

**FINANCIAL STATEMENTS
OF
HOUSE BUILDING FINANCE
COMPANY LIMITED
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2022**

HOUSE BUILDING FINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

		September 30, 2022 (Un-Audited)	Restated December 31, 2021 (Un-Audited) Rupees in '000	Restated December 31, 2020 (Un-Audited)
ASSETS				
Cash and balances with treasury banks	6	13,541	32,465	34,880
Balances with other banks	7	98,310	28,458	130,492
Lendings to financial institutions	8	399,563	780,000	1,450,000
Investments	9	17,694,789	8,820,213	10,414,228
Advances	10	15,558,413	13,448,929	11,177,470
Fixed assets	11	402,627	395,039	391,630
Intangible assets	12	56,612	60,393	41,494
Deferred tax assets		1,508,337	1,405,090	1,761,435
Other assets	13	783,599	651,825	784,208
		36,515,791	25,622,412	26,185,837
LIABILITIES				
Bills payable		-	-	-
Borrowings	14	12,670,910	2,676,237	2,959,973
Deposits and other accounts		-	-	-
Liabilities against assets subject to finance lease		155,571	140,480	114,474
Subordinated debt		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities	15	857,056	1,019,071	2,829,960
		13,683,537	3,835,788	5,904,407
NET ASSETS		22,832,254	21,786,624	20,281,430
REPRESENTED BY				
Share capital		19,365,000	19,365,000	19,365,000
Reserves		2,288,726	2,069,755	1,881,805
Deficit on revaluation of investments	16	(191,039)	(141,815)	(8,585)
Accumulated losses		1,369,567	493,684	(956,790)
		22,832,254	21,786,624	20,281,430
CONTINGENCIES AND COMMITMENTS	17			

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



 President/Chief Executive



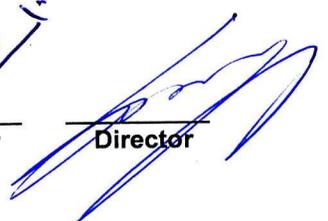
 Chief Financial Officer



 Director



 Director



 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Note	Quarter Ended		Period Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Rupees in '000					
Mark-up/return/interest earned	18	947,516	665,838	2,483,219	1,866,025
Mark-up/return/interest expensed	19	(131,712)	(48,962)	(221,977)	(149,039)
Net mark-up/interest income		815,804	616,876	2,261,242	1,716,986
NON MARK-UP/INTEREST INCOME					
Fee and commission income		-	-	-	-
Dividend income		167	210	587	1,028
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on sale of securities	20	101	-	101	-
Other income	21	22,234	19,640	64,161	53,768
Total non-markup / interest income		22,502	19,850	64,849	54,796
Total Income		838,306	636,726	2,326,091	1,771,782
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	22	(423,288)	(370,822)	(1,157,349)	(1,087,231)
Workers Welfare Fund		(8,748)	(7,070)	(25,147)	(21,228)
Other charges		(2,545)	-	(2,545)	(1,110)
Total non-markup / interest expenses		(434,581)	(377,892)	(1,185,041)	(1,109,569)
Profit before provisions		403,725	258,834	1,141,050	662,213
(Provision) / Reversal of provision and write offs - net	23	43,069	87,989	153,659	378,482
Relief package and reprocessing charges	24	(18,116)	56	(62,489)	(514)
PROFIT BEFORE TAXATION		428,678	346,879	1,232,220	1,040,181
Taxation	25	(86,604)	(38,210)	(137,366)	(176,831)
PROFIT AFTER TAXATION		342,074	308,669	1,094,854	863,350
Rupees					
Earnings per share - basic & diluted	26	0.18	0.16	0.57	0.45

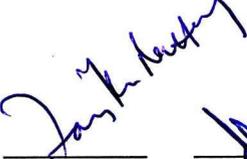
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 President/Chief Executive



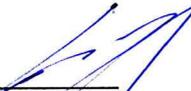
 Chief Financial Officer



 Director



 Director



 Director

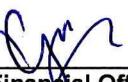
HOUSE BUILDING FINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Quarter Ended		Period Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit after taxation for the period	342,074	308,669	1,094,854	863,350
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments	13,527	(18,147)	(49,224)	(54,298)
Total comprehensive income	355,601	290,522	1,045,630	809,052

The annexed notes 1 to 32 form an integral part of these condensed interim financial information.



