



FINANCIAL STATEMENTS
OF
HOUSE BUILDING FINANCE COMPANY LIMITED
FOR THE YEAR ENDED
DECEMBER 31, 2025

DIRECTORS' REPORT - 2025

The Board of Directors of House Building Finance Company Limited (HBFC) is pleased to present the annual report along with the audited financial statements for the year ended 31 December 2025.

PERFORMANCE REVIEW

The Company has demonstrated stable financial performance in 2025, achieving significant growth in fresh disbursements by about 100% from PKR 726 million to PKR 1,472 billion. Key operational and financial achievements include:

- Enhanced risk management and credit evaluation procedures.
- Strengthening of governance and compliance framework.

Balance Sheet

The net assets registered a YoY increase of PKR 2,247 million and reached PKR 32,428 million as at December 31, 2025. Meanwhile, the gross advances of the Company reduced from PKR 15,190 million as at December 31, 2024 to PKR 14,510 million as at December 31, 2025, a YoY decrease of 4% primarily due to the Company's strategy to pro-actively monitor the recovery position, the YoY decrease in non-performing loans is PKR 230 million.

The return on assets of the Company was 4.45% during 2025 as compared to 3.06% in 2024.

Profit and Loss Account

The Company posted post-tax profit of PKR 1,796 million during 2025 as compared to post-tax profit of PKR 2,253 million in previous year. Resultantly, EPS of the Company was PKR 0.93 during 2025. The profitability ratio measured in terms of ROE is 5.54% in 2025.

Gross Mark-up/Interest Income of the Company decreased by 27% to reach PKR 7,749 million; comprising house finance income of PKR 2,364 million, treasury income of PKR 5,355 million and income on employee loans of about PKR 30 million.

Mark-up/Interest Expense of PKR 3,374 million was recorded on the borrowing from Open Market Operations, Pakistan Mortgage Refinance Company and State Bank of Pakistan. Borrowings stood at PKR 4,828 million as on December 31, 2025.

Non-Markup/Interest Income increased by PKR 81 million in 2025, mainly, due to increase in gain on sale of securities. Remaining contributors to other income are inspection & application fee, early termination charges and penalty income.

Operating expenses of the Company increased by 4% i.e. PKR 67 million, recorded at PKR 1,677 million in 2025 as compared to 1,610 million in 2024.

Credit Rating

VIS Credit Rating Agency vide its report dated June 27, 2025 maintained the entity ratings of HBFC to 'AAA/A-1+'. The long-term rating of 'AAA' has been maintained reflecting better asset quality, comfortable liquidity positioning, and profitability indicators.

These high credit ratings will enable the Company to access capital from financial markets at more competitive rates, further supporting the housing finance needs of our customers and fulfilling our developmental mandate.

Corporate and Financial Reporting Framework

The Board was committed to upholding the highest standards of corporate governance during 2025.

- The financial statements have been drawn up in conformity with the requirements of the Companies Act 2017, State-Owned Enterprises (Governance & Operations) Act, 2023 and regulatory requirements issued from time to time and present fairly state of its affairs, operating results, cash flow and changes in equity;
- Proper books of accounts have been maintained in the manner required under Companies Act, 2017 and State-Owned Enterprises (Governance & Operations) Act, 2023;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on rationale and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored. The controls which are in place have been continually reviewed by internal audit department;
- All liabilities as regards to the payments on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as liability the same is disclosed as contingent liability in the notes to the accounts;
- There are no doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance;
- The key operating and financial data of the past 6 years is included in this report;
- The directors and key executives of the Company have signed a "Statement of Ethics and Business Practices".

