

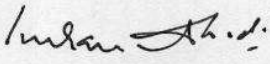
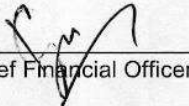

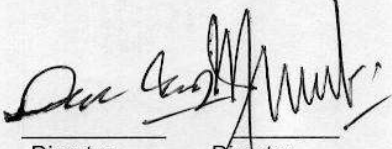
HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

| | (Un-Audited) March 31, 2023 | (Audited) December 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Note | Rupees in '000 | |
| ASSETS | | |
| Cash and balances with treasury banks | 6 25,803 | 15,005 |
| Balances with other banks | 7 89,236 | 3,842 |
| Lendings to financial institutions | 8 5,300,000 | - |
| Investments | 9 23,470,548 | 18,008,675 |
| Advances | 10 15,646,540 | 16,106,390 |
| Fixed assets | 11 623,572 | 630,254 |
| Intangible assets | 12 66,487 | 61,768 |
| Deferred tax assets | 1,394,367 | 1,389,432 |
| Other assets | 13 1,336,610 | 1,090,779 |
| | 47,953,163 | 37,306,145 |
| LIABILITIES | | |
| Bills payable | - | - |
| Borrowings | 14 23,058,798 | 12,833,929 |
| Deposits and other accounts | - | - |
| Liabilities against assets subject to finance lease | 15 386,359 | 388,967 |
| Subordinated debt | - | - |
| Deferred tax liabilities | - | - |
| Other liabilities | 16 1,124,922 | 978,353 |
| | 24,570,079 | 14,201,249 |
| NET ASSETS | <u>23,383,084</u> | <u>23,104,896</u> |
| REPRESENTED BY | | |
| Share capital/ Head office capital account - net | 19,365,000 | 19,365,000 |
| Reserves | 2,438,266 | 2,365,417 |
| (Deficit) / surplus on revaluation of assets | 17 (285,920) | (199,862) |
| Accumulated Profit | 1,865,738 | 1,574,341 |
| | <u>23,383,084</u> | <u>23,104,896</u> |

CONTINGENCIES AND COMMITMENTS

18

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

| | | | |
|---|---|--|---|
|  |  |  |  |
| _____ President/Chief Executive | _____ Chief Financial Officer | _____ Director | _____ Director |

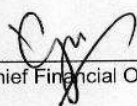
HOUSE BUILDING FINANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2023

| Note | (Un-Audited) (Un-Audited) Quarter Ended | | |
|---|--|---------------------------------|-----------|
| | March 31, 2023 | March 31, 2022 | |
| | Rupees in '000 | | |
| Mark-up/Return/Interest Earned | 19 | 1,568,239 | 717,999 |
| Mark-up/Return/Interest Expensed | 20 | (641,898) | (44,252) |
| Net Mark-up / Interest Income | | 926,341 | 673,747 |
| NON MARK-UP/INTEREST INCOME | | | |
| Fee and Commission Income | | - | - |
| Dividend Income | | - | 210 |
| Foreign Exchange Income | | - | - |
| Income / (loss) from derivatives | | - | - |
| Gain / (loss) on securities | 21 | (505) | - |
| Other Income | 22 | 23,467 | 19,681 |
| Total non-markup/interest Income | | 22,962 | 19,891 |
| Total Income | | 949,303 | 693,638 |
| NON MARK-UP/INTEREST EXPENSES | | | |
| Operating expenses | 23 | (452,912) | (343,049) |
| Workers Welfare Fund | | (10,767) | (8,071) |
| Other charges | | - | - |
| Total non-markup/interest expenses | | (463,679) | (351,120) |
| Profit / (Loss) before provisions | | 485,624 | 342,518 |
| Reversal of provision and write offs - net | 24 | 40,882 | 54,061 |
| Relief package and reprocessing charges | 25 | 1,079 | (1,108) |
| PROFIT/(LOSS) BEFORE TAXATION | | 527,585 | 395,471 |
| Taxation | 26 | (163,339) | (67,230) |
| PROFIT/(LOSS) AFTER TAXATION | | 364,246 | 328,241 |
| | | Rupees | |
| Earnings per share - basic & diluted | 27 | 0.19 | 0.17 |

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.