 President/Chief Executive



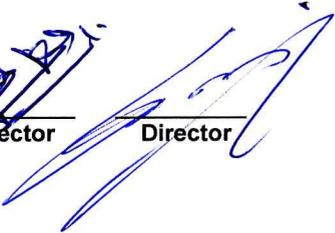
 Chief Financial Officer



 Director



 Director



 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Share capital	Statutory reserve	Surplus/(Defi cit) on revaluation of Investments	Accumulated losses	Total
	-----Rupees in '000-----				
Balance as at January 1, 2021 (restated)	19,365,000	1,881,805	(8,585)	(956,790)	20,281,431
Profit after taxation for the period ended September 30, 2021	-	-	-	863,350	863,350
Other comprehensive income - net of tax	-	-	(54,298)	-	(54,298)
Transfer to statutory reserve	-	172,670	-	(172,670)	-
Balance as at September 30, 2021	19,365,000	2,054,475	(62,883)	(266,110)	21,090,483
Profit after taxation for the quarter ended December 31, 2021	-	-	-	76,399	76,399
Other comprehensive income - net of tax	-	-	(78,932)	698,675	619,743
Transfer to statutory reserve	-	15,280	-	(15,280)	-
Balance as at December 31, 2021	19,365,000	2,069,755	(141,815)	493,684	21,786,625
Profit after taxation for the period ended September 30, 2022	-	-	-	1,094,854	1,094,854
Other comprehensive income - net of tax	-	-	(49,224)	-	(49,224)
Transfer to statutory reserve	-	218,971	-	(218,971)	-
Balance as at September 30, 2022	19,365,000	2,288,726	(191,039)	1,369,567	22,832,255

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

* This represents reserve created under BPD circular no. 15 of 2004 which requires the Company to credit to its reserve an amount not less than 20% of its after tax profit till such time the reserves equals the amount of paid up capital. Thereafter, a sum not less than 5% of its after tax profit shall be credited to the said reserve.



 President/Chief Executive



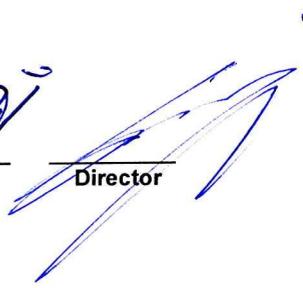
 Chief Financial Officer



 Director



 Director



 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

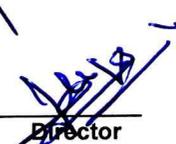
	September 30, 2022	September 30, 2021
Note	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,232,220	1,040,181
Adjustments:		
Depreciation	33,455	36,466
Depreciation on right-of-use assets	44,283	37,047
Amortization	3,790	2,080
Reversal of provision and write-offs	(153,659)	(378,482)
Gain on sale of fixed assets	(1)	(58)
Reconciliation & GAS incentive adjustments	62,489	514
	(9,643)	(302,433)
	<u>1,222,577</u>	<u>737,748</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	380,437	909,916
Advances	(2,018,314)	(699,124)
Others assets (excluding advance taxation)	(192,482)	153,750
	(1,830,359)	364,542
Decrease in operating liabilities		
Other liabilities (excluding current taxation)	(183,105)	(678,885)
Income tax refundable / (paid)	(143,723)	(143,723)
Net cash flow generated from / (used in) operating activities	<u>(934,610)</u>	<u>279,682</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(8,923,800)	(16,117)
Investments in operating fixed assets	(85,811)	(112,601)
Proceeds from sale of fixed assets	476	3,368
Net cash flow (used in) / generated from investing activities	<u>(9,009,135)</u>	<u>(125,350)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from financial institutions	9,994,673	(155,669)
Net cash flow used in financing activities	<u>9,994,673</u>	<u>(155,669)</u>
Increase / (decrease) in cash and cash equivalents	50,928	(1,337)
Cash and cash equivalents at beginning of the period	<u>60,923</u>	<u>165,372</u>
Cash and cash equivalents at end of the period	<u><u>111,851</u></u>	<u><u>164,035</u></u>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.


