Unappropriated profit		5,862,935,882	5,536,135,008
		17,067,248,908	16,632,011,933
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 36 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 31 MARCH 2020

	Note	For the Quarter ended	
		31 March 2020	31 March 2019
		-----Rupees-----	
Mark-up/ return/ interest earned	19	1,245,889,818	393,874,543
Mark-up/ return/ interest expensed	20	(733,919,580)	(30,728,847)
Net mark-up/ interest income		511,970,238	363,145,696
NON MARK-UP/INTEREST INCOME			
Fee and commission income	21	22,482,376	13,647,485
Dividend income		-	-
Foreign exchange income		151,818,394	17,278,674
income / (loss) from derivatives		-	-
Gain on securities	22	-	506,000
Other income	23	3,049,274	7,265,189
Total non-markup/ interest income		177,350,044	38,697,348
Share in profit of associated companies		13,300,344	8,795,423
Total income		702,620,626	410,638,467
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	24	107,937,974	104,729,830
Workers welfare fund		-	-
Other charges		30,000	-
Total non-markup/interest expenses		107,967,974	104,729,830
Profit before provisions		594,652,652	305,908,637
Provisions and write offs - net	26	(47,279,606)	27,460,082
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		641,932,258	278,448,555
Taxation	27	233,431,165	90,649,756
PROFIT AFTER TAXATION		408,501,093	187,798,799
Basic and diluted earnings per share	28	0.42	0.21

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


 MANAGING DIRECTOR


 DIRECTOR


 DIRECTOR


 CHIEF FINANCIAL OFFICER

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

	<u>For the Quarter ended</u>	
	31 March 2020	31 March 2019
	----- (Rupees) -----	
Profit after taxation for the period	408,501,093	187,798,799
Items that will not be reclassified to profit and loss account in subsequent periods:		
Re-measurement loss on defined benefit plan - net of tax	-	-
Share of other Comprehensive profit /(loss) from Associate	-	(107,661)
Related tax	-	16,150
	-	(91,511)
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	26,735,882	(50,327,414)
Company's share of equity accounted investees' OCI:		
Available-For-Sale securities financial assets - Net change in fair value	-	-
	26,735,882	(50,327,414)
Total comprehensive income	<u>435,236,975</u>	<u>137,379,874</u>

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



 MANAGING DIRECTOR



 DIRECTOR



 DIRECTOR



 CHIEF FINANCIAL OFFICER

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 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	83,041,116	4,929,029,132	15,361,300,280
Profit after taxation (31 March 2019)	-	-	-	-	187,798,799	187,798,799
Other comprehensive income	-	-	-	(50,327,414)	(91,511)	(50,418,925)
Total comprehensive income	-	-	-	(50,327,414)	187,707,288	137,379,874
Transfer to statutory reserve	-	-	37,541,458	-	(37,541,458)	-
Opening Balance as at 01 April 2019	9,116,400,000	-	1,270,371,460	32,713,732	5,079,194,962	15,498,680,154
Profit after taxation (31 December 2019)	-	-	-	-	572,384,890	572,384,890
Other comprehensive income	-	-	-	(27,962,055)	(1,209,833)	(29,171,888)
Total comprehensive income	-	-	-	(27,962,055)	571,175,057	543,213,002
Transfer to statutory reserve	-	-	114,235,011	-	(114,235,011)	-
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	1,384,606,471	4,751,677	5,536,135,008	16,632,011,933
Profit after taxation	-	-	-	-	408,501,093	408,501,093
Other comprehensive income	-	-	-	26,735,882	-	26,735,882
Total comprehensive income	-	-	-	26,735,882	408,501,093	435,236,975
Transfer to statutory reserve	-	-	81,700,219	-	(81,700,219)	-
Balance as at 31 March 2020	9,696,637,540	9,881,237	1,466,306,690	31,487,559	5,862,935,882	17,067,248,908

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


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

PAK CHINA INVESTMENT COMPANY LIMITED
 CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

