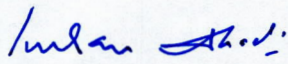


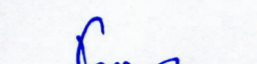
HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	(Unaudited)	(Audited)
Note	March 31, 2024	December 31, 2023
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	6 28,613	16,717
Balances with other banks	7 98,941	86,050
Lendings to financial institutions	8 -	-
Investments	9 30,162,618	34,176,904
Advances	10 13,656,606	14,277,058
Property and equipment	11 310,983	321,503
Right-of-use assets	12 276,298	285,380
Intangible assets	13 62,164	63,246
Deferred tax assets	14 409,676	393,262
Other assets	15 5,184,854	5,613,869
Total Assets	50,190,753	55,233,989
LIABILITIES		
Bills payable	-	-
Borrowings	16 20,841,479	26,278,206
Deposits and other accounts	-	-
Lease liabilities	17 324,894	320,422
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	18 1,932,063	1,995,478
Total Liabilities	23,098,436	28,594,106
NET ASSETS	27,092,317	26,639,883
REPRESENTED BY		
Share capital	19,365,000	19,365,000
Reserves	2,944,565	2,817,774
(Deficit) on revaluation of assets	19 (123,407)	(116,546)
Unappropriated profit	4,906,159	4,573,655
	27,092,317	26,639,883
CONTINGENCIES AND COMMITMENTS	20	

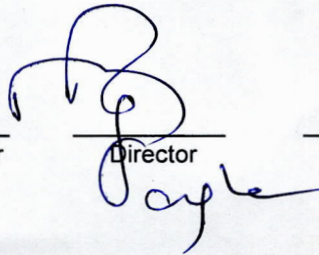
The annexed notes 1 to 35 form an integral part of these financial statements.



President/Chief Executive



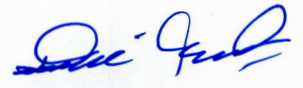
Chief Financial Officer



Director



Director

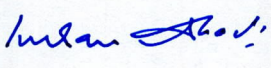
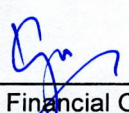
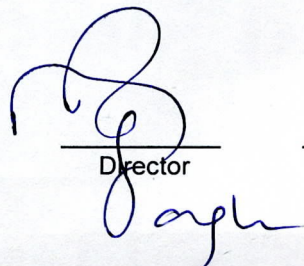




Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2024

	Note	Quarter Ended	
		March 31, 2024	March 31, 2023
Rupees in '000			
Mark-up / Return / Interest earned	21	2,448,090	1,568,239
Mark-up / Return / Interest expensed	22	(1,140,743)	(641,898)
Net mark-up / interest income		1,307,347	926,341
NON MARK-UP / INTEREST INCOME			
Fee and commission income		-	-
Dividend income		-	-
Foreign exchange income / (loss)		-	-
Income / (Loss) from derivatives		-	-
Gain / (Loss) on securities	23	-	(505)
Other income/ (loss)	24	27,073	23,467
Total non-markup / interest income / (loss)		27,073	22,962
Total income / (loss)		1,334,420	949,303
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	25	(348,568)	(452,912)
Workers welfare fund		(22,906)	(10,767)
Other charges		-	-
Total non-markup / interest expenses		(371,474)	(463,679)
Profit / (Loss) before credit loss allowance		962,946	485,624
Credit loss allowance and write offs - net	26	152,505	40,882
Relief package & reprocessing adjustment		6,929	1,079
PROFIT/(LOSS) BEFORE TAXATION		1,122,380	527,585
Taxation	27	(488,427)	(163,339)
PROFIT/(LOSS) AFTER TAXATION		633,953	364,246
Rupees			
Basic earnings / (loss) per share	28	0.33	0.19
Diluted earnings / (loss) per share	29	0.33	0.19

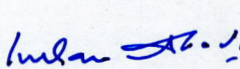
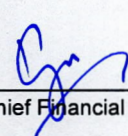
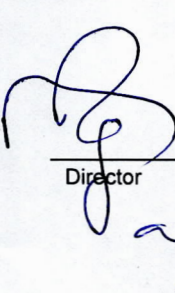

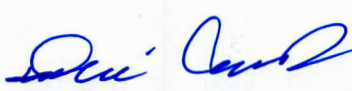
The annexed notes 1 to 35 form an integral part of these financial statements.