 President/Chief Executive


 Chief Financial Officer


 Director


 Director


 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

1. STATUS AND NATURE OF BUSINESS

House Building Finance Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 13, 2006 under the Companies Act 2017 (previously Companies Ordinance 1984). The registered office of the Company is situated at Finance and Trade Centre Building, Sharah-e-Faisal, Karachi, in the province of Sindh. Pursuant to a vesting order SRO.I/2007 dated July 25, 2007 issued by Finance Division - Government of Pakistan effective from January 1, 2007, the Company had taken over all assets, running business, contracts, liabilities and proceedings of the House Building Finance Corporation established in 1952 under the House Building Finance Corporation Act, 1952 (XVIII of 1952) by the Government of Pakistan from closing of the business on December 31, 2006 and has also changed its name from House Building Finance Corporation Limited to House Building Finance Company Limited in 2010.

The Company is designated as a financial institution by the Federal Government and is providing financing facilities for the purchase & construction of houses/apartments including balance transfer facility (BTF) through a network of 51 branches and 3 regional offices throughout Pakistan including Azad Jammu & Kashmir and Gilgit Baltistan. According to credit rating report dated June 30, 2022 of VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "A" and "A-1" respectively.

The Federal Government has directed the State Bank of Pakistan (SBP) to divest its entire shareholding in the Company, which will pave the way for the Company's privatisation.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 5 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". This condensed interim financial information does not include all the disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period

2.3.1 The SBP through BPRD Circular Letter No. 5 dated March 22, 2019 prescribed a new format for condensed interim financial information of banks which are applicable for quarterly / half yearly periods beginning on or after January 1, 2019. Accordingly, this condensed interim financial information is prepared in accordance with the new format. The changes impacting (other than certain presentation changes) this condensed interim financial information include:

- Inclusion of surplus / deficit on revaluation of investments as part of equity (previously shown below equity).
- Other reversal of provisions / write offs have now been combined under provisions & write off - net (note 23).

2.3.2 There are certain other new standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial information.

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

Certain standards are effective for the accounting periods beginning on January 01, 2022, but are considered not to be relevant or to have any significant effect on Company's operations and are therefore, not detailed in this condensed interim financial information.

2.5 Standards not yet effective

IASB issued IFRS 9 to replace the current the current standard IAS 39 Financial Instruments: Recognition and Measurement with effect from January 01, 2018. The standard includes requirements for recognition, classification and measurement, impairment and de-recognition of financial instruments. The SECP has notified IFRS 9 for application in Pakistan for accounting periods beginning on or after July 01, 2019. However, SBP has clarified that effective date for implementation of IFRS 9 shall be January 01, 2024 for DFIs vide BPRD Circular No. 03 of 2022.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value.

3.2 Functional and presentation currency

This condensed interim financial information has been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

4. SUMMARY OF 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 of the Company for the year ended December 31, 2021.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements for the year ended December 31, 2021.

	Note	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
With State Bank of Pakistan in			
- local currency current accounts	6.1	13,487	32,403
With National Bank of Pakistan in			
- local currency current accounts	6.2	54	62
		<u>13,541</u>	<u>32,465</u>

6.1 This represents the amount required to be maintained by the Company in accordance with the SBP's regulations.

6.2 These carry mark-up at rates ranging from 8.25% to 13.50% (31 December 2021: 5.50% to 8.00%) per annum.

September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
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Rupees in '000

7. BALANCES WITH OTHER BANKS

In Pakistan

In deposit accounts	7.1	98,310	28,458
		<u>98,310</u>	<u>28,458</u>

7.1 These carry mark-up at rates ranging from 8.25% to 13.70% (31 December 2021: 5.50% to 8.00%) per annum.

Note	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
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Rupees in '000