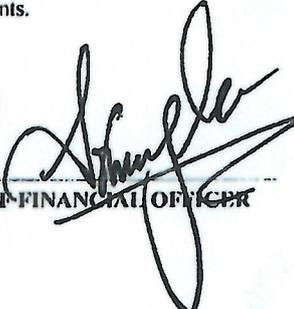
		For the Quarter ended	
		31 March 2020	31 March 2019
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
		641,932,255	278,448,555
		(13,300,344)	(8,795,423)
		<u>628,631,914</u>	<u>269,653,132</u>
Adjustments for:			
Depreciation	24	9,063,135	8,056,272
Amortization	24	72,146	50,536
Provision for gratuity		3,555,010	4,322,311
Provision against non-performing loans and advances		(47,279,606)	23,555,246
Impairment loss on available-for-sale investments		-	3,904,836
(Gain) / loss on sale of fixed assets		(45,000)	(4,400,000)
Exchange (Gain) / Loss		(151,818,394)	(17,278,674)
		<u>(186,452,709)</u>	<u>18,210,527</u>
		442,179,205	287,863,659
(Increase)/ Decrease in operating assets			
Lendings to financial institutions		(1,791,459,300)	(759,791,225)
Advances		(1,196,248,928)	690,819,401
Others assets (excluding advance taxation)		(291,074,914)	(103,694,796)
		<u>(3,278,783,142)</u>	<u>(172,666,620)</u>
Increase/ (decrease) in operating liabilities			
Borrowings from financial institutions		1,071,576,502	(3,857,207,540)
Liabilities against assets subject to finance lease		(12,006,828)	105,808,301
Others Liabilities (excluding advance taxation)		381,942,830	(7,896,230)
		<u>1,441,512,504</u>	<u>(3,759,295,469)</u>
Contribution to plan assets		(9,622,788)	(852,795)
Income tax paid		(75,737,025)	(45,637,593)
Net cash flow (used in) / from operating activities		<u>(1,480,451,246)</u>	<u>(3,690,588,818)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investment realized / (used in) during the period - net		(626,024,758)	4,720,195,781
Capital expenditure		(3,190,516)	(135,619,405)
Proceeds from sale of fixed assets		45,000	4,415,160
Net cash flow from / (used in) investing activities		<u>(629,170,384)</u>	<u>4,588,991,536</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Effects of exchange rate changes on cash and cash equivalents		151,818,394	17,278,674
Decrease in cash and cash equivalents		(1,957,803,236)	915,681,392
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	29	<u>66,600,891</u>	<u>1,034,711,625</u>

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


 MANAGING DIRECTOR


 DIRECTOR


 DIRECTOR


 CHIEF FINANCIAL OFFICER

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

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and 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 issued under the Banking Companies Ordinance, 1962, the companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 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.

2.3 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.

2.4 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 DFIs 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.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

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.

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. 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;
- Allowing Banks/DFTs 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.

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.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

5.3 Operational Risk Management

The Company is closely monitoring the situation and has invoked required actions to ensure the safety and security of the 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 the Company to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

		(Un-audited)	(Audited)
		31 March 2020	31 December 2019
		-----Rupees-----	
6	CASH AND BALANCES WITH TREASURY BANKS	Note	
	In hand		
	Local currency	50,000	50,000
	With State Bank of Pakistan in		
	Local currency current account	6.1 41,110,870	9,625,815
	With National Bank of Pakistan in		
	Local currency current account	629,949	373,452
	Local currency deposit account	-	2,000,000,000
	Foreign currency current account	177,167	-
	Foreign currency deposit account	6.2 2,196,527,745	1,166,143,915
		<u>2,238,495,731</u>	<u>3,176,193,182</u>
6.1	This mainly represents the minimum cash reserve required to be maintained with SBP, in accordance with the requirements of DMMD Circular No. 21 dated 5 October 2012.		
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 & 23 December 2020.		
		(Un-audited)	(Audited)
		31 March 2020	31 December 2019
		-----Rupees-----	
7	BALANCES WITH OTHER BANKS	Note	
	In Pakistan		
	In deposit account - Local Currency	7.1 24,318,491	14,066,354
	In deposit account - Foreign Currency	-	864,063,000
	In deposit account - Foreign Currency	314,414	288,506
		<u>24,632,905</u>	<u>878,417,860</u>
7.1	These carry interest at rates ranging from 7.06% to 11.25% (2019 : 7.01 % to 11.25%) per annum.		
		(Un-audited)	(Audited)
		31 March 2020	31 December 2019
		-----Rupees-----	
8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	
	Clean money lendings	875,000,000	-
	Repurchase agreement lending (Reverse Repo)	916,459,300	-
		<u>1,791,459,300</u>	<u>-</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