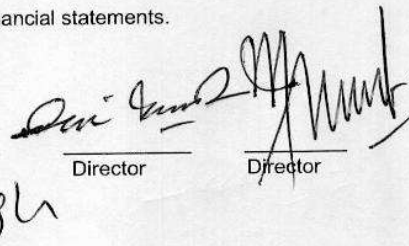
President/Chief Executive



Chief Financial Officer



Director



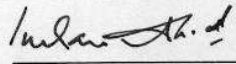

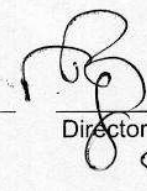
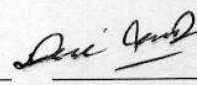
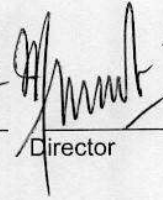
Director

Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2023

| | (Un-Audited) (Un-Audited) Quarter Ended | |
|--|--|-------------------|
| | March 31, 2023 | March 31, 2022 |
| | ------(Rupees in '000)----- | |
| Profit / (Loss) after taxation for the period | 364,246 | 328,241 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Movement in surplus / (deficit) on revaluation of investments | (86,058) | (18,507) |
| Total comprehensive income | <u>278,188</u> | <u>309,734</u> |

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.


| | | | | |
|---|---|--|--|--|
|  <hr/> President/Chief Executive |  <hr/> Chief Financial Officer |  <hr/> Director |  <hr/> Director |  <hr/> Director |
|---|---|--|--|--|

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2023

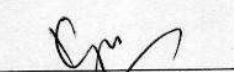
| | Share capital | Statutory reserve | Surplus/(Deficit) on revaluation Rupees in '000 | Unappropriated profit / (loss) | Total |
|--|-------------------|-------------------|--|--------------------------------|-------------------|
| Opening Balance as at January 1, 2022 | 19,365,000 | 2,069,755 | (141,814) | 493,684 | 21,786,625 |
| Profit / (loss) after taxation (March 31 2022) | - | - | - | 328,241 | 328,241 |
| Other comprehensive income - net of tax | - | - | (18,507) | - | (18,507) |
| Transfer to statutory reserve * | - | 65,648 | - | (65,648) | - |
| Opening Balance as at April 01, 2022 | 19,365,000 | 2,135,403 | (160,321) | 756,277 | 22,096,359 |
| Profit / (loss) after taxation (December 31, 2022) | - | - | - | 1,150,069 | 1,150,069 |
| Other comprehensive income - net of tax | - | - | (39,541) | (101,991) | (141,532) |
| Transfer to statutory reserve * | - | 230,014 | - | (230,014) | - |
| Opening Balance as at January 1, 2023 | 19,365,000 | 2,365,417 | (199,862) | 1,574,341 | 23,104,896 |
| Profit / (loss) after taxation (March 31 2023) | - | - | - | 364,246 | 364,246 |
| Other comprehensive income - net of tax | - | - | (86,058) | - | (86,058) |
| Transfer to statutory reserve * | - | 72,849 | - | (72,849) | - |
| Closing Balance as on March 31, 2023 | 19,365,000 | 2,438,266 | (285,920) | 1,865,738 | 23,383,084 |

* 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 reserve 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.


The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.



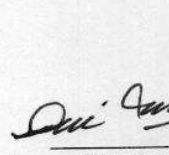
 President/Chief Executive



 Chief Financial Officer



 Director



 Director

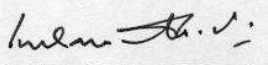


 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2023

| | Note | (Un-Audited) March 31, | (Un-Audited) March 31, |
|--|------|---------------------------|---------------------------|
| | | Rupees in '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit / (loss) before taxation | | 527,585 | 395,471 |
| Adjustments: | | | |
| Depreciation | | 13,206 | 10,650 |
| Depreciation right of use asset | | 15,732 | 13,928 |
| Amortization | | 1,109 | 1,331 |
| Reversal of provision / provisions and write-offs | 26 | (40,882) | (54,061) |
| Gain on sale of fixed assets | | (63) | - |
| Reprocessing & closing adjustments | | (1,079) | 1,108 |
| Provision for SWWF | | 10,767 | 8,071 |
| | | (1,210) | (18,973) |
| | | 526,375 | 376,498 |
| (Increase)/ Decrease in operating assets | | | |
| Lendings to financial institutions | | (5,300,000) | (140,173) |
| Advances | | 501,814 | (587,791) |
| Others assets (excluding advance taxation) | | (345,024) | 75,266 |
| | | (5,143,210) | (652,698) |
| Increase/ (Decrease) in operating liabilities | | | |
| Borrowings from financial institutions | | 10,224,869 | (135,549) |
| Other liabilities (excluding current taxation) | | 125,091 | (39,474) |
| | | 10,349,960 | (175,023) |
| Income tax paid | | (64,146) | (64,146) |
| <i>Net cash flow generated from / (used in) operating activities</i> | | 5,668,979 | (515,369) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net investments | | (5,544,766) | 673,532 |
| Investments in operating fixed assets | | (28,084) | (2,813) |
| Proceeds from sale of fixed assets | | 63 | - |
| <i>Net cash flow generated from / (used in) investing activities</i> | | (5,572,787) | 670,719 |
| Increase / (Decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the period | | 96,192 | 155,350 |
| Cash and cash equivalents at end of the period | | 18,847 | 60,923 |
| | | 115,039 | 216,273 |

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.