8. LENDINGS TO FINANCIAL INSTITUTIONS

Letters of placement	8.1	55,683	55,683
Repurchase agreement lending (reverse repo)	8.2	<u>399,563</u>	<u>780,000</u>
		455,246	835,683
Less: Provision held against Lending to Financial Institutions		<u>(55,683)</u>	<u>(55,683)</u>
Lendings to Financial Institutions - net of provision		<u>399,563</u>	<u>780,000</u>

September
30, 2022
(Un-Audited) December
31, 2021
(Audited)
Rupees in '000

8.1 Particulars of letters of placement

In local currency

Trust Investment Bank Limited (TIBL)	5,909	5,909
First Dawood Investment Bank Limited (FDIBL)	49,774	49,774
	55,683	55,683

8.2 Repurchase agreement lendings (Reverse Repo)

In local currency

Habib Bank Limited	399,563	-
Pak Libya Holding Company Limited	-	780,000
	399,563	780,000

8.3 Category of classification

September 30, 2022 (Un-Audited)		December 31, 2021 (Audited)	
Classified Lending	Provision held	Classified Lending	Provision held

Rupees in '000

Domestic	55,683	55,683	55,683	55,683
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9. INVESTMENTS

9.1 Investments by type:

	September 30, 2022 (Un-Audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	Rupees in '000							
Available-for-sale securities								
Market Treasury Bills	3,062,179	-	(542)	3,061,637	2,690,215	-	(10,282)	2,679,933
Pakistan Investment Bonds	12,595,576	-	(231,474)	12,364,102	4,051,472	-	(173,928)	3,877,544
Unlisted Ordinary Shares	63,785	(500)	-	63,285	63,785	(500)	-	63,285
Listed Ordinary Shares	9,603	-	(4,589)	5,014	9,603	-	(3,170)	6,433
	15,731,143	(500)	(236,605)	15,494,038	6,815,075	(500)	(187,381)	6,627,195
Held-to-maturity securities								
Pakistan Investment Bonds	2,186,214	-	-	2,186,214	2,172,962	-	-	2,172,962
Unlisted Sukuk Bonds	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of Investments	22,500	(22,500)	-	-	22,500	(22,500)	-	-
	2,234,954	(48,740)	-	2,186,214	2,221,702	(48,740)	-	2,172,962
Premium / (discount) on Investment	14,537	-	-	14,537	20,056	-	-	20,056
Total Investments	17,980,634	(49,240)	(236,605)	17,694,789	9,056,833	(49,240)	(187,381)	8,820,213

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
	49,240	71,740
Charge / reversals	-	-
Charge for the period / year	-	(22,500)
Reversals for the period / year	-	-
Reversal on disposals	-	(22,500)
Closing balance	49,240	49,240

9.2.2 Particulars of provision against debt securities

Category of classification	September 30, 2021		December 31, 2020	
	(Un-Audited)		(Audited)	
	NPI	Provision	NPI	Provision
	----- Rupees in '000 -----			
Domestic				
Loss	48,740	48,740	48,740	48,740

10. ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	----- Rupees in '000 -----					

In Pakistan - local currency

Rental Sharing Schemes	-	6,082	1,145,640	1,185,566	1,145,640	1,191,648
Interest Bearing Schemes	-	-	95,320	99,971	95,320	99,971
Ghar Aasan Scheme	314,590	417,425	799,485	838,287	1,114,075	1,255,712
Shandar Ghar Scheme	-	-	74,630	81,172	74,630	81,172
Financing facility for Small Builders	858	858	4,968	4,968	5,826	5,826
Ghar Aasan Flexi Scheme	5,072,385	5,945,258	1,174,997	1,198,601	6,247,382	7,143,859
Bisma & Saima Projects	9,767	11,446	906	760	10,673	12,206
New Small Builders	-	-	5,000	5,000	5,000	5,000
Ghar Pakistan Scheme	2,325,813	2,583,209	81,434	40,581	2,407,247	2,623,790
Ghar Pakistan Plus Scheme	1,231,072	1,369,127	22,673	17,272	1,253,745	1,386,399
HBFC Khas	2,889	3,167	-	-	2,889	3,167
Mera Pakistan Mera Ghar	5,913,886	2,514,944	-	-	5,913,886	2,514,944
	14,871,260	12,851,516	3,405,053	3,472,178	18,276,313	16,323,694