9 INVESTMENTS	(Un-audited)				(Audited)			
	31 March 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-----				-----Rupees-----			
Available-for-sale securities								
Federal Government Securities	12,773,225,175	-	35,322,825	12,808,548,000	13,913,486,237	-	(28,859,161)	13,884,627,076
Shares	27,333,834	-	1,183,284	28,517,118	27,333,834	-	22,719,045	50,052,879
Non Government Debt Securities	6,107,424,840	(369,434,062)	93,024	5,738,083,802	4,507,459,840	(369,434,062)	7,484,841	4,145,510,619
	18,907,983,849	(369,434,062)	36,599,133	18,575,148,920	18,448,279,911	(369,434,062)	1,344,725	18,080,190,574
Associates	1,062,885,494	-	-	1,062,885,494	1,049,585,150	-	-	1,049,585,150
Total Investments	<u>19,970,869,343</u>	<u>(369,434,062)</u>	<u>36,599,133</u>	<u>19,638,034,414</u>	<u>19,497,865,061</u>	<u>(369,434,062)</u>	<u>1,344,725</u>	<u>19,129,775,724</u>

9.1.1 Investments given as collateral	(Un-audited)	(Audited)
	31 March 2020	31 December 2019
	-----Rupees-----	
Market Treasury Bills	12,808,548,000	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	<u>369,434,062</u>	<u>369,434,062</u>

9.2.2 Particulars of provision against debt securities	(Un-audited)		(Audited)	
	31 March 2020		31 December 2019	
Category of classification	-----Rupees-----			
	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	<u>369,434,062</u>	<u>369,434,062</u>	<u>369,434,062</u>	<u>369,434,062</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

10 ADVANCES	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Performing		Non Performing		Total	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	----- Rupees -----					
Loans, cash credits, running finances, etc.	8,084,391,232	7,097,803,744	1,202,302,768	992,641,328	9,286,694,000	8,090,445,072
Islamic Financing and related assets	1,937,250,236	1,937,250,236	-	-	1,937,250,236	1,937,250,236
Advances - gross	<u>10,021,641,468</u>	<u>9,035,053,980</u>	<u>1,202,302,768</u>	<u>992,641,328</u>	<u>11,223,944,236</u>	<u>10,027,695,308</u>
Provision against advances						
- Specific	-	-	525,281,552	592,312,802	525,281,552	592,312,802
- General	169,028,626	149,276,982	-	-	169,028,626	149,276,982
	<u>169,028,626</u>	<u>149,276,982</u>	<u>525,281,552</u>	<u>592,312,802</u>	<u>694,310,178</u>	<u>741,589,784</u>
Advances - net of provision	<u>9,852,612,842</u>	<u>8,885,776,998</u>	<u>677,021,216</u>	<u>400,328,526</u>	<u>10,529,634,058</u>	<u>9,286,105,524</u>

10.1 Particulars of advances (Gross)

In local currency

(Un-audited)	(Audited)
31 March 2020	31 December 2019
----- Rupees -----	
11,223,944,236	10,027,695,308
<u>11,223,944,236</u>	<u>10,027,695,308</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

10.2 Advances include Rs.1,202.303 million (2019: Rs.992.641 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) 31 March 2020		(Audited) 31 December 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees -----				
Domestic				
Other Assets Especially Mentioned	499,639,204	-	222,946,514	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	702,663,564	525,281,552	769,694,814	592,312,802
	<u>1,202,302,768</u>	<u>525,281,552</u>	<u>992,641,328</u>	<u>592,312,802</u>

10.3 Particulars of provision against advances

	31 March 2020 (Un-audited)			31December 2019 (Audited)		
	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	-	31,665,130	31,665,130	240,342,228	3,411,049	243,753,277
Reversals	(67,031,250)	(11,913,486)	(78,944,736)	(45,468,750)	-	(45,468,750)
	(67,031,250)	19,751,644	(47,279,606)	194,873,478	3,411,049	198,284,527
Closing balance	<u>525,281,552</u>	<u>169,028,626</u>	<u>694,310,178</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

The net FSV benefit availed during the period is Nil (2019: Rs. 15.5), which has resulted in no charge for the year. Had the FSV benefit not availed, before and after tax profit would have been lower by Nil (2019: higher by Rs. 15.5) and Nil (2019: higher by Rs. 11.2) respectively. Accumulated availed FSV benefit as of 31 March 2020 was Rs. 177.4 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.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