PATTERN OF SHAREHOLDER

No. of Shareholders	Total Shares Held
6	6
2*	1,936,500,000
Total	1,936,500,006

*Note: GoP holds 9.69% shares and SBP holds 90.31%

BOARD MEETINGS

During the year 2025, 06 (six) meetings of the Board of Directors were held. The details of attendance by each director at the meetings are given below:

	11 of 11
--	----------

S.No.	Name of Directors	Meetings Attended
1	Mr. Qasim Nawaz – Chairman / Independent Director	6 of 6
2	Mr. Mahfuz-ur-Rehman Pasha – Independent Director	6 of 6
3	Mr. Muneeb Zia – Independent Director	6 of 6
4	Rana Obaidullah Anwar – Non-Executive Nominee Director	6 of 6
5	Mr. Abdul Qayum Malik – Independent Director <i>Assigned the role of Managing Director & Chief Executive Officer consequent upon departure of Mr. Imran Ahad on July 11, 2025.</i>	6 of 6
6	Mr. Imran Ahad - Managing Director & Chief Executive Officer <i>Resigned from the post and left the Company on July 10, 2025.</i>	2 of 2

BOARD AUDIT COMMITTEE MEETINGS

During the year 2025, 04 (four) meetings of the Audit Committee of the Board were held. The details of attendance by each director at the meetings are given below:

S.No.	Name of Directors	Meetings Attended
1	Mr. Mahfuz-ur-Rehman Pasha – Chairman	4 of 4
2	Mr. Muneeb Zia	4 of 4
3	Rana Obaidullah Anwar	4 of 4

CUSTOMER GRIEVANCE MANAGEMENT

Throughout 2025, the HBFC addressed customer concerns with efficiency and dedication. Out of the 201 complaints received, 198 were successfully resolved showcasing a commendable resolution rate of 98.5% with average Turnaround Time (TAT) of 5.6 days, underscoring our commitment to timely customer service.

SUMMARIZED OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Details	2020 (Restated)	2021 (Restated)	2022	2023	2024	2025
Paid up capital	19,365	19,365	19,365	19,365	19,365	19,365
Reserves	1,882	2,070	2,365	2,818	3,268	3,628
Total Assets	26,186	25,622	38,257	55,126	73,620	40,337
Total Borrowings	2,960	2,676	12,834	26,278	40,854	4,828
Profit / (loss) before tax	1,390	1,282	1,908	3,331	3,799	3,160
Profit / (loss) after tax	1,029	940	1,478	2,262	2,253	1,796

FUTURE OUTLOOK

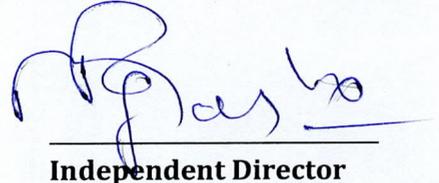
HBFC remains committed to expanding its mortgage financing portfolio while maintaining asset quality. The company aims to leverage digital transformation and strategic partnerships to enhance customer services and operational efficiencies.

ACKNOWLEDGMENTS

The Board extends its gratitude to the Government of Pakistan, State Bank of Pakistan, and other regulatory authorities for their continued support. We also appreciate the efforts of our employees and the trust of our valued customers and stakeholders. We remain confident in delivering sustainable growth and value creation in the coming years.



**Managing Director &
Chief Executive Officer**



Independent Director



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS TO THE MEMBERS OF HOUSE BUILDING FINANCE COMPANY LIMITED

Introduction

We have audited the annexed financial statements of **HOUSE BUILDING FINANCE COMPANY LIMITED** ("the Company") which comprise the statement of financial position as at December 31, 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, statement of financial position, statement of profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Companies Act, 2017 (XIX of 2017), and in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement (together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The annual financial statements for the year ended December 31, 2024 were audited by another firm of Chartered Accountants who have expressed an unmodified audit opinion on those financial statements vide their audit report dated March 4, 2025.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: **27 FEB 2026**