Employee portfolio

Housing finance to employees	490,888	486,326	5,550	5,550	496,438	491,876
Car advance to employees	70,152	68,012	-	-	70,152	68,012
Staff Personal Loan	20,334	17,388	-	-	20,334	17,388
PC advance to employees	-	-	19	19	19	19
	581,374	571,726	5,569	5,569	586,943	577,295
Partners' death claims	(31,603)	(25,161)	-	-	(31,603)	(25,161)
Advances - gross	15,421,031	13,398,081	3,410,622	3,477,747	18,831,653	16,875,828

Provision for non-performing advances

- Specific						
Rental Sharing Schemes	-	6,082	1,145,640	1,185,566	1,145,640	1,191,648
Interest Bearing Schemes	-	-	95,320	99,971	95,320	99,971
Ghar Aasan Scheme	-	-	734,420	774,852	734,420	774,852
Shandar Ghar Scheme	-	-	74,630	81,172	74,630	81,172
Financing facility for Small Builders	-	-	4,968	4,968	4,968	4,968
Ghar Aasan Flexi Scheme	-	-	920,387	1,015,054	920,387	1,015,054
Bisma & Saima Projects	-	-	183	194	183	194
New Small Builders Scheme	-	-	5,000	5,000	5,000	5,000
Ghar Pakistan Scheme	-	-	23,150	17,359	23,150	17,359
Ghar Pakistan Plus Scheme	-	-	3,688	5,817	3,688	5,817
Mera Pakistan Mera Ghar	-	-	-	-	-	-
Housing finance to employees	-	-	5,550	5,550	5,550	5,550
PC advance to employees	-	-	19	19	19	19
	-	6,082	3,012,955	3,195,522	3,012,955	3,201,604
- General	260,285	225,295	-	-	260,285	225,295
	15,160,746	13,166,704	397,667	282,225	15,558,413	13,448,929

10.1 Advances include Rs. 3,411 million (31 December 2021: Rs. 3,478 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2022		December 31, 2021	
	(Un-Audited)		(Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned	208,771	10,647	85,320	5,185
Substandard	133,807	29,723	142,142	32,810
Doubtful	181,962	86,503	227,053	134,295
Loss	2,886,082	2,886,082	3,023,232	3,023,232
Total	3,410,622	3,012,955	3,477,747	3,195,522

10.2 Particulars of provision against advances

Note	September 30, 2022 (Un-Audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	3,201,604	225,295	3,426,899	3,578,696	249,341	3,828,037
Charge / (reversals) for the period / year	(188,649)	34,990	(153,659)	(377,092)	(24,046)	(401,138)
Amounts written off	-	-	-	-	-	-
Closing balance	3,012,955	260,285	3,273,240	3,201,604	225,295	3,426,899

10.3.1 General provision against advances has been determined in accordance with the requirements of Prudential Regulations (HF-9) issued by the State Bank of Pakistan on regular portfolio of consumer financing.

	Note	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
Rupees in '000			
11. FIXED ASSETS			
Capital work-in-progress	11.1	12,860	12,860
Property and equipment		275,475	274,494
Right-of-use assets		114,292	107,685
		<u>402,627</u>	<u>395,039</u>

11.1 Capital work-in-progress

Civil works		<u>12,860</u>	<u>12,860</u>
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12. INTANGIBLE ASSETS

Computer Software & patent		21,965	25,746
Capital work-in-progress		34,647	34,647
		<u>56,612</u>	<u>60,393</u>