		(Un-audited)	(Audited)
		31 March 2020	31 December 2019
		-----Rupees-----	
11	FIXED ASSETS		
	Capital work-in-progress	4,854,873	4,500,000
	Property and equipment	<u>266,167,636</u>	<u>272,395,029</u>
		<u>271,022,509</u>	<u>276,895,029</u>
11.1	Capital work-in-progress		
	Advances to suppliers	4,854,873	4,500,000
		<u>4,854,873</u>	<u>4,500,000</u>
		(Un-audited)	
		For the quarter ended	
		31 March 2020	31 March 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 buildings)	168,135	134,058,785
	Furniture and fixture	-	866,500
	Electrical office and computer equipment	<u>2,667,608</u>	<u>694,120</u>
		<u>2,835,743</u>	<u>135,619,405</u>
	Total	<u>2,835,743</u>	<u>135,619,405</u>
		(Un-audited)	
		31 March 2020	
		(Audited)	
		31 December 2019	
		-----Rupees-----	
12	INTANGIBLE ASSETS		
	Computer Software	<u>712,760</u>	<u>784,906</u>
13	OTHER ASSETS		
	Income / mark-up accrued in local currency	558,961,988	336,511,817
	Income / mark-up accrued in foreign currency	25,208,464	17,108,957
	Advances, deposits, advance rent and other prepayments	17,019,576	12,916,375
	Receivable against consultancy services	5,601,862	43,932,002
	Advance against shares	201,096,000	111,720,000
	Advance taxation (payments less provisions)	21,760,816	80,005,690
	Receivable from provident fund	11,396,086	-
	Others	346,720	74,956
		<u>841,391,512</u>	<u>602,269,797</u>

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
	Note	-----Rupees-----	
14	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan Renewable Energy Power Projects	14.1	96,632,831
	Repurchase agreement borrowings		-
	Borrowing from financial institutions	14.2	12,080,548,987
	Other borrowings	14.3	2,000,000,000
	Total secured	<u>14,177,181,818</u>	<u>15,023,960,658</u>
	Unsecured		
	Borrowing from financial institutions	14.4	3,013,687,671
	Total unsecured	<u>3,013,687,671</u>	<u>1,095,332,329</u>
		<u><u>17,190,869,489</u></u>	<u><u>16,119,292,987</u></u>

14.1 This represents a 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 shall be payable in a maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP service rate of 2.00%.

14.2 This represents secured borrowings from financial institution through pledge of Government securities carrying markup rate ranging from 12.95% to 13.34% (2019: 12.95% to 13.34%) per annum having maturity from 170-312 days (2019: 161-312)

14.3 This represents term loan facility of Rs. 2 billion from a commercial bank payable in maximum of 4 years with an inclusive grace period of maximum 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.

14.4 This represents un-secured borrowings carrying markup rate of 13.00% to 13.10% (2019: 13.00% to 13.80%) per annum having maturity from 31-90 days (2019: 30-92 days)

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
	-----Rupees-----	

15 DEFERRED TAX (LIABILITIES) / ASSETS

Deductible Temporary Differences on

- Post retirement employee benefits	1,490,234	3,249,890
- Provision for diminution in the value of available-for-sale investments	107,135,878	107,135,878
- Accelerated tax depreciation	(20,419,743)	(22,144,455)
- Provision against advances, off balance sheet etc.	83,889,630	97,600,716
- Impairment loss on available for sale investments	115,108,460	115,108,460
	<u>287,204,459</u>	<u>300,950,489</u>

Taxable Temporary Differences on

- Surplus on revaluation of investments	(5,312,377)	3,206,148
- Accrued Interest on T- Bills	(85,724,751)	(49,525,882)
- Share of profit of associated companies	(13,596,431)	(11,601,379)
- Liabilities against assets subject to lease	16,750,731	20,232,712
- Unrealized exchange gain	(254,773,723)	(210,746,389)
	<u>(342,656,551)</u>	<u>(248,434,790)</u>
	<u><u>(55,452,092)</u></u>	<u><u>52,515,699</u></u>

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
	Note	-----Rupees-----	
16 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		926,815,798	521,741,422
Accrued expenses		25,596,272	44,592,486
Withholding tax / sales tax payable		2,951,191	2,742,009
Payable to defined benefit plan		5,138,740	11,206,518
Lease liability against right-of-use assets	16.1	57,761,143	69,767,971
Others		3,549,556	1,602,395
		<u>1,021,812,700</u>	<u>651,652,801</u>

16.1 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 March 2020 (Un-audited)			31 December 2019 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	-----Rupees-----			-----Rupees-----		
Not later than one year	38,746,872	5,326,923	33,419,949	37,521,837	5,942,344	31,579,493
Later than one year and upto five years	25,908,251	1,567,057	24,341,194	40,604,891	2,416,413	38,188,478
	<u>64,655,123</u>	<u>6,893,980</u>	<u>57,761,143</u>	<u>78,126,728</u>	<u>8,358,757</u>	<u>69,767,971</u>