UDIN: AR202510166s1zHnkDaL


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	2025	2024
Note	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	5 67,076	28,596
Balances with other banks	6 360,178	95,527
Lendings to financial institutions	7 -	-
Investments	8 19,975,997	53,389,545
Advances	9 12,002,158	12,368,284
Property and equipment	10 244,848	279,415
Right-of-use assets	11 378,514	486,093
Intangible assets	12 41,208	50,247
Other assets	13 7,266,535	6,922,214
Total asset	40,336,514	73,619,920
LIABILITIES		
Borrowings	14 4,828,306	40,853,667
Lease liabilities	15 482,096	553,661
Deferred tax liability	16 830,893	209,711
Other liabilities	17 1,767,487	1,821,838
Total liabilities	7,908,782	43,438,877
NET ASSETS	32,427,732	30,181,044
REPRESENTED BY		
Share capital	18 19,365,000	19,365,000
Reserves	3,627,523	3,268,420
Surplus on revaluation of investment	227,888	38,035
Unappropriated profit	9,207,321	7,509,589
	32,427,732	30,181,044
CONTINGENCIES AND COMMITMENTS	19	<i>km</i>

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


**President / Chief
Executive Officer**


**Chief Financial
Officer**


Director


Director


Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	----- Rupees in '000 -----	
Profit after taxation for the year	1,795,516	2,253,233
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Surplus on revaluation of investments at FVOCI - net of tax	189,853	154,582
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	261,318	1,142,324
Other comprehensive income for the year	451,171	1,296,906
Total comprehensive income	2,246,687	3,550,138

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

pm


President / Chief Executive Officer


Chief Financial Officer


Director


Director


Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital	Capital Reserve		Revenue Reserve	Total
		Statutory reserve	Surplus / (deficit) on revaluation of investments	Unappropriated profit	
----- Rupees in '000 -----					
Balance as at January 31, 2024	19,365,000	2,817,774	(116,546)	4,573,655	26,639,883
Effect of adoption of IFRS 09 - ECL	-	-	-	(8,976)	(8,976)
Profit after taxation	-	-	-	2,253,233	2,253,233
Other comprehensive income - net of tax	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	154,581	-	154,581
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	1,142,323	1,142,323
Transfer to statutory reserve	-	450,646	-	(450,646)	-
Balance as at December 31, 2024	19,365,000	3,268,420	38,035	7,509,589	30,181,045
Profit after taxation	-	-	-	1,795,516	1,795,516
Other comprehensive income - net of tax	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	189,853	-	189,853
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	261,318	261,318
Transfer to statutory reserve	-	359,103	-	(359,103)	-
Balance as at December 31, 2025	19,365,000	3,627,523	227,888	9,207,321	32,427,732

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


President / Chief Executive Officer


Chief Financial Officer


Director


Director


Director

HOUSE BUILDING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

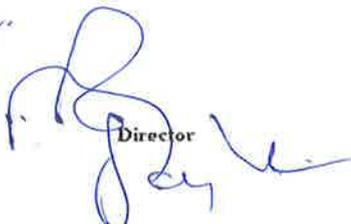
Note	2025 ----- Rupees in '000 -----	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,160,125	3,798,901
Dividend income	(1,502)	(2,409)
	3,158,623	3,796,492
Adjustments:		
Net mark-up / interest income	(4,375,771)	(5,301,023)
Depreciation	115,896	119,238
Amortization	11,444	12,999
Reversal of credit loss allowance	(314,414)	(34,126)
Gain on sale of property and equipment	(2,077)	(2,176)
Provision for Sindh Workers Welfare Fund	64,716	77,529
Reversal / charge for defined benefit plan	(360,777)	(170,365)
	(4,860,983)	(5,297,924)
Decrease / (Increase) in operating assets		
Advances	671,771	1,626,114
Other assets (excluding advance taxation)	(899,196)	(13,334)
	(227,425)	1,612,780
Decrease / (Increase) in operating liabilities		
Borrowings from financial institutions	-	14,575,461
Other liabilities (excluding current taxation)	804,515	13,585
	804,515	14,589,046
Interest received	8,477,761	10,883,300
Interest paid	(3,426,236)	(5,247,024)
Income tax paid	(1,205,559)	(1,293,124)
Net cash generated from operating activities	2,720,696	19,043,546
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from investments	33,724,782	(18,915,054)
Dividends received	1,502	2,409
Investments in property and equipment	(18,811)	(13,347)
Proceeds from disposal of property and equipment	6,067	4,099
Net cash generated from / (used in) from investing activities	33,713,541	(18,921,893)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(105,745)	(100,297)
Repayments against borrowing	(36,025,361)	-
Net cash outflow from financing activities	(36,131,106)	(100,297)
Increase in cash and cash equivalents	303,131	21,356
Cash and cash equivalents at beginning of the year	124,123	102,767
Cash and cash equivalents at end of the year	427,254	124,123