	Note	September 30, 2022 (Un-Audited)	December 31, 2021 (Restated)	December 31, 2021 (Restated)
Rupees in '000				
13. OTHER ASSETS				
Income/ mark-up accrued in local currency				
Advances		252,524	67,211	70,972
Investments		168,410	255,520	336,415
Lending to financial institutions		164	1,628	5,845
Advances, deposits, advance rent and other prepayments		143,527	50,542	55,163
Advance taxation (payments less provisions)		195,834	256,542	280,995
Advance for purchase of land - housing projects		53,815	53,815	53,815
Other receivables against advances		23,140	20,382	34,817
Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC)	13.1	-	-	-
		<u>837,414</u>	705,640	838,023
Less: Provision held against other assets		<u>(53,815)</u>	(53,815)	(53,815)
Other Assets (Net of Provision)		<u>783,599</u>	651,825	784,208

13.1 As directed vide SRO 499(1)/80 dated May 13, 1980 by Finance Division - Government of Pakistan, the Company (formerly HBFC) took over assets and liabilities of PRRFC. The Company does not have any control over these assets and liabilities. Accordingly, these are not recorded in the books of account.

	Note	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
Rupees in '000			
14. BORROWINGS			
Secured			
Pakistan Mortgage Refinance Company Limited	14.1	2,252,333	2,673,855
State Bank of Pakistan - Open Market Operations	14.2	10,415,681	-
State Bank of Pakistan - Refinance for HBFC Khas		2,896	2,382
		<u>12,670,910</u>	<u>2,676,237</u>

14.1 The borrowing is secured against a charge of 125% on mortgage properties of customers and carries markup @ 6% to 7% per annum (2021: 6% - 7% per annum).

14.2 The borrowing is secured against a charge of government securities and carries markup @ 15.15% to 15.28% per annum.

	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
	Rupees in '000	
15. OTHER LIABILITIES		
Mark up payable on borrowing	96,709	13,913
Retirement and other service benefits	85,312	470,630
Demand Charges	7,746	25,337
Accrued expenses	92,664	90,333
Advance payments from customers	329,178	287,152
Insurance premium payable	95,144	69,224
Advance rent received	73,662	7,406
Refundable to customers against advances	5,787	4,715
Security deposits	6,050	5,600
Application fee - Gawadar project	3,872	3,872
Retention money payable	1,761	579
Reimbursement of claims by Government of Pakistan	579	579
Agents' deposit money	185	185
Sindh Workers' Welfare Fund	58,407	33,260
Others	-	6,286
	857,056	1,019,071

	September 30. 2022 (Un-Audited)	December 31. 2021 (Audited)
	Rupees in '000	
16. DEFICIT ON REVALUATION OF INVESTMENTS		
Deficit on revaluation of		
- Available for sale securities	9.1 (236,605)	(142,154)

17. CONTINGENCIES AND COMMITMENTS

-Commitments	17.1	956,082	943,969
-Other contingent liabilities	17.2	47,990	47,990
		1,004,072	991,959

17.1 Commitments:

Documentary credits and short-term trade-related transactions			
- Loans sanctioned but not disbursed		520,931	508,818
Equity investment to be made in			
- Pakistan Mortgage Refinance Company Limited		193,325	193,325
Land to be purchased for Gwadar Housing Projects		149,725	149,725
Software being developed to replace Loan Management System		37,885	37,885
Other commitments		54,216	54,216
		956,082	943,969

17.2 Other contingent liabilities

Claims not acknowledged as debt			
SMS Courier (Pvt) Limited (SMSCPL)	17.2.1	39,890	39,890
Liaquat National Hospital	17.2.2	8,100	8,100
		47,990	47,990

17.2.1 In the year 1995, the Company entered into an agreement with SMS Courier (Pvt) Limited (SMSCPL), a courier service company. Subsequently, due to unsatisfactory service, the Company terminated the agreement with SMSCPL. SMSCPL claimed indemnity of loss for Rs. 39.89 million and filed a suit for recovery from the Company which is pending for adjudication in Honorable Sindh High Court. The legal advisor of the Company is of the opinion that no economic outflow is expected in this respect.