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
	Note	-----Rupees-----	
17 SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of			
- Available for sale securities	9.1	36,599,133	1,344,725
Deferred tax on surplus on revaluation of:			
- Available for sale securities	15	(5,312,378)	3,206,148
		<u>31,286,755</u>	<u>4,550,873</u>
Company's share of equity-accounted investees' OCI:			
- Change in fair value of available-for-sale financial assets - net of tax		200,804	200,804
		<u>31,487,559</u>	<u>4,751,677</u>

18 CONTINGENCIES AND COMMITMENTS

Gaurantees	18.1	1,772,885,462	636,049,953
Commitments	18.2	14,482,056,175	15,916,333,139
Other contingent liability	18.3	168,100,000	168,100,000
		<u>16,423,041,637</u>	<u>16,720,483,092</u>
18.1 Gaurantees			
Financial gaurantees		<u>1,772,885,462</u>	<u>636,049,953</u>
18.2 Commitments			
Documentary credits and short term trade related transactions			
Letters of credit		264,810,487	241,123,264
Commitments in respect of:			
Forward government securities transactions - Purchase		12,808,548,000	13,203,885,476
Forward government securities transactions - Sale		916,735,750	-
Commitments to extend credits	18.2.1	491,622,938	2,469,824,399
Commitment for acquisition of intangible assets		339,000	1,500,000
		<u>14,482,056,175</u>	<u>15,916,333,139</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

18.2.1 Commitments to extend credits

The Company makes commitments to extend credit in the normal course of its business, but these being revocable commitments, normally do not attract any significant penalty or expense if the facility is unilaterally withdrawn. As at balance sheet date, however, the Company's outstanding irrevocable commitments amounts to Rs. 491.623 million (2019: Rs. 2,469.824 million)

18.3 Other contingent liability

18.3.1 An ex-employee of the company has lodged a claim of Rs.168.1 million against the Company. The case has been decided in favour 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 favour of the Company and possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.

18.3.2 For tax related contingencies, please refer note 27.1 of these condensed interim financial statements.

	Note	(Un-audited)	
		For the Quarter ended	
		31 March 2020	31 March 2019
-----Rupees-----			
19 MARK-UP/RETURN/INTEREST EARNED			
On loans and advances		384,388,090	201,753,910
On Investments		670,671,172	121,252,934
On Lendings to financial institutions		1,286,525	-
On deposits with banks		43,535,380	37,819,416
On securities purchased under resale agreement		146,008,651	33,048,283
		<u>1,245,889,818</u>	<u>393,874,543</u>
20 MARK-UP/RETURN/INTEREST EXPENSED			
On borrowings		730,415,489	27,057,866
On securities sold under repurchase agreements		2,008,054	1,550,635
Interest expense on lease liability		1,496,037	2,120,346
		<u>733,919,580</u>	<u>30,728,847</u>
21 FEE & COMMISSION INCOME			
Credit related fee		6,000,000	9,157,060
Commission on letter of credits		447,053	625,500
Commission on guarantees		4,741,808	1,000,000
Investment banking fees		11,293,515	2,864,925
		<u>22,482,376</u>	<u>13,647,485</u>
22 GAIN ON SECURITIES			
Realised	22.1	-	506,000
22.1 Realised gain on:			
Federal Government Securities		-	506,000
		<u>-</u>	<u>506,000</u>
23 OTHER INCOME			
Rent on property		3,004,274	2,865,189
Gain on sale of fixed assets-net		45,000	4,400,000
		<u>3,049,274</u>	<u>7,265,189</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