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


**President / Chief
Executive Officer**


**Chief Financial
Officer**


Director


Director


Director

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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 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 July 25, 2007 issued by Finance Division - Government of Pakistan (GoP) effective from January 1, 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 December 31, 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 27 June 2025 of VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "AAA" and "A-1+" respectively.

Presently, the Company is on the active privatisation list in the current privatisation program of the GoP. Subsequent to the year end, the Cabinet Committee on Privatisation (CCoP) has endorsed the Privatisation Commission's decision to proceed with the second cycle of privatisation of the House Building Finance Company (HBFC), after receiving the single bid from Pakistan Mortgage Refinancing Company, which was significantly below the referenced price.

2 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the requirements of the annual financial statements issued by State Bank of Pakistan (SBP) through Banking Policy Regulations Department (BPRD) Circular no. 02 of 2023.

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017; and
- Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

In case requirements of the SOE Act or the SOE Policy or the directives issued thereunder differ from the Companies Act, 2017, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail. Further, where the requirements of the SOE Act and the SOE Policy or the directives issued there under differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference

The SBP through its BSD Circular no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' till further instructions. Further, according to the notification of the SECP dated April 28, 2008, IFRS-7, 'Financial Instruments: Disclosures' has not been made applicable for companies engaged in housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

As per BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, unlisted equity securities were carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 01, 2025, as per the requirement of IFRS 9, unlisted equity securities are measured at fair value under IFRS 13.

The Company received an extension from SBP up to December 31, 2025, for the application of EIR. . However, the Company has implemented the Effective Interest Rate (EIR) method on all financial assets and liabilities.

2.2 STANDARDS, AMMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

2.2.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2025

The following standards, amendments and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements.

2.2.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
IFRS 17 Insurance Contracts	January 01, 2027
IFRS 18 'Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued IASB effective from January 01, 2027.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

2.2.3 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates, if any, 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 significant accounting areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification and provisioning against investments (note 8)
- ii) classification and provisioning against advances (note 9)
- iii) provision for deferred taxation (note 16)
- iv) accounting for defined benefit plans (note 27)
- v) valuation of right-of-use assets and their related lease liability (note 11 and 15)

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective notes to the financial statements.

4 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2025.

4.1 Format of financial statements

The Company is required to prepare its annual financial statements on the format issued by SBP vide BPRD Circular No. 2 dated February 09, 2023. Accordingly, the Company has prepared these financial statements on the format prescribed by SBP.

4.2 Material accounting policies

4.2.1 Financial assets – initial recognition

Financial assets are initially recognized at fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. When the transaction price of the instrument differs from the fair value at origination, the Company recognises the difference between the transaction price and fair value in profit and loss account.

4.2.1.6 Impairment

4.2.1.6.1 Overview of the ECL principles

The Company recognises an credit loss allowance (ECL) for all financial assets not held at FVTPL. Credit loss allowance is recognised in accordance with the requirements of guidelines issues by the SBP and IFRS 9, based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Company applies a general approach in calculating credit loss allowance adjusted for forward-looking factors specific to the third parties and the economic environment.

The Company considers a financial asset in default when contractual payments are past due over 180 days. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Based on this approach, the Company categorizes its financial assets into the following three stages:

Stage 1: Upon initial recognition of financial assets, the Company recognizes an allowance based on the 12-month ECL, that represents the portion of lifetime ECL that correspond to expected credit losses arising from default events that are possible within 12 months after the reporting date.

Stage 2: When a financial asset has exhibited a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECL that is determined based on the credit losses expected to arise over the life of the financial asset.

Stage 3: Financial assets classified as credit-impaired. The Company records the Lifetime ECL, with the Probability of Default set at 100%. As per the State Company of Pakistan's directives, until the implementation of International Financial Reporting Standard 9 has stabilized, the Stage 3 allowance is determined as the higher of the Expected Credit Loss under International Financial Reporting Standard 9 or the provision calculated under the Prudential Regulations.

4.2.2 Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

4.3 Advances

Advances are stated net of the higher amount between general and specific provisions calculated in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and Expected Credit Loss (ECL) allowances determined under IFRS 9. The ECL allowance is reviewed and adjusted at each reporting date, reflecting changes in credit risk and economic conditions, and is charged to the profit and loss account. Non-performing advances are written off only when all possible courses of action to achieve recovery have proved unsuccessful. The Company determines write-offs in accordance with the criteria prescribed by the SBP.

4.4 Lendings to / borrowings from financial institutions

The Company enters into transactions of borrowings (repos) from and lending (reverse repos) to financial institutions at contracted rates for a specified period of time. These are recorded as under:

4.2.2 Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

4.3 Advances

Advances are stated net of the higher amount between general and specific provisions calculated in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and Expected Credit Loss (ECL) allowances determined under IFRS 9. The ECL allowance is reviewed and adjusted at each reporting date, reflecting changes in credit risk and economic conditions, and is charged to the profit and loss account. Non-performing advances are written off only when all possible courses of action to achieve recovery have proved unsuccessful. The Company determines write-offs in accordance with the criteria prescribed by the SBP.

4.4 Lendings to / borrowings from financial institutions

The Company enters into transactions of borrowings (repos) from and lending (reverse repos) to financial institutions at contracted rates for a specified period of time. These are recorded as under:

Sale under resale obligations

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) are measured in accordance with IAS 39 for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings from financial institutions. The difference between the sale and repurchase price is treated as mark-up/return/interest income/expense and is recognised over the term of the related repo agreement.

Purchase under repurchase obligations

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the statement of financial position, as the Company does not obtain control over the securities. However, amounts paid under these agreements are included in lendings to financial institutions. The difference between the purchase and resale price is treated as mark-up/return/interest income/expense and is recognised over the term of the related reverse repo agreement.

Lending to financial institutions

These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on time proportion basis using effective interest rate method except for mark-up on impaired/delinquent lendings, which are recognized on receipt basis.

Other borrowings

These are recorded at the proceeds received. Mark-up on such borrowings is charged to the profit and loss account on time proportion basis using effective interest method.

4.5 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses (if any). Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Depreciation on property and equipment is charged to income using the straight line method over the useful life of the assets. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation charge commences from the day when the asset is available for use and continues till the day the asset is discontinued either through disposal or retirement.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account when incurred.

Any gain or loss on disposal of the assets is included in the profit and loss account in the year of disposal.

4.6 Right-of-Use (RoU) assets

The Company recognizes RoU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). RoU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of RoU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. These are depreciated on a straight-line basis over the lease term.

4.7 Intangibles

Intangible assets having finite useful life are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise of cost of computer software and patents, which are amortized using the 'Straight Line Method' over their useful lives. Amortization is charged from the month of acquisition and up to the month of deletion. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Costs associated with maintaining computer software are recognized as expense when incurred.

4.8 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the property and equipment and intangibles may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognized in the profit or loss account.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

4.9 Lease liabilities

The Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.10 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

4.11 Staff retirement benefits

a) Defined benefit plans

Pension Fund

The Company operates an approved funded pension scheme for all its employees who have been in full time employment for at least 10 years. The scheme provides pension based on the employees' last drawn pensionable salary. Contributions are made to the scheme on the basis of actuarial recommendation. The latest actuarial valuation was carried out as of December 31, 2025. Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the year in which they occur.

Post retirement medical benefits

The Company provides post retirement medical facility to an employee in the following events:

- Retirement
- Early retirement from service
- Death / disability during or after service

The Company's post retirement medical benefits' structure is as follows:

Executives / officers their spouse and dependent children	Entitlement
- for hospitalization	One gross pension
- for consultation / pathological test	One gross pension
- for cost of medicine	One gross pension
Clerical staff	
- for hospitalization	One gross pension
- for consultation / pathological test	One gross pension
- for cost of medicine	Two gross pension
Non-clerical staff	
- for hospitalization	One and half gross pension
- for consultation / pathological test	One and half gross pension
- for cost of medicine	Three gross pension

Contributions in respect of medical benefits are made on the basis of actuarial recommendation. The latest actuarial valuation was carried out as of December 31, 2025.

The Company operates an approved gratuity fund covering all of its employees who have completed the qualifying period under the scheme. The fund is administered by the trustees and the contributions there in are made by the Company at the rate of 50% of the basic salary of employees each year.

b) Defined contribution plan

The Company operates an approved provident fund. Equal monthly contributions are made both by the Company and respective employees to the fund at the rate of 12% of the basic salary in accordance with the terms of the scheme.

c) Employees' compensated absences

The Company accounts for the liability in respect of employees compensated absences in the year in which they are earned. The Company provides for employees compensated absences on the basis of actuarial recommendation. Latest actuarial valuation was carried out as of December 31, 2025.

4.12 Taxation

Current

The charge for current taxation is based on taxable income at the current rates in accordance with Income Tax Ordinance, 2001

Pursuant to the release of circular 7/2024 by the Institute of Chartered Accountants of Pakistan, the Company has elected to change the method of accounting for minimum taxes and final taxes.

Minimum tax

The Company accounts for minimum and final tax levied under Section 113 and other applicable sections of the Income Tax Ordinance, 2001 (ITO), using a hybrid approach in compliance with relevant IFRSs as follows:

- i) Taxes calculated on taxable income using the applicable tax rates are classified as current income tax and accounted for under IAS 12: "Income Taxes.
- ii) Any differential amount paid beyond the calculated taxable income-based tax under the relevant sections of the ITO is recognized as a levy in accordance with IFRIC 21/IAS 37 in the statement of profit and loss .

Final tax

As computation of final taxes under provisions of ITO, 2001 is not based on taxable income, therefore, final taxes fall under levy within the scope of IFRIC 21/IAS 37 and not income tax in the statement of profit or loss account.

The numerical reconciliation is not provided as the tax charge of the Company comprise of minimum and final tax under the relevant sections of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

4.13 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Company and the revenue can be reliably measured.

Income on performing advances and debt securities is recognised on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security or the next repricing date using the effective yield method. Gain / loss on disposal of investments is recognized in the profit and loss account.

Income recoverable on classified advances and investments is recognised on a receipt basis.

-Gain / loss on disposal of fixed assets is recognized in the profit and loss account.

4.14 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss, as the case may be, attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

	Note	2025 ----- Rupees in '000 -----	2024
5 CASH AND BALANCES WITH TREASURY BANKS			
With State Bank of Pakistan in Local currency current account	5.1	67,066	28,565
With National Bank of Pakistan in Local currency deposit account	5.2	10	31
		<u>67,076</u>	<u>28,596</u>

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

5.2 These carry mark-up at the rate of 7.24% to 11.50% (2024: 11.50%) per annum.

6 BALANCES WITH OTHER BANKS

In Pakistan			
In deposit accounts	6.1	360,249	96,049
Less: Credit loss allowance		(71)	(522)
		<u>360,178</u>	<u>95,527</u>

6.1 These carry mark-up rates at 6% to 11.5% (2024: 11.50%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

Letters of placement - In local currency			
Trust Investment Bank Limited		5,909	5,909
First Dawood Investment Bank Limited		49,774	49,774
		<u>55,683</u>	<u>55,683</u>
Less: Credit loss allowance		(55,683)	(55,683)
		<u>-</u>	<u>-</u>

2025		2024	
Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- Rupees in '000 -----			

7.1 **Lending to Financial Institutions - Particulars of**

Domestic

Non-performing - loss (stage 3)	55,683	55,683	55,683	55,683
---------------------------------	--------	--------	--------	--------