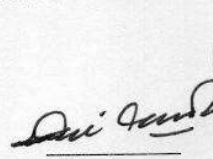
 President/Chief Executive



 Chief Financial Officer



 Director



 Director



 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2023

1. STATUS AND NATURE OF BUSINESS

House Building Finance Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on 13 June 2006 under the Companies Ordinance, 1984 (now the Companies Act 2017). 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 SRO.I/2007 dated 25 July 2007 issued by Finance Division - Government of Pakistan (GoP) effective from 1 January 2007, the Company took 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 GoP from closing of the business on 31 December 2006. As a result in 2010, the name was also changed from House Building Finance Corporation Limited to House Building Finance Company Limited.

Presently, the Company is on active privatisation list in the current privatisation program of the GoP. Invitation for expression of interest was published by the Privatisation Commission, Ministry of Privatisation on 26 December 2021.

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 30 June 2022 of VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "A" and "A-1" respectively.

2 BASIS OF PREPARATION

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 December 31, 2022.

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 of the Bank/DFI for the year ended December 31, 2022.

4 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, 2022.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2022.

6 CASH AND BALANCES WITH TREASURY BANKS

| | | (Un-Audited) March 31, 2023 | (Audited) December 31, 2022 |
|--|-----|-----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| With State Bank of Pakistan in Local currency current account | 6.1 | 25,769 | 14,951 |
| With National Bank of Pakistan in Local currency current accounts | | 34 | 54 |
| | | <u>25,803</u> | <u>15,005</u> |

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

| | | (Un-Audited) March 31, 2023 | (Audited) December 31, 2022 |
|----------|--|-----------------------------------|-----------------------------------|
| 7 | BALANCES WITH OTHER BANKS | | |
| | In Pakistan | | |
| | In deposit & transitory district bank accounts - net | 7.1 89,236 | 3,842 |
| | | <u>89,236</u> | <u>3,842</u> |

7.1 These carry mark-up at rates ranging from 14.5% to 18.5% (2022: 8.25% to 14.51%) per annum.

8 LENDINGS TO FINANCIAL INSTITUTIONS

| | | | |
|--|--|------------------|---------------|
| | Letters of placement | 8.1 55,683 | 55,683 |
| | Repurchase agreement lending (reverse repo) | 8.2 5,300,000 | - |
| | | <u>5,355,683</u> | <u>55,683</u> |
| | Less: Provision held against Lending to Financial Institutions | (55,683) | (55,683) |
| | Lendings to Financial Institutions - net of provision | <u>5,300,000</u> | <u>-</u> |

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 |
| | | <u>55,683</u> | <u>55,683</u> |

8.2 Repurchase agreement lendings (Reverse Repo)

| | | | |
|--|--|------------------|----------|
| | In local currency | | |
| | State Bank of Pakistan (OMO Mopup - SBP) | 5,300,000 | - |
| | | <u>5,300,000</u> | <u>-</u> |

| 8.3 Category of classification | (Un-Audited) March 31, 2023 | | (Audited) December 31, 2022 | |
|--------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Classified Lending | Provision held | Classified Lending | Provision held |
| | Rupees in '000 | | | |
| Domestic | 55,683 | 55,683 | 55,683 | 55,683 |

| 9 INVESTMENTS | (Un-Audited) March 31, 2023 | | | | (Audited) December 31, 2022 | | | |
|--------------------------------------|--------------------------------|--------------------------|---------------------|-------------------|--------------------------------|--------------------------|---------------------|-------------------|
| | Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| 9.1 Investments by type: | Rupees in '000 | | | | | | | |
| Available-for-sale securities | | | | | | | | |
| Market Treasury Bills | 962,350 | - | (427) | 961,923 | 1,491,837 | - | 943 | 1,492,780 |
| Pakistan Investment Bonds | 20,614,683 | - | (366,051) | 20,248,632 | 14,541,634 | - | (281,412) | 14,260,222 |
| Unlisted Ordinary Shares | 60,620 | (500) | - | 60,120 | 63,785 | (3,665) | - | 60,120 |
| Listed Ordinary Shares | 9,603 | - | (4,779) | 4,824 | 9,603 | - | (4,730) | 4,873 |
| | <u>21,647,256</u> | <u>(500)</u> | <u>(371,257)</u> | <u>21,275,499</u> | <u>16,106,859</u> | <u>(3,665)</u> | <u>(285,199)</u> | <u>15,817,995</u> |
| Held-to-maturity securities | | | | | | | | |
| Pakistan Investment Bonds | 2,195,049 | - | - | 2,195,049 | 2,190,680 | - | - | 2,190,680 |
| Unlisted Sukuk Bonds | 26,240 | (26,240) | - | - | 26,240 | (26,240) | - | - |
| Certificate of Investments | 22,500 | (22,500) | - | - | 22,500 | (22,500) | - | - |
| | <u>2,243,789</u> | <u>(48,740)</u> | <u>-</u> | <u>2,195,049</u> | <u>2,239,420</u> | <u>(48,740)</u> | <u>-</u> | <u>2,190,680</u> |
| Total Investments | <u>23,891,045</u> | <u>(49,240)</u> | <u>(371,257)</u> | <u>23,470,548</u> | <u>18,346,279</u> | <u>(52,405)</u> | <u>(285,199)</u> | <u>18,008,675</u> |

| | (Un-Audited) March 31, 2023 | (Audited) December 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| 9.2 Investments given as collateral - Face Value | | |
| Market Treasury Bills | 662,000 | 285,000 |
| Pakistan Investment Bonds | 20,750,000 | 10,450,000 |
| | <u>21,412,000</u> | <u>10,735,000</u> |

| | (Un-Audited) March 31, 2023 | (Audited) December 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| | Rupees in '000 | |
| 9.3 Provision for diminution in value of investments | | |
| 9.3.1 Opening balance | 49,240 | 49,240 |
| Charge / reversals | | |
| Charge for the period / year | - | - |
| Reversals for the period / year | - | - |
| Reversal on disposals | - | - |
| Closing Balance | <u>49,240</u> | <u>49,240</u> |

9.2.2 Particulars of provision against debt securities

| Category of classification | (Un-Audited) March 31, 2023 | | (Audited) December 31, 2022 | |
|----------------------------|--------------------------------|-----------|--------------------------------|-----------|
| | NPI | Provision | NPI | Provision |
| Domestic | | | | |
| Loss | 48,740 | 48,740 | 48,740 | 48,740 |