	Note	(Un-audited)	
		For the Quarter ended	
		31 March 2020	31 March 2019
-----Rupees-----			
24 OPERATING EXPENSES			
Total Compensation expenses		78,854,298	68,413,352
Property expense			
Rent and taxes		540,395	5,160,189
Insurance		10,704	21,600
Utilities cost		1,310,471	1,268,536
Security		1,337,466	728,132
Repair and maintenance		742,326	2,503,650
Depreciation		6,715,938	6,214,718
		10,657,300	15,896,825
Information technology expenses			
Software maintenance		252,522	252,437
Hardware maintenance		52,200	7,750
Depreciation		615,138	454,999
Amortization		72,146	50,536
Network charges		(294,090)	336,510
		697,916	1,102,232
Other operating expenses			
Directors' fees and allowances		250,000	920,040
Legal and professional charges		482,464	2,505,632
Outsourced services costs		1,774,901	1,430,600
Travelling and conveyance		6,592,299	5,590,627
Insurance		1,675,206	1,405,923
Repair and maintenance		204,302	361,803
Depreciation		1,732,059	1,386,555
Training and development		54,000	215,440
Utilities		211,560	255,472
Communication		321,734	676,678
Stationery and printing		718,247	1,852,799
Marketing, advertisement and publicity		483,686	727,390
Auditors remuneration		666,519	402,498
Bank charges		114,572	64,603
Entertainment		1,011,314	908,120
Miscellaneous		1,435,597	613,241
		17,728,460	19,317,421
		107,937,974	104,729,830
25 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		30,000	-
26 PROVISIONS AND WRITE OFFS - NET			
Provisions against loans & advances	10.3	(47,279,606)	23,555,246
Impairment loss on shares		-	3,904,836
		(47,279,606)	27,460,082

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

		(Un-audited) For the Quarter ended	
		31 March 2020	31 March 2019
		-----Rupees-----	
27	TAXATION		
	For the Year		
	Current	27.1	133,981,899
	Deferred		93,021,096
			<u>99,449,266</u>
			<u>(2,371,340)</u>
			<u>233,431,165</u>
			<u>90,649,756</u>

27.1 Tax status

27.1.1 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 of this appeal is yet to be fixed by Appellate Tribunal Inland Revenue (ATIR).

27.1.2 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 from 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.

27.1.3 For the Tax Year 2013, a tax demand of Rs. 95.01 million was raised by the Taxation Officer by disallowing provision for bad debts, profit on debt, other provisions and charging Workers Welfare Fund. The Company's appeal was partly accepted by the CIR(A). The Company preferred appeal before ATIR on issues not decided in their favor. The DCIR wide appeal effect order No 04/86 restricted the demand to Rs. 80.72 million which was also upheld by CIR (A) and ATIR. The Company filed reference application before High Court against the ATIR order which is yet to be fixed for

27.1.4 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.

27.1.5 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.

27.1.6 On the basis of opinion of its tax advisor and appellate history, the Company's management is confident of a favorable resolution of these matters and hence no provision has been made in these financial statements.

		(Un-audited) For the Quarter ended	
		31 March 2020	31 March 2019
		-----Rupees-----	
28	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period - Rupees	<u>408,501,093</u>	<u>187,798,799</u>
	Weighted average number of ordinary shares - Numbers	<u>969,663,754</u>	<u>911,640,000</u>
	Basic earnings per share - Re	<u>0.42</u>	<u>0.21</u>
29	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks	<u>41,967,986</u>	<u>22,298,122</u>
	Balance with other banks	<u>24,632,905</u>	<u>1,012,413,503</u>
		<u>66,600,891</u>	<u>1,034,711,625</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

30 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.

30.1 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).

30.2 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:

	Carrying value	Quarter Ended 31 March 2020 (Un-audited)			Total
		Level 1	Level 2	Level 3	
-----Rupees-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	12,808,548,000	-	12,808,548,000	-	12,808,548,000
Shares	28,517,118	28,517,118	-	-	28,517,118
Non-Government Debt Securities	1,948,158,024	261,165,000	1,686,993,024	-	1,948,158,024
	14,785,223,142	289,682,118	14,495,541,024	-	14,785,223,142
Financial assets - disclosed but not measured at fair value					
Investments	4,159,359,840	-	-	-	-
	18,944,582,982	289,682,118	14,495,541,024	-	14,785,223,142
Off-balance sheet financial instruments - measured at fair value					
Forward government securities transactions - purchase	12,808,548,000	-	-	12,808,548,000	12,808,548,000
Forward government securities transactions - sale	916,735,750	-	-	916,735,750	916,735,750
As of 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	261,165,000	1,694,419,841	-	1,955,584,841
	15,890,264,796	311,217,879	15,579,046,917	-	15,890,264,796
Financial assets - disclosed but not measured at fair value					
Investments	2,559,359,840	-	-	-	-
	18,449,624,636	311,217,879	15,579,046,917	-	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

30.3 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
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

31 SEGMENT INFORMATION

31.1 Segment Details with respect to Business Activities

Quarter ended 31 March 2020 (Un-audited)

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

As of 31 March 2020 (Un-audited)