17.2.2 In the year 2008, the Company entered into an agreement with Liaquat National Hospital (LNH) in Karachi for providing medical facilities/treatments to employees of the Company and their dependents. LNH lodged a claim of Rs. 8.1 million against the Company, which include bills of the individuals who were not referred by the Company to LNH, as these were neither the Company's employees nor their dependents. Currently, the case is pending for adjudication in Honorable Sindh High Court. The legal advisor of the Company is of the opinion that no economic outflow is expected.

	September 30, 2022 (Un-Audited)	September 30, 2021 (Un-Audited)
	Rupees in '000	
18. MARK-UP/RETURN/INTEREST EARNED		
On:		
a) Loans and advances		
Customers	1,731,845	1,113,569
Employees	12,420	9,814
b) Investments		
Available-for-sale	290,059	394,759
Held-to-Maturity	361,505	288,821
c) Lendings to financial institutions		
Letters of placement	1,859	56
Repurchase agreement lending (Reverse repo)	70,760	51,499
d) Balances with banks	14,771	7,507
	<u>2,483,219</u>	<u>1,866,025</u>
19. MARK-UP/RETURN/INTEREST EXPENSED		
Borrowing from Pakistan Mortgage Refinance Company	116,428	139,683
Markup expense on Repo Borrowing	89,018	-
Finance charge on lease liability	16,531	9,356
	<u>221,977</u>	<u>149,039</u>
20. GAIN ON SALE OF SECURITIES		
Realised - Treasury Bills	<u>101</u>	<u>-</u>
21. OTHER INCOME		
Refund of premium from insurance company	-	-
Rent on property	37,815	33,327
Gain on sale of fixed assets-net	1	58
Inspection and application fee	5,868	3,762
Advance Unit Purchase Charges	-	-
Balloon Payment charges of Flexi Scheme	-	-
Storage documentation	3,431	3,273
Penalty income on conventional schemes	14,438	12,002
Miscellaneous Income	2,608	1,346
	<u>64,161</u>	<u>53,768</u>

	Note	September 30, 2022 (Un-Audited) Rupees in '000	September 30, 2021 (Un-Audited) Rupees in '000
22. OPERATING EXPENSES			
Total compensation expense	22.1	838,320	812,196
Property expense			
Rent and taxes		1,371	1,704
Insurance		826	353
Utilities cost		23,190	13,105
Security (including guards)		5,944	2,042
Repair and maintenance (including janitorial charges)		47,199	36,808
Depreciation		11,432	11,346
Depreciation on right-of-use assets		44,283	37,047
Others		-	-
		134,245	102,405
Information technology expenses			
Hardware maintenance		4,196	1,649
Depreciation		11,142	14,901
Amortization		3,790	2,080
Network charges		7,843	8,790
		26,971	27,420
Other operating expenses			
Directors' fees and allowances		650	-
Legal and professional charges		24,061	34,466
Consultancy charges		9,178	5,201
Outsourced services costs		37,906	32,129
Travelling and conveyance		9,217	6,729
Depreciation		10,881	10,219
Training and development		5,750	2,614
Postage and courier charges		2,861	3,573
Communication		3,871	459
Stationery and printing		5,910	4,934
Marketing, advertisement and publicity		14,393	12,332
Commission against recovery		-	-
Auditors remuneration		2,925	2,925
Banking service charges		6,457	5,778
Entertainment		1,758	1,727
Vehicle expense		13,642	10,201
Subscription		1,784	662
Others		6,569	11,261
		157,813	145,210
		1,157,349	1,087,231
22.1 This amount includes remuneration, bonuses and other allowances paid to employees.			
23. PROVISIONS & WRITE OFFS - NET			
Provision / (reversal) of provision against loans and advances		(153,659)	(353,466)
Provision / (reversal) of provision against investments		-	(22,500)
Provision / (reversal) against doubtful receivable insurance premium from partners		-	(2,516)
		(153,659)	(378,482)
24. RELIEF PACKAGE AND REPROCESSING CHARGES			
Reprocessing and closing adjustment		62,489	514
		62,489	514

	September 30, 2022 (Un-Audited)	September 30, 2021 (Un-Audited)
	Rupees in '000	
25. TAXATION		
Current	240,613	156,143
Deferred tax	<u>(103,247)</u>	<u>20,688</u>
	<u>137,366</u>	<u>176,831</u>
26. EARNING PER SHARE - BASIC & DILUTED		
Profit after taxation for the period	<u>1,094,854</u>	<u>863,350</u>
Weighted average number of ordinary shares	<u>1,936,500,006</u>	<u>1,936,500,006</u>
Basic earnings per share	<u>0.57</u>	<u>0.45</u>

27. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, 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 and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

27.1 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).

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:

	September 30, 2022 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	15,425,739	-	15,425,739
Listed ordinary shares	5,014	-	-	5,014
	<u>5,014</u>	<u>15,425,739</u>	<u>-</u>	<u>15,430,753</u>
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	6,557,477	-	6,557,477
Listed ordinary shares	6,433	-	-	6,433
	<u>6,433</u>	<u>6,557,477</u>	<u>-</u>	<u>6,563,910</u>

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input us	Input Used
Market Treasury Bills & PIBs	Market approach	PKRV Rates

28. RELATED PARTY TRANSACTIONS

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

The Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	September 30, 2022 (Un-Audited)			December 31, 2021 (Audited)		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	Rupees in '000					
Advances						
Opening balance	55,439	-	-	58,357	-	-
Addition during the period / year	13,275	-	-	9,871	-	-
Repaid during the period / year	(11,738)	-	-	(16,288)	-	-
Transfer in / (out) - net	(9,231)	-	-	3,499	-	-
Closing balance	<u>47,745</u>	-	-	<u>55,439</u>	-	-
Income						
Markup / return / interest earned	<u>1,240</u>	-	-	<u>1,997</u>	-	-

	September 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
	-----Rupees in '000-----	
29. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>21,462,687</u>	<u>22,449,515</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>22,775,642</u>	20,984,032
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>22,775,642</u>	20,984,032
Eligible Tier 2 Capital	<u>94,318</u>	95,434
Total Eligible Capital (Tier 1 + Tier 2)	<u>22,869,960</u>	21,079,466
Risk Weighted Assets (RWAs):		
Credit Risk	<u>7,545,412</u>	7,634,707
Market Risk	<u>2,133,006</u>	1,218,378
Operational Risk	<u>5,675,093</u>	5,829,135
Total	<u>15,353,511</u>	14,682,220
Common Equity Tier 1 Capital Adequacy Ratio	<u>148.34%</u>	142.92%
Tier 1 Capital Adequacy Ratio	<u>148.34%</u>	142.92%
Total Capital Adequacy Ratio	<u>148.96%</u>	143.57%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>22,775,642</u>	20,984,034
Total Exposure	<u>37,471,873</u>	27,188,975
Leverage Ratio	<u>60.78%</u>	77.18%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>15,454,000</u>	6,589,000
Total Net Cash Outflow	<u>7,000</u>	5,000
Liquidity Coverage Ratio	<u>220771%</u>	131780%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>24,995,000</u>	24,053,000
Total Required Stable Funding	<u>14,624,000</u>	11,934,000
Net Stable Funding Ratio	<u>171%</u>	202%

30. RECLASSIFICATION OF COMPARATIVE FIGURES

Comparative figures have been reclassified and re-arranged where necessary for the purpose of better presentation.

31. DATE OF AUTHORIZATION

These financial statements were approved and authorized for issue on OCTOBER 28, 2022 by the Board of Directors of the Company.

32. GENERAL

Figures have been rounded-off to the nearest thousand rupees except stated otherwise.



President/Chief Executive



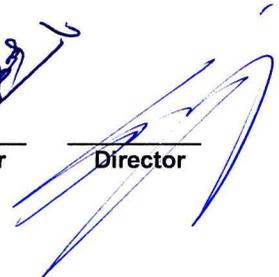
Chief Financial Officer



Director



Director



Director