 _____ President/Chief Executive	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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HOUSE BUILDING FINANCE COMPANY LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED MARCH 31, 2024

	<u>Quarter Ended</u>	
	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
Profit/ (Loss) after taxation for the period	633,953	364,246
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	(8,149)	(86,009)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	1,288	(49)
Total comprehensive income	<u><u>627,092</u></u>	<u><u>278,188</u></u>

The annexed notes 1 to 35 form an integral part of these financial statements.

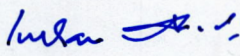
				
_____ President/Chief Executive	_____ Chief Financial Officer	_____ Director	_____ Director	_____ Director

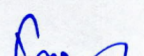
HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2024

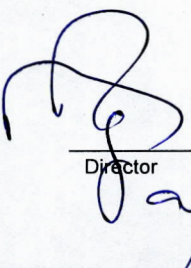
	Share capital	Statutory reserve	Surplus/ (Deficit) on revaluation of	Unappropriated profit	Total
	Rupees in '000				
Opening Balance as at January 1, 2023	19,365,000	2,365,417	(199,862)	1,574,341	23,104,896
Profit after taxation for three months ended March 31, 2023	-	-	-	364,246	364,246
Other comprehensive income - net of tax					
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	(86,009)	-	(86,009)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	(49)	-	(49)
Total other comprehensive income - net of tax for three months	-	-	(86,058)	-	(86,058)
Transfer to statutory reserve	-	72,849	-	(72,849)	-
Opening Balance as at March 31, 2023	19,365,000	2,438,266	(285,920)	1,865,738	23,383,084
Profit after taxation for nine months ended December 31, 2023	-	-	-	1,897,539	1,897,539
Other comprehensive income - net of tax					
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	171,691	-	171,691
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	(2,317)	-	(2,317)
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	1,189,886	1,189,886
Total other comprehensive income - net of tax for nine months	-	-	169,374	1,189,886	1,359,260
Transfer to statutory reserve	-	379,508	-	(379,508)	-
Opening Balance as at December 31, 2023 (Audited)	19,365,000	2,817,774	(116,546)	4,573,655	26,639,883
Effect of adoption of IFRS 9 - Expected Credit Loss (net of tax)	-	-	-	(174,658)	(174,658)
Profit / (loss) after taxation for the current period	-	-	-	633,953	633,953
Other comprehensive income - net of tax					
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	(8,149)	-	(8,149)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	1,288	-	1,288
Total other comprehensive income - net of tax	-	-	(6,861)	-	(6,861)
Transfer to statutory reserve	-	126,791	-	(126,791)	-
Closing Balance (Current period)	19,365,000	2,944,565	(123,407)	4,906,159	27,092,317


Statutory reserve 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.

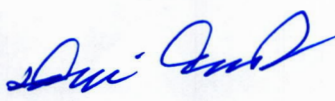
The annexed notes 1 to 35 form an integral part of these financial statements.


 President/Chief Executive


 Chief Financial Officer


 Director


 Director


 Director

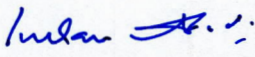
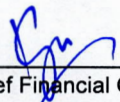
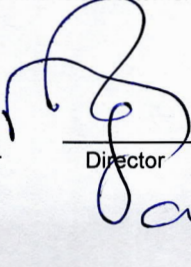

HOUSE BUILDING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2024

Note **March 31, 2024** March 31, 2023
Rupees in '000

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	1,122,380	527,585
Less: Dividend income	-	-
	<u>1,122,380</u>	<u>527,585</u>
Adjustments:		
Net mark-up / interest income	(1,307,347)	(926,341)
Depreciation	13,768	13,206
Depreciation on right-of-use assets	16,049	15,732
Amortization	1,081	1,109
Credit loss allowance and write offs	(152,505)	(40,882)
Loss/ (Gain) on sale/disposal of property and equipment	(167)	(63)
Reprocessing & closing adjustments	(6,929)	(1,079)
Finance charge on leased assets	10,994	11,922
Provision for WWF	22,906	10,767
	<u>(1,402,150)</u>	<u>(915,629)</u>
	(279,770)	(388,044)
(Increase)/ Decrease in operating assets		
Lendings to financial institutions	-	(5,300,000)
Advances	519,210	501,814
Others assets (excluding advance taxation)	(102,152)	388,831
	417,058	(4,409,355)
Increase/ (Decrease) in operating liabilities		
Borrowings from financial institutions	(5,436,727)	10,224,869
Other liabilities (excluding current taxation)	10,018	(497,160)
	(5,426,709)	9,727,709
Mark-up / Interest received	2,837,628	1,294,643
Mark-up / Interest paid	(1,203,182)	(472,181)
Income tax paid	(282,813)	(64,146)
<i>Net cash flow from / (used in) operating activities</i>	<u>(3,937,788)</u>	<u>5,688,626</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	3,979,144	(5,544,766)
Investments in property and equipment	(3,247)	(28,084)
Disposal of property and equipment	167	63
<i>Net cash flow from / (used in) investing activities</i>	<u>3,976,064</u>	<u>(5,572,787)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(13,489)	(19,647)
<i>Net cash flow from / (used in) financing activities</i>	<u>(13,489)</u>	<u>(19,647)</u>
Increase/(Decrease) in cash and cash equivalents	24,787	96,192
Cash and cash equivalents at beginning of the year	102,767	18,847
Cash and cash equivalents at end of the year	<u>127,554</u>	<u>115,039</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

			
President/Chief Executive	Chief Financial Officer	Director	Director

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2024

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.

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 07 June 2023 of VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "AA-" and "A-1+" respectively.

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. It is expected that transaction will be concluded by June 2024.

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. 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 provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, the Companies Act, 2017 and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the BCO, 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 These condensed interim financial statements have been prepared in conformity with the format of interim financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 2 dated February 09, 2023.

As per the SBP's BPRD Circular Letter no. 7 dated April 13, 2023, the applicability of IFRS 9 - Financial Instruments was extended to January 01, 2024. Accordingly, these financial statements have been prepared for determining the impact of IFRS 9 on the company's financial statements as at March 31, 2024 assuming that IFRS 9 has been adopted with effect from January 01, 2024. Therefore, the requirements of SBP directives that currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financings have been followed till December 31, 2023.

2.3 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2023.

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 Company for the year ended December 31, 2023 except for the adoption of IFRS 9 on account of which the amounts have been reclassified where required.

3.1 Amendments to approved accounting standards that are effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the company for accounting periods beginning on or after January 01, 2024. These are either considered to not be relevant or do not have any significant impact and accordingly, have not been detailed in these condensed interim financial statements.

3.2 Changes in accounting policies and transition disclosures

As permitted by the transitional provisions of IFRS 9, the Company has opted for modified retrospective approach and has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

For notes disclosures, the consequential amendments to IFRS 7 disclosures as a result of adoption of IFRS 9 have also been applied to the current period.

3.3 Reconciliation of statement of financial position balances from existing local regulations to IFRS 9 as of December 31, 2023

	Carrying amount as per accounting policy as at Dec 31, 2023	At FVOCI - with recycling	At FVOCI - without recycling	At Amortized Cost	Remeasurement impact under IFRS 9	IFRS 9 carrying amount as at Dec 31, 2023
	Rupees in '000					
Balances with other banks	16,717	-	-	-	(12)	16,705
Investments						
- Available for sale	34,176,904	34,169,665	7,239	-	-	34,176,904
- Held to maturity	-	-	-	-	-	-
Advances	14,277,058	-	-	-	(260,672)	14,016,386
Deferred tax asset	393,262	-	-	-	86,026	479,288
	<u>48,863,941</u>	<u>34,169,665</u>	<u>7,239</u>	<u>-</u>	<u>(174,658)</u>	<u>48,689,283</u>

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the company as shown in the table above:

(a) Designation of equity instruments at FVOCI

The company has elected to irrevocably designate strategic investments of Rs. 82.4 million in equity securities as permitted under IFRS 9. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

(b) Reclassification from retired categories with no change in measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under existing local regulations were 'retired', with no changes to their measurement basis:

- Those previously classified as available for sale and now classified as measured at FVOCI; and
- Those previously classified as held to maturity and now classified as measured at amortised cost.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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 December 31, 2023.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the institution are consistent with those disclosed in the financial statements for the year ended December 31, 2023.

	March 31, 2024	December 31, 2023
	Rupees in '000	
6 CASH AND BALANCES WITH TREASURY BANKS		
With State Bank of Pakistan in Local currency current account	28,590	16,694
With National Bank of Pakistan in Local currency current accounts	23	23
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	<u>28,613</u>	<u>16,717</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan In deposit accounts	98,953	86,050
Less: Credit loss allowance held against balances with other banks	(12)	-
Balances with other banks - net of credit loss allowance	<u>98,941</u>	<u>86,050</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Letters of placement		
- 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>
Less: Credit loss allowance held against lending to financial institutions	(55,683)	(55,683)
Lendings to financial institutions - net of credit loss allowance	<u>-</u>	<u>-</u>

8.1 Lending to Fls- Particulars of credit loss allowance

		March 31, 2024		December 31, 2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
Rupees in '000					
Domestic					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		55,683	55,683	55,683	55,683
Total		55,683	55,683	55,683	55,683

9 INVESTMENTS

9.1 Investments by type:

		March 31, 2024				December 31, 2023			
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Rupees in '000									
FVOCI									
Federal Government securities		30,263,542	-	(191,885)	30,071,657	34,260,257	-	(173,026)	34,087,231
Shares		73,388	(500)	18,073	90,961	73,388	(500)	16,785	89,673
		30,336,930	(500)	(173,812)	30,162,618	34,333,645	(500)	(156,241)	34,176,904
Amortised Cost									
Non Government debt securities		48,740	(48,740)	-	-	48,740	(48,740)	-	-
Total Investments		30,385,670	(49,240)	(173,812)	30,162,618	34,382,385	(49,240)	(156,241)	34,176,904

9.1.1 Investments given as collateral

	March 31, 2024	December 31, 2023
Rupees in '000		
Federal Government securities	19,039,778	24,500,000

9.2 Credit loss allowance for diminution in value of investments

9.2.1 Opening balance

	March 31, 2024	December 31, 2023
Opening balance	49,240	49,240
Charge / reversals		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Reversal on disposals	-	-
Amounts written off	-	-
Closing Balance	49,240	49,240

9.3 Particulars of credit loss allowance against debt securities

Domestic

		March 31, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
Rupees in '000					
Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		48,740	48,740	48,740	48,740
Total		48,740	48,740	48,740	48,740

10 ADVANCES

	Performing		Non Performing		Total	
	Current Period	December 31, 2023	Current Period	December 31, 2023	March 31, 2024	December 31, 2023
Rupees in '000						
Customer advances	12,955,324	13,571,330	2,842,642	2,747,388	15,797,966	16,318,718
Employee advances	784,112	774,996	5,569	5,569	789,681	780,565
Partners' death claims	(2,673)	(2,028)	-	-	(2,673)	(2,028)
Advances - gross	13,736,763	14,344,298	2,848,211	2,752,957	16,584,974	17,097,255
Credit loss allowance against advances						
-Specific	-	-	-	2,584,744	-	2,584,744
-General	-	235,453	-	-	-	235,453
-Stage 1	33,502	-	-	-	33,502	-
-Stage 2	226,165	-	-	-	226,165	-
-Stage 3	-	-	2,668,701	-	2,668,701	-
	259,667	235,453	2,668,701	2,584,744	2,928,368	2,820,197
Advances - net of credit loss allowance	13,477,096	14,108,845	179,510	168,213	13,656,606	14,277,058

10.1 Particulars of advances (gross)

In local currency

	March 31, 2024	Audited December 31, 2023
Rupees in '000		
	16,584,974	17,097,255
	16,584,974	17,097,255

10.2 Advances include Rs.2,848 million (December 2023: 2,753 million) which have been placed under non-performing / Stage 3 status as detailed below:-

Category of Classification

Domestic

Other Assets Especially Mentioned (OAEM)

Substandard

Doubtful

Loss

Total

Stage 3

	March 31, 2024		Audited December 31, 2023	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
Rupees in '000				
	212,362	47,607	59,684	1,191
	45,119	45,119	75,216	20,683
	132,445	133,107	117,499	62,312
	2,458,284	2,442,868	2,500,558	2,500,558
	2,848,210	2,668,701	2,752,957	2,584,744

10.3 Particulars of credit loss allowance against advances

	March 31, 2024			
	Stage 3	Stage 2	Stage 1	Total
Rupees in '000				
Opening balance	2,678,399	123,692	31,486	2,833,577
Charge for the period / year	(9,698)	102,473	-	92,775
Reversals	-	-	2,016	2,016
	(9,698)	102,473	2,016	94,791
Amounts written off	-	-	-	-
Closing balance	2,668,701	226,165	33,502	2,928,368

	Audited December 31, 2023		
	Specific	General	Total
Rupees in '000			
	2,868,120	278,897	3,147,017
	17,093	-	17,093
	(300,469)	(43,444)	(343,913)
	(283,376)	(43,444)	(326,820)
	2,584,744	235,453	2,820,197

10.3.1 Details of credit loss allowance of stage 1 and 2 are as follows:

	March 31, 2024	
	Stage 1	Stage 2
Rupees in '000		
Customer advances	27,903	226,165
Employee advances	5,599	-
	33,502	226,165

10.3.2 The SBP vide BSD Circular No. 10 of 2009 dated 20 October 2009 had allowed banks / DFIs to avail benefit of Forced Sales Value (FSV) of collaterals mortgaged with them while determining provisioning requirement against non-performing financing. Further, SBP vide BSD Circular No.1 of 2011 dated 21 October 2011 made certain amendments in the Prudential Regulations for Consumer Financing with respect to allowing additional benefit of FSV of mortgage properties held as collateral against housing finances. According to the said circular, the impact on profitability due to availing FSV benefit shall not be available for payment of cash dividend or stock dividend. As at 31 March 2024, the Company has not taken FSV benefit as allowed under IH&SMEFD Circular No. 03 of 2017.

10.4 Advances - Particlurs of credit loss allowance

	March 31, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees in '000		
10.4.1 Opening balance	31,486	123,692	2,678,399
New Advances	133,264	-	-
Advances derecognised or repaid	(135,042)	(3,528)	(16,280)
Transfer to stage 1	14,784	(34,521)	(22,213)
Transfer to stage 2	(10,990)	108,848	(7,660)
Transfer to stage 3	0	31,674	36,455
	2,016	102,473	(9,698)
Amounts written off / charged off	-	-	-
Closing balance	<u>33,502</u>	<u>226,165</u>	<u>2,668,701</u>

10.4.2 Advances - Category of classification

Domestic

		March 31, 2024	
		Outstanding amount	Credit loss allowance Held
		Rupees in '000	
Performing	Stage 1	13,188,995	33,502
Underperforming	Stage 2	547,768	226,165
		13,736,763	259,667
Non-Performing	Stage 3		
OAEM		212,362	47,607
Substandard		45,119	45,119
Doubtful		132,445	133,107
Loss		2,458,284	2,442,868
		2,848,211	2,668,701
		<u>16,584,974</u>	<u>2,928,368</u>
Total			

11 PROPERTY AND EQUIPMENT

	March 31, 2024	December 31, 2023
	Rupees in '000	
Capital work-in-progress	-	-
Property and equipment	310,983	321,503
	<u>310,983</u>	<u>321,503</u>

12 RIGHT-OF-USE ASSETS

	March 31, 2024		December 31, 2023	
	Buildings	Total	Buildings	Total
	Rupees in '000			
Recognized value of right-of-use assets	457,601	457,601	450,634	450,634
Accumulated Depreciation	(181,303)	(181,303)	(165,254)	(165,254)
Net Carrying amount	<u>276,298</u>	<u>276,298</u>	<u>285,380</u>	<u>285,380</u>
Opening balance	285,380	285,380	343,611	343,611
Additions during the year	6,967	6,967	10,613	10,613
Deletions during the year	-	-	-	-
Depreciation Charge for the year	(16,049)	(16,049)	(68,844)	(68,844)
Net Carrying amount	<u>276,298</u>	<u>276,298</u>	<u>285,380</u>	<u>285,380</u>

13 INTENGIBLE ASSETS

	March 31, 2024	December 31, 2023
	Rupees in '000	
Computer software	62,164	63,246
	<u>62,164</u>	<u>63,246</u>

	March 31, 2024	December 31, 2023
	Rupees in '000	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Developed internally	-	-
Directly purchased	-	46,783
Through business combinations	-	-
Total	-	46,783
13.2 Disposals of intangible assets		
The net book value of intangible assets disposed off during the period is as follows:		
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-
14 DEFERRED TAX ASSETS		
	March 31, 2024	December 31, 2023
	Rupees in '000	
Deductible temporary differences on		
- Deficit on revaluation of investments	50,405	45,310
- Credit loss allowance against advances	849,226	811,261
- Credit loss allowance against lending to financial institutions	16,148	16,148
- Credit loss allowance against investments	14,280	14,280
- Credit loss allowance against other assets	15,606	15,606
	945,666	902,605
Taxable temporary differences on		
- Post retirement employee benefits	(498,813)	(479,603)
- Accelerated tax depreciation	(37,177)	(29,740)
	(535,990)	(509,343)
	409,676	393,262
15 OTHER ASSETS		
	March 31, 2024	December 31, 2023
	Rupees in '000	
Income / Mark-up accrued in local currency		
- Advances	921,405	1,039,638
- Investments	987,661	1,258,966
	1,909,066	2,298,604
Receivable from Pension Fund	2,725,349	2,645,286
Advances, deposits, advance rent and other prepayments	90,645	85,255
Advance taxation	351,900	477,193
Advance for purchase of land - housing projects	53,815	53,815
Other receivables against advances - net	107,894	107,531
Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC)	-	-
	5,238,669	5,667,684
Less: Credit loss allowance held against other assets	(53,815)	(53,815)
Other Assets (Net of credit loss allowance)	5,184,854	5,613,869
15.1 Credit loss allowance held against other assets		
Advances, deposits, advance rent & other prepayments		
Other receivables against advances - net	53,815	53,815
	53,815	53,815
16 BORROWINGS		
	March 31, 2024	December 31, 2023
	Rupees in '000	
Secured		
Borrowings from State Bank of Pakistan		
- Under refinance scheme	90,478	80,160
Repurchase agreement borrowings	19,039,778	24,462,347
Borrowings from Pakistan Mortgage Refinance Company Limited	1,711,223	1,735,699
Total secured	20,841,479	26,278,206
Total borrowings	20,841,479	26,278,206

17 LEASE LIABILITIES

	March 31, 2024	December 31, 2023
	Rupees in '000	
Outstanding amount at the start of the year	320,422	388,967
Additions during the year	6,967	10,613
Lease payments including interest	(13,489)	(124,589)
Interest expense	10,994	45,431
Outstanding amount at the end of the year	<u>324,894</u>	<u>320,422</u>

17.1 Liabilities Outstanding

Not later than one year	36,778	40,466
Later than one year and upto five years	108,434	102,350
Over five years	179,682	177,606
Total at the year end	<u>324,894</u>	<u>320,422</u>

18 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency	117,759	191,192
Accrued expenses	188,458	197,810
Advance payments from customers	263,068	307,003
Payable to defined benefit plan	1,005,303	991,481
Charity fund balance	11,451	10,939
Insurance premium payable	150,035	164,594
Advance rent received	51,856	9,341
Workers welfare fund	129,276	106,371
Others	14,857	16,747
	<u>1,932,063</u>	<u>1,995,478</u>

March 31, 2024 **December 31, 2023**
Rupees in '000

19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Equity	(173,812)	(156,241)
Deferred tax on surplus / (deficit) on revaluation of:		
- Securities measured at FVOCI-Equity	50,405	39,695
	<u>(123,407)</u>	<u>(116,546)</u>

20 CONTINGENCIES AND COMMITMENTS

-Commitments	20.1	474,502	470,202
-Other contingent liabilities	20.2	58,993	58,993
		<u>533,495</u>	<u>529,195</u>

March 31, 2024 **December 31, 2023**
Rupees in '000

20.1 Commitments:

Loans sanctioned but not disbursed	95,906	91,606
Commitments for acquisition of:		
- Property and equipment	149,725	149,725
- Intangible assets	25,796	25,796
Equity investment in Pakistan Mortgage Refinance Company Limited	193,325	193,325
Other commitments	9,750	9,750
	<u>474,502</u>	<u>470,202</u>

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

20.2 Other contingent liabilities 20.2.1 58,993 58,993

20.2.1 These represent claims not acknowledged as debt from SMS Courier (Pvt) Limited amounting to PKR 39.9 million, Liaquat National Hospital amounting to PKR 8.1 million and National Testing Services (NTS) amounting to PKR 11.0 million. Legal advisor of the institution is of the opinion that no economic outflow is expected in these respect.

	March 31, 2024	March 31, 2023
	Rupees in '000	
21 MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	831,770	730,216
Investments	1,606,356	774,561
Lending to financial institutions	5,817	60,825
Balances with banks	4,147	2,637
	<u>2,448,090</u>	<u>1,568,239</u>
22 MARK-UP / RETURN / INTEREST EXPENSED		
Borrowings	45,631	31,464
Repurchase agreements	1,084,118	595,865
Clean / call	-	2,647
Finance lease charge	10,994	11,922
	<u>1,140,743</u>	<u>641,898</u>
23 GAIN / (LOSS) ON SECURITIES		
Realised	-	(505)
	<u>-</u>	<u>(505)</u>
24 OTHER INCOME		
Rent on property	13,696	13,226
Gain on sale of property and equipment - net	167	63
Inspection and application fee	666	208
Storage documentation	1,613	1,590
Early termination charges and penalty income on conventional schemes	9,633	8,380
Miscellaneous Income	1,298	-
	<u>27,073</u>	<u>23,467</u>
25 OPERATING EXPENSES		
Total compensation expense	231,510	309,555
Property expense		
Rent & taxes	45	8,514
Insurance	936	845
Utilities cost	7,023	4,539
Security (including guards)	2,194	1,604
Repair & maintenance (including janitorial charges)	13,464	33,595
Depreciation	3,823	3,918
Depreciation on right-of-use assets	16,049	15,732
	<u>43,534</u>	<u>68,747</u>
Information technology expenses		
Hardware maintenance	9,770	7,560
Depreciation	3,631	4,083
Amortization	1,081	1,109
Network charges	578	2,647
	<u>15,060</u>	<u>15,399</u>
Other operating expenses		
Directors' fees and allowances	1,000	250
Legal & professional charges	4,621	6,112
Consultancy charges	4,178	8,343
Outsourced services costs	16,101	9,908
Travelling & conveyance	2,760	4,637
Depreciation	6,314	5,205
Training & development	-	861
Postage & courier charges	1,679	1,313
Communication	1,241	968
Stationery & printing	1,306	2,057
Marketing, advertisement & publicity	4,101	5,275
Commission against recovery	1,209	-
Auditors remuneration	975	975
Banking service charges	2,251	2,759
Entertainment	863	686
Vehicle expense	5,913	5,489
Subscription	1,837	1,882
Others	2,115	2,491
	<u>58,464</u>	<u>59,211</u>
	<u>348,568</u>	<u>452,912</u>

		March 31, 2024	March 31, 2023
		Rupees in '000	
26 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance against lending to financial institutions	8.1	-	-
Credit loss allowance for diminution in value of investments	9.1	-	-
Credit loss allowance / (Reversal) against loans & advances	10.3	(152,505)	(40,882)
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
		<u>(152,505)</u>	<u>(40,882)</u>

27 TAXATION			
Current		408,106	168,274
Deferred		80,321	(4,935)
		<u>488,427</u>	<u>163,339</u>

		March 31, 2024	March 31, 2023
		Rupees	
28 BASIC EARNINGS/ (LOSS) PER SHARE			
Profit for the period		633,953	364,246
Weighted average number of ordinary shares		1,936,500,000	1,936,500,000
Basic earnings per share		<u>0.33</u>	<u>0.19</u>

		Rupees	
29 DILUTED EARNINGS/ (LOSS) PER SHARE			
Profit for the period		633,953	364,246
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		1,936,500,000	1,936,500,000
Diluted earnings per share		<u>0.33</u>	<u>0.19</u>

30 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest

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).

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:

	March 31, 2024			
	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	-	30,071,657	-	30,071,657
Shares	8,527	-	-	8,527
Financial assets - disclosed but not measured at fair value				
Shares	-	-	82,434	82,434

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments				
			Rupees in '000	
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	34,087,231	-	34,087,231
Shares	7,239	-	-	7,239
Financial assets - disclosed but not measured at fair value				
Shares	-	-	82,434	82,434

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) i.e. PKRV rates.

31 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. Key management personnel includes Chief Executive Officer, Group Head Internal Auditor, Group Head Treasury, Chief Financial Officer, Company Secretary, Group Head Compliance, Group Head Risk Management, Group Head Human Resource, Group Head Recovery and Chief Information Officer.

	March 31, 2024	December 31, 2023
	Rupees in '000	
Advances		
Opening balance	54,406	48,487
Addition during the period / year	948	22,809
Repaid during the period / year	(1,609)	(14,746)
Transfer in / (out) - net	-	(2,144)
Closing balance	<u>53,745</u>	<u>54,406</u>
Income		
Mark-up / return / interest earned	<u>948</u>	<u>1,973</u>

March 31, December
2024 31, 2023
Rupees in '000

32 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	19,365,000	19,365,000
---------------------------------	------------	------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	26,416,918	25,971,834
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	26,416,918	25,971,834
Eligible Tier 2 Capital	133,425	142,799
Total Eligible Capital (Tier 1 + Tier 2)	26,550,343	26,114,633

Risk Weighted Assets (RWAs):

Credit risk	10,674,010	11,423,934
Market risk	112,763	-
Operational risk	10,228,404	10,228,404
Total	21,015,177	21,652,338

Common Equity Tier 1 Capital Adequacy Ratio	126%	120%
Tier 1 Capital Adequacy Ratio	126%	120%
Total Capital Adequacy Ratio	126%	121%

Leverage Ratio (LR):

Eligible Tier-1 Capital	26,416,918	25,971,834
Total Exposure	50,603,091	55,640,945
Leverage Ratio	52%	47%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	11,057,000	9,642,000
Total Net Cash Outflow	1,200	1,150
Liquidity Coverage Ratio	921417%	838435%

Net Stable Funding Ratio (NSFR):

Total available stable funding	38,833,000	41,192,000
Total required stable funding	16,613,000	17,703,000
Net Stable Funding Ratio	234%	233%

33 RECLASSIFICATION OF COMPARATIVE FIGURES & RESTATEMENT

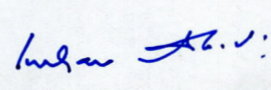
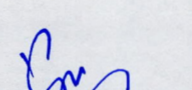
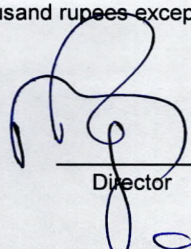

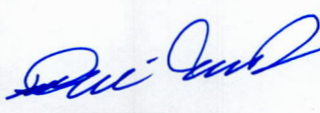
Comparative figures have been reclassified and re-arranged where necessary for the purpose of better presentation. However, the Company has not restated comparative information for 2024 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2024 is reported under previous local regulatory requirements and is not comparable with the information presented for the period ended March 31, 2023.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue on APRIL 30, 2024 by the Board of Directors of the institution.

35 GENERAL

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

 <hr style="width: 80%; margin: 0 auto;"/> President/Chief Executive	 <hr style="width: 80%; margin: 0 auto;"/> Chief Financial Officer	 <hr style="width: 80%; margin: 0 auto;"/> Director	 <hr style="width: 80%; margin: 0 auto;"/> Director	 <hr style="width: 80%; margin: 0 auto;"/> Director
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