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
-----Rupees-----					
Balance Sheet					
Cash & Bank balances	-	-	-	2,263,128,636	2,263,128,636
Investments	5,705,435,920	389,913,380	12,808,548,000	734,137,114	19,638,034,414
Lending to financial institutions	-	-	1,791,459,300	-	1,791,459,300
Advances					
Performing	9,327,331,290	-	-	-	9,327,331,290
Non-performing	1,202,302,768	-	-	-	1,202,302,768
Others	555,516,876	208,699,930	-	348,909,975	1,113,126,781
Total Assets	16,790,586,854	598,613,310	14,600,007,300	3,346,175,725	35,335,383,189
Borrowings	2,096,632,831	-	15,094,236,658	-	17,190,869,489
Others	198,182,279	411,720	728,633,519	150,037,274	1,077,264,792
Total liabilities	2,294,815,110	411,720	15,822,870,177	150,037,274	18,268,134,281
Equity	-	-	-	17,067,248,908	17,067,248,908
Total Equity & liabilities	2,294,815,110	411,720	15,822,870,177	17,217,286,182	35,335,383,189
Contingencies & Commitments	3,614,493,637	-	12,808,548,000	-	16,423,041,637

Quarter ended 31 March 2019 (Un-Audited)

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
-----Rupees-----					
Profit & Loss					
Net mark-up/return/profit	293,517,801	1,912,369	40,309,099	27,406,427	363,145,696
Inter segment revenue - net	(273,476,000)	(6,109,000)	(37,499,000)	317,084,000	-
Non mark-up income	10,782,560	11,293,498	506,000	24,910,713	47,492,771
Total Income	30,824,361	7,096,867	3,316,099	369,401,140	410,638,467
Segment direct expenses	(4,160,811)	(8,385,296)	(3,744,548)	(88,439,175)	(104,729,830)
Provisions	(27,460,082)	-	-	-	(27,460,082)
Profit before tax	(796,532)	(1,288,429)	(428,449)	280,961,965	278,448,555

As of 31 December 2019 (Audited)

	Corporate banking & SME group	Investment Banking group	Treasury	Head Office	Total
-----Rupees-----					
Balance Sheet					
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	-	557,641,308	932,465,431
Total Assets	13,578,999,438	524,705,314	15,884,627,076	3,414,625,893	33,402,957,721
Borrowings	2,102,001,321	-	14,017,291,666	-	16,119,292,987
Others	192,318,426	411,720	329,422,996	129,499,659	651,652,801
Total liabilities	2,294,319,747	411,720	14,346,714,662	129,499,659	16,770,945,788
Equity	-	-	-	15,361,300,280	15,361,300,280
Total Equity & liabilities	2,294,319,747	411,720	14,346,714,662	15,490,799,939	32,132,246,068
Contingencies & Commitments	3,515,097,616	-	13,203,885,476	1,500,000	16,720,483,092

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

32 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:

	31 March 2020 (Un-audited)				31 December 2019 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Lendings to financial institutions	-----Rupees-----							
Opening balance	-	-	-	-	-	-	-	-
Addition during the period	-	-	30,678,314,792	-	-	-	47,224,615,136	-
Repaid during the period	-	-	(29,761,855,492)	-	-	-	(47,224,615,136)	-
Closing balance	-	-	916,459,300	-	-	-	-	-
Investments								
Opening balance	-	1,372,067,240	111,720,000	-	-	1,372,067,240	11,000,000	-
Investment made during the period	-	-	89,376,000	-	-	-	100,720,000	-
Investment disposed off during the period	-	-	-	-	-	-	-	-
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 period		-	-	-	15,642,935	-	-	-
Repaid during the period		(536,276)	-	-	(2,064,389)	-	-	-
Closing balance		37,556,166	-	-	38,092,442	-	-	-

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

	31 March 2020 (Un-audited)				31 December 2019 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Other Assets	-----Rupees-----							
Interest / mark-up accrued	-	-	-	276,450	-	-	-	-
Dividend Received	-	-	-	-	-	-	9,187,500	-
Receivable from staff retirement fund	-	-	-	11,396,086	-	-	-	-
Other receivable	-	2,555,864	-	1,697,850	38,622	2,106,480	-	1,697,850
	<u>-</u>	<u>2,555,864</u>	<u>-</u>	<u>13,370,386</u>	<u>38,622</u>	<u>2,106,480</u>	<u>9,187,500</u>	<u>1,697,850</u>
Borrowings								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-	-	5,808,571,459
Settled during the period	-	-	-	-	-	-	-	(5,808,571,459)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Liabilities								
Interest / mark-up payable	-	-	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	5,138,740	-	-	-	11,206,518
Other liabilities	-	-	71,474	53,187,315	-	-	80,446	54,154,792
	<u>-</u>	<u>-</u>	<u>71,474</u>	<u>58,326,055</u>	<u>-</u>	<u>-</u>	<u>80,446</u>	<u>65,361,310</u>