8 INVESTMENTS

		2025				2024			
		Cost / Amortised cost	Credit loss allowance	Surplus	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
8.1	Investments by type	----- Rupees in '000 -----							
	- Debt Instruments								
	At amortised cost								
	Non Government debt securities	26,240	(26,240)	-	-	26,240	(26,240)	-	-
	At FVOCI								
	Federal Government securities	19,539,553	-	309,920	19,849,473	53,264,335	-	61,925	53,326,260
	- Equity instruments								
	At FVOCI								
	Shares	63,785	(500)	63,239	126,524	63,785	(500)	-	63,285
	Total	19,629,578	(26,740)	373,159	19,975,997	53,354,360	(26,740)	61,925	53,389,545

		2025				2024			
		Cost / Amortised cost	Credit loss allowance	Surplus	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
8.2	Investments by segments: Note	----- Rupees in '000 -----							
	Non Government debt securities:								
	Unlisted sukuk bonds 8.2.1	26,240	(26,240)	-	-	26,240	(26,240)	-	-
		26,240	(26,240)	-	-	26,240	(26,240)	-	-
	Federal Government debt securities:								
	Market treasury bills	-	-	-	-	6,245,481	-	(3,492)	6,241,989
	Pakistan investment bonds	19,539,553	-	309,920	19,849,473	47,018,854	-	65,417	47,084,271
		19,539,553	-	309,920	19,849,473	53,264,335	-	61,925	53,326,260
	Shares:								
	Unlisted companies	63,785	(500)	63,239	126,524	63,785	(500)	-	63,285
		63,785	(500)	63,239	126,524	63,785	(500)	-	63,285
	Total	19,629,578	(26,740)	373,159	19,975,997	53,354,360	(26,740)	61,925	53,389,545

8.2.1 This represents the outstanding amount in sukuk bonds issued by Eden Housing Limited (EHL). In 2014, EHL defaulted the repayments and the related claims were placed before the Lahore High Court by the Company for recovery. However, the Company on prudent basis has maintained 100% provision against outstanding principal amount.

8.2.2 These carry mark-up at rates ranging from 11.17% to 13.35% (2024: 8.95% to 21.04%) per annum.

2025 2024
----- Rupees in '000 -----

8.2.3 Investments given as collateral

Market treasury bills	-	6,700,000	
Pakistan investment bonds	20,022,000	33,682,000	
	20,022,000	40,382,000	

2025		2024	
Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held

----- Rupees in '000 -----

8.3 Particlurs of credit loss allowance against debt securities

Domestic

Non-performing - loss (stage 3)	26,240	26,240	26,240	26,240
---------------------------------	--------	--------	--------	--------

2025 2024

Cost

----- Rupees in '000 -----

8.4 Quality of fair value through OCI (FVTOCI) securities - domestic

Federal Government Securities

- Government guaranteed

Market treasury bills	-	6,245,481	
Pakistan investment bonds	19,539,553	47,018,854	
	19,539,553	53,264,335	

2025		2024	
Cost	Fair Value	Cost	Breakup value *

----- Rupees in '000 -----

Unlisted Companies

Resource and Engineering Management Corporation Limited	500	-	500	-
Pakistan Mortgage Refinance Company Limited	6,650	27,822	6,675	20,163
Salaam Takaful Limited	56,610	98,702	56,610	43,122
	63,760	126,524	63,785	63,285

During the year, the Company has changed its policy for revaluation of unlisted securities from breakup value to fair value in compliance with the requirement of State Bank of Pakistan in its BPRD Circular Letter No. 16 of 2024.

* Break-up value was calculated on the basis of unaudited financial statements of the above mentioned entities.

9 ADVANCES

Note	Performing		Non Performing		Total	
	2025	2024	2025	2024	2025	2024
----- Rupees in '000 -----						
Customer loans						
Rental Sharing Schemes	-	-	1,028,689	1,059,705	1,028,689	1,059,705
Ghar