10 ADVANCES

| | Performing | | Non Performing | | Total | |
|--|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | March 31, 2023 | December 31, 2022 | March 31, 2023 | December 31, 2022 | March 31, 2023 | December 31, 2022 |
| | Rupees in '000 | | | | | |
| In Pakistan - local currency | | | | | | |
| Rental Sharing Schemes | - | - | 1,115,217 | 1,126,565 | 1,115,217 | 1,126,565 |
| Interest Bearing Schemes | - | - | 95,244 | 95,251 | 95,244 | 95,251 |
| Ghar Aasan Scheme | 268,781 | 316,313 | 743,885 | 742,133 | 1,012,666 | 1,058,446 |
| Shandar Ghar Scheme | - | - | 65,994 | 69,382 | 65,994 | 69,382 |
| Financing facility for Small Builders | 858 | 858 | 4,968 | 4,968 | 5,826 | 5,826 |
| Ghar Aasan Flexi Scheme | 4,757,158 | 5,142,995 | 990,989 | 977,180 | 5,748,147 | 6,120,175 |
| Bisma & Saima Projects | 9,660 | 10,190 | - | - | 9,660 | 10,190 |
| New Small Builders | - | - | 4,265 | 4,265 | 4,265 | 4,265 |
| Ghar Pakistan Scheme | 2,299,675 | 2,381,015 | 59,030 | 53,506 | 2,358,705 | 2,434,521 |
| Ghar Pakistan Plus Scheme | 1,365,087 | 1,405,075 | 17,670 | 7,983 | 1,382,757 | 1,413,058 |
| Ghar Ujala Scheme | 26,616 | 12,739 | - | - | 26,616 | 12,739 |
| HBFC Khas | 2,699 | 2,795 | - | - | 2,699 | 2,795 |
| Mera Pakistan Mera Ghar | 6,304,642 | 6,325,004 | 1,089 | - | 6,305,731 | 6,325,004 |
| | <u>15,035,176</u> | <u>15,596,984</u> | <u>3,098,351</u> | <u>3,081,233</u> | <u>18,133,527</u> | <u>18,678,217</u> |
| Employee portfolio | | | | | | |
| Housing finance to employees | 495,612 | 491,697 | 5,550 | 5,550 | 501,162 | 497,247 |
| Car advance to employees | 123,155 | 82,380 | - | - | 123,155 | 82,380 |
| Staff Personal Loan | 29,845 | 23,935 | - | - | 29,845 | 23,935 |
| PC advance to employees | - | - | 19 | 19 | 19 | 19 |
| | <u>648,612</u> | <u>598,012</u> | <u>5,569</u> | <u>5,569</u> | <u>654,181</u> | <u>603,581</u> |
| Partners' death claims | (35,036) | (28,391) | - | - | (35,036) | (28,391) |
| Advances - gross | <u>15,648,752</u> | <u>16,166,605</u> | <u>3,103,920</u> | <u>3,086,802</u> | <u>18,752,672</u> | <u>19,253,407</u> |
| Provision for non-performing advances | | | | | | |
| - Specific | | | | | | |
| Rental Sharing Schemes | - | - | 1,115,217 | 1,126,565 | 1,115,217 | 1,126,565 |
| Interest Bearing Schemes | - | - | 95,244 | 95,251 | 95,244 | 95,251 |
| Ghar Aasan Scheme | - | - | 686,315 | 703,669 | 686,315 | 703,669 |
| Shandar Ghar Scheme | - | - | 65,994 | 69,382 | 65,994 | 69,382 |
| Financing facility for Small Builders | - | - | 4,968 | 4,968 | 4,968 | 4,968 |
| Ghar Aasan Flexi Scheme | - | - | 800,418 | 832,163 | 800,418 | 832,163 |
| Bisma & Saima Projects | - | - | - | - | - | - |
| New Small Builders Scheme | - | - | 4,265 | 4,265 | 4,265 | 4,265 |
| Ghar Pakistan Scheme | - | - | 22,716 | 23,322 | 22,716 | 23,322 |
| Ghar Pakistan Scheme Plus | - | - | 2,966 | 2,966 | 2,966 | 2,966 |
| Mera Pakistan Mera Ghar | - | - | - | - | - | - |
| Finance to employees | - | - | 5,550 | 5,550 | 5,550 | 5,550 |
| PC advance to employees | - | - | 19 | 19 | 19 | 19 |
| | <u>-</u> | <u>-</u> | <u>2,803,672</u> | <u>2,868,120</u> | <u>2,803,672</u> | <u>2,868,120</u> |
| - General | <u>302,460</u> | <u>278,897</u> | <u>-</u> | <u>-</u> | <u>302,460</u> | <u>278,897</u> |
| Advances - net of provision | <u>15,346,292</u> | <u>15,887,708</u> | <u>300,248</u> | <u>218,682</u> | <u>15,646,540</u> | <u>16,106,390</u> |

10.1 Advances include Rs. 3,104 million (December 31, 2022: Rs. 3,087 million) which have been placed under non-performing status as detailed below:-

| Category of Classification | (Un-Audited) March 31, 2023 | | (Audited) December 31, 2022 | |
|-----------------------------------|--------------------------------|------------------|--------------------------------|------------------|
| | Non Performing Loans | Provision | Non Performing Loans | Provision |
| | Rupees in '000 | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | 159,856 | 1,304 | 83,795 | 506 |
| Substandard | 103,458 | 32,780 | 86,899 | 21,725 |
| Doubtful | 125,701 | 60,252 | 140,440 | 70,220 |
| Loss | 2,709,336 | 2,709,336 | 2,775,669 | 2,775,669 |
| Total | 3,098,351 | 2,803,672 | 3,086,803 | 2,868,120 |

| 10.2 Particulars of provision against advances | (Un-Audited) March 31, 2023 | | | (Audited) December 31, 2022 | | |
|--|--------------------------------|---------|-----------|--------------------------------|---------|-----------|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 2,868,120 | 278,897 | 3,147,017 | 3,201,604 | 225,295 | 3,426,899 |
| Charge / (Reversal) for the period / year | (64,448) | 23,563 | (40,885) | (333,484) | 53,602 | (279,882) |
| Amounts written off | - | - | - | - | - | - |
| Closing balance | 2,803,672 | 302,460 | 3,106,132 | 2,868,120 | 278,897 | 3,147,017 |

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.

| 11 FIXED ASSETS | (Un-Audited) | (Audited) |
|---|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 |
| | Rupees in '000 | |
| Property and equipment | 295,693 | 286,643 |
| Right of use-of-assets | 327,879 | 343,611 |
| | 623,572 | 630,254 |
| 12 INTANGIBLE ASSETS | | |
| Computer Software | 19,750 | 20,849 |
| Capital work-in-progress | 46,737 | 40,919 |
| | 66,487 | 61,768 |
| 13 OTHER ASSETS | | |
| Income/ mark-up accrued in local currency - net of provision | | |
| Advances | 37,347 | 52,290 |
| Advances - MPMG from SBP | 597,664 | 410,572 |
| Investments | 363,053 | 269,760 |
| Lending to financial institutions | 8,154 | - |
| Advances, deposits, advance rent and other prepayments | 108,754 | 108,775 |
| Advance taxation (payments less provisions) | 199,357 | 227,365 |
| Advance for purchase of land - housing projects | 53,815 | 53,815 |
| Other receivables against advances | 22,281 | 22,017 |
| Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC) | - | - |
| | 1,390,425 | 1,144,594 |
| Less: Provision held against other assets | (53,815) | (53,815) |
| Other Assets (Net of Provision) | 1,336,610 | 1,090,779 |
| 13.1 Provision held against other assets | | |
| Advance for purchase of land - housing projects | 53,815 | 53,815 |
| | 53,815 | 53,815 |

| | | (Un-Audited) March 31, 2023 | (Audited) December 31, 2022 |
|----------------|--|-----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 14 | BORROWINGS | | |
| | <i>Secured</i> | | |
| | Pakistan Mortgage Refinance Company Limited | 1,944,046 | 2,101,162 |
| | Refinance from SBP - HBFC Khas | 2,532 | 2,790 |
| | Refinance from SBP - Ghar Ujala Scheme | 17,894 | - |
| | Repurchase agreement borrowing (Repo) | 21,094,326 | 10,729,977 |
| | | <u>23,058,798</u> | <u>12,833,929</u> |
| 15 | LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE | | |
| | Lease liability - right-of-use asset | 386,359 | 388,967 |
| | | <u>386,359</u> | <u>388,967</u> |
| 16 | OTHER LIABILITIES | | |
| | Markup payable on borrowing | 286,470 | 128,675 |
| | Retirement and other service benefits | 42,827 | 73,955 |
| | Demand charges | 9,312 | 8,408 |
| | Accrued expenses | 285,764 | 254,937 |
| | Advance payment from customers | 304,438 | 291,716 |
| | Insurance premium payable | 63,991 | 83,011 |
| | Advance rent received | 47,210 | 60,436 |
| | Refundable to customers against advances | 498 | 3,412 |
| | Sindh Workers' Welfare Fund | 68,999 | 58,231 |
| | Others | 15,413 | 15,572 |
| | | <u>1,124,922</u> | <u>978,353</u> |
| 17 | SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS | | |
| | Surplus / (deficit) on revaluation of | | |
| | - Available for sale securities | 9.1 | (285,921) (199,862) |
| 18 | CONTINGENCIES AND COMMITMENTS | | |
| | -Commitments | 18.1 | 667,321 768,057 |
| | -Other contingent liabilities | 18.2 | 47,990 47,990 |
| | | | <u>715,311 816,047</u> |

(Un-Audited) (Audited)
 March 31, December
 2023 31, 2022
 Rupees in '000

18.1 Commitments:

Documentary credits and short-term trade-related transactions
 - Loans sanctioned but not disbursed

Equity investment to be made in
 - Pakistan Mortgage Refinance Company Limited

Land to be purchased for Gwadar Housing Projects
 Land to be purchased for Gwadar Office
 Model Town Lahore Project
 Hyderabad Project
 Peshawar Office Building Project
 Other commitments
 Software being developed to replace Loan Management System

| | 244,259 | 339,178 |
|--|----------------|----------------|
| | 193,325 | 193,325 |
| | 149,725 | 149,725 |
| | 9,750 | 9,750 |
| | 27,840 | 27,840 |
| | 5,305 | 5,305 |
| | 10,485 | 10,485 |
| | 836 | 836 |
| | 25,796 | 31,613 |
| | 667,321 | 768,057 |

18.2 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 |
| | | <u>47,990</u> | <u>47,990</u> |

18.2.1 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.

18.2.2 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.

| | (Un-Audited) March 31, 2023 | (Un-Audited) March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| | Rupees in '000 | |
| 19 MARK-UP/RETURN/INTEREST EARNED | | |
| On: | | |
| a) Loans and advances | | |
| Customers | 727,933 | 500,938 |
| Employees | 2,283 | 4,346 |
| b) Investments | | |
| Available-for-sale | 730,038 | 151,411 |
| Held-to-Maturity | 44,523 | 33,953.00 |
| c) Lendings | | |
| Letters of placement | 136 | - |
| Repurchase agreement lending (Reverse repo) | 60,689 | 23,692 |
| d) Balances with banks | 2,637 | 3,659 |
| | <u>1,568,239</u> | <u>717,999</u> |
| 20 MARK-UP/RETURN/INTEREST EXPENSED | | |
| On: | | |
| a) Borrowing from Pakistan Mortgage Refinance Company | 31,464 | 40,641 |
| b) Finance lease charge | 11,922 | 3,611 |
| c) Markup expense on Repo Borrowing | 595,865 | - |
| d) Markup expense on Clean / Call Borrowing | 2,647 | - |
| | <u>641,898</u> | <u>44,252</u> |
| 21 GAIN / (LOSS) ON SECURITIES | | |
| Realised | <u>(505)</u> | - |
| 22 OTHER INCOME | | |
| Refund of premium from insurance company | - | - |
| Rent on property | 13,226 | 11,026 |
| Gain on sale of fixed assets-net | 63 | - |
| Inspection and application fee | 208 | 1,990 |
| Advance Unit Purchase Charges | - | - |
| Balloon Payment charges of Flexi Scheme | - | - |
| Storage documentation | 1,590 | 1,326 |
| Early termination charges & penalty income on conventional schemes | 8,380 | 5,060 |
| Miscellaneous Income | - | 279 |
| | <u>23,467</u> | <u>19,681</u> |
| 23 OPERATING EXPENSES | | |
| Total compensation expense | 309,555 | 251,480 |
| Property expense | | |
| Rent and taxes | 8,514 | 474 |
| Insurance | 845 | 826 |
| Utilities cost | 4,539 | 4,332 |
| Security (including guards) | 1,604 | 1,270 |
| Repair and maintenance (including janitorial charges) | 33,595 | 14,499 |
| Depreciation | 3,918 | 3,740 |
| Depreciation on right-of-use assets | 15,732 | 13,928 |
| Others | - | - |
| | <u>68,747</u> | <u>39,069</u> |
| Information technology expenses | | |
| Hardware maintenance | 7,560 | 1,859 |
| Depreciation | 4,083 | 3,621 |
| Amortization | 1,109 | 1,331 |
| Network charges | 2,647 | 3,476 |
| | <u>15,399</u> | <u>10,287</u> |

(Un-Audited) (Un-Audited)
 March 31, March 31,
 2023 2022
 Rupees in '000

| | (Un-Audited) March 31, 2023 | (Un-Audited) March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Other operating expenses | | |
| Directors' fees and allowances | 250 | - |
| Legal and professional charges | 6,112 | 7,427 |
| Consultancy charges | 8,343 | 858 |
| Outsourced services costs | 9,908 | 11,022 |
| Travelling and conveyance | 4,637 | 2,523 |
| Depreciation | 5,205 | 3,289 |
| Training and development | 861 | 3,305 |
| Postage and courier charges | 1,313 | 866 |
| Communication | 968 | 940 |
| Stationery and printing | 2,057 | 1,704 |
| Marketing, advertisement and publicity | 5,275 | 405 |
| Auditors remuneration | 975 | 975 |
| Banking service charges | 2,759 | 2,212 |
| Entertainment | 686 | 408 |
| Vehicle expense | 5,489 | 4,111 |
| Subscription | 1,882 | 28 |
| Others | 2,491 | 2,140 |
| | <u>59,211</u> | <u>42,213</u> |
| | <u>452,912</u> | <u>343,049</u> |
| 24 PROVISIONS & WRITE OFFS - NET | | |
| Reversal of provision for diminution in value of investments | 8.3 | - |
| Reversal of provision for lendings | 9.2.1 | - |
| Reversal / (provision) against loans and advances | 10.2 | 40,882 |
| Reversal / (provision) against doubtful receivable insurance premium from partners | | 54,061 |
| Write off against advances | | - |
| | | <u>40,882</u> |
| | | <u>54,061</u> |
| 25 RELIEF PACKAGE AND REPROCESSING CHARGES | | |
| Reprocessing and closing adjustment | 1,079 | (1,108) |
| | <u>1,079</u> | <u>(1,108)</u> |
| 26 TAXATION | | |
| Current | 168,274 | 67,230 |
| Deferred | (4,935) | - |
| | <u>163,339</u> | <u>67,230</u> |
| 27 EARNING PER SHARE - BASIC & DILUTED | | |
| Profit for the period | <u>364,246</u> | <u>328,241</u> |
| Weighted average number of ordinary shares | <u>1,936,500,006</u> | <u>1,936,500,006</u> |
| Basic earnings per share | <u>0.19</u> | <u>0.17</u> |

28 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.

28.1 Fair value of financial assets

The Bank 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:

| | (Un-Audited) March 31, 2023 | | | Total |
|--|--------------------------------|------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| <u>Investments</u> | | | | |
| Federal Government Securities | - | 21,210,555 | - | 21,210,555 |
| Listed Ordinary Shares | 4,824 | - | - | 4,824 |
| (Audited) December 31, 2022 | | | | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| <u>Investments</u> | | | | |
| Federal Government Securities | - | 15,753,002 | - | 15,753,002 |
| Listed Ordinary Shares | 4,873 | - | - | 4,873 |

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

| Item | Valuation approach and input used | Input Used |
|------------------------------|-----------------------------------|------------|
| Market Treasury Bills & PIBs | Market approach | PKRV Rates |

29 RELATED PARTY TRANSACTIONS

Related parties comprise of associates, directors and key management personnel of the Company. There were no transactions with the key management personnel other than those under the terms of their employment. Details of transactions with the related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

| | March 31, 2023 | | | December 31, 2022 | | |
|-----------------------------------|--------------------------|------------|-----------------------|--------------------------|------------|-----------------------|
| | Key management personnel | Associates | Other related parties | Key management personnel | Associates | Other related parties |
| Advances | | | | | | |
| Opening balance | 48,487 | - | - | 55,439 | - | - |
| Addition during the period / year | 385 | - | - | 24,705 | - | - |
| Repaid during the period / year | (10,526) | - | - | (22,425) | - | - |
| Transfer in / (out) - net | - | - | - | (9,232) | - | - |
| Closing balance | <u>38,346</u> | <u>-</u> | <u>-</u> | <u>48,487</u> | <u>-</u> | <u>-</u> |
| Income | | | | | | |
| Markup / return / interest earned | <u>385</u> | <u>-</u> | <u>-</u> | <u>1,681</u> | <u>-</u> | <u>-</u> |

(Un-Audited) (Audited)
March 31, December 31,
2023 2022
Rupees in '000

30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

| | | |
|---------------------------------|------------|------------|
| Paid-up capital (net of losses) | 21,517,346 | 21,530,554 |
|---------------------------------|------------|------------|

Capital Adequacy Ratio (CAR):

| | | |
|---|------------|------------|
| Eligible Common Equity Tier 1 (CET 1) Capital | 22,436,581 | 22,192,045 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 22,436,581 | 22,192,045 |
| Eligible Tier 2 Capital | 111,794 | 97,868 |
| Total Eligible Capital (Tier 1 + Tier 2) | 22,548,375 | 22,289,913 |

Risk Weighted Assets (RWAs):

| | | |
|------------------|------------|------------|
| Credit Risk | 8,943,547 | 7,829,406 |
| Market Risk | 2,975,151 | 2,108,625 |
| Operational Risk | 6,332,458 | 6,332,458 |
| Total | 18,251,156 | 16,270,489 |

| | | |
|---|---------|---------|
| Common Equity Tier 1 Capital Adequacy Ratio | 122.93% | 136.39% |
| Tier 1 Capital Adequacy Ratio | 122.93% | 136.39% |
| Total Capital Adequacy Ratio | 123.54% | 137.00% |

Leverage Ratio (LR):

| | | |
|-------------------------|------------|------------|
| Eligible Tier-1 Capital | 22,436,581 | 22,192,045 |
| Total Exposure | 48,620,485 | 38,074,202 |
| Leverage Ratio | 46.15% | 58.29% |

Liquidity Coverage Ratio (LCR):

| | | |
|----------------------------------|---------|-----------|
| Total High Quality Liquid Assets | 360,000 | 5,173,000 |
| Total Net Cash Outflow | 3,000 | 4,000 |
| Liquidity Coverage Ratio | 12000% | 129325% |

Net Stable Funding Ratio (NSFR):

| | | |
|--------------------------------|------------|------------|
| Total Available Stable Funding | 24,682,000 | 24,468,000 |
| Total Required Stable Funding | 16,828,000 | 15,668,000 |
| Net Stable Funding Ratio | 147% | 156% |

31 RECLASSIFICATION OF COMPARATIVE FIGURES

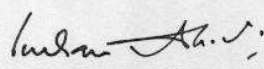
Comparative figures have been reclassified and re-arranged where necessary for the purpose of better presentation.

32 DATE OF AUTHORIZATION

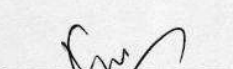
These financial statements were approved and authorized for issue on Feb 27, 2024 by the Board of Directors of the

33 GENERAL

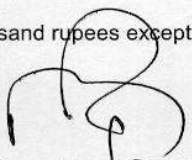
Figures have been rounded-off to the nearest thousand rupees except stated otherwise.



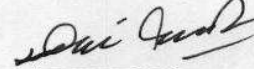
 President/Chief Executive




 Chief Financial Officer



 Director



 Director



 Director

aple