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

RELATED PARTY TRANSACTIONS

	31 March 2020 (Un-audited)				31 March 2019 (Un-Audited)			
	Director	Key management personnel	Associates	Other related parties	Director	Key management personnel	Associates	Other related parties
	-----Rupees-----							
Income								
Mark-up / return / interest earned	-	379,141	-	19,155,565	-	363,890	-	4,248,455
Fee and commission income	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	-	-	-
Share of profit of associates	-	-	13,300,344	-	-	-	8,795,423	-
Expense								
Mark-up / return / interest paid	60,116	-	-	1,075,226	-	-	-	1,899,708
Operating expenses								
Charge for defined benefit plan	226,840	1,441,131	-	1,887,039	650,841	1,421,849	-	2,249,620
Charge for contribution Plan	378,976	639,858	-	1,367,199	651,010	509,939	-	1,252,301
Salaries	6,253,095	10,023,353	-	-	10,102,774	8,446,664	-	-
Bonuses paid	-	5,356,959	-	-	-	4,711,316	-	-
Overseas allowances	2,132,560	-	-	-	1,501,900	-	-	-
Leave fair assistance & Encashment	1,995,008	815,891	-	-	1,543,960	300,000	-	-
Tax borne by employer	3,074,090	-	-	-	2,958,708	-	-	-
Others	2,525,590	3,416,573	-	477,977	2,102,742	2,637,689	-	290,684
Rent	-	-	-	-	491,291	-	-	5,093,550
CDC Charges paid	-	-	212,104	-	-	-	201,455	-

PAK CHINA INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2020

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Un-Audited)	(Audited)
	31 March 2020	31 December 2019
33.1 Minimum Capital Requirement (MCR):	----- Rupees -----	
Paid-up capital (net of losses)	<u>9,696,637,540</u>	<u>9,696,637,540</u>
33.2 Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	13,590,542,880	14,482,895,000
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>13,590,542,880</u>	<u>14,482,895,000</u>
Risk Weighted Assets (RWAs):		
Credit Risk	13,059,345,236	13,020,072,000
Market Risk	3,369,084,346	3,684,893,000
Operational Risk	2,959,119,737	2,955,667,000
Total	<u>19,387,549,319</u>	<u>19,660,632,000</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>70.10%</u>	<u>73.66%</u>
Tier 1 Capital Adequacy Ratio	<u>70.10%</u>	<u>73.66%</u>
Total Capital Adequacy Ratio	<u>70.10%</u>	<u>73.66%</u>
33.1 Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	<u>6.00%</u>	<u>6.00%</u>
Tier 1 minimum ratio (%)	<u>7.50%</u>	<u>7.50%</u>
Total capital minimum ratio (%)	<u>10.00%</u>	<u>10.00%</u>
Capital Conservation Buffer (CCB)	<u>1.50%</u>	<u>2.50%</u>
Total capital plus CCB minimum ratio (%)	<u>11.50%</u>	<u>12.50%</u>
33.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	13,590,542,880	14,482,895,000
Total Exposures	47,632,485,503	47,690,469,000
Leverage Ratio	<u>29%</u>	<u>30%</u>
Minimum Requirement (%)	<u>3%</u>	<u>3%</u>
33.3 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	3,522,132,939	5,625,374,806
Total Net Cash Outflow	40,136,773	272,598,273
Liquidity Coverage Ratio	<u>8775%</u>	<u>2064%</u>
Minimum Requirement (%)	<u>100%</u>	<u>100%</u>
33.4 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	19,420,221,939	21,869,975,434
Total Required Stable Funding	16,949,208,180	19,862,410,210
Net Stable Funding Ratio	<u>115%</u>	<u>110%</u>
Minimum Requirement (%)	<u>100%</u>	<u>100%</u>

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

**PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020**

34 GENERAL

34.1 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.

34.2 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.

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

34.4 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.

35 RECLASSIFICATION OF COMPARATIVE FIGURES

35.1 There have been no significant reclassifications in these condensed interim financial statements.

36 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 27th July, 2020.



MANAGING DIRECTOR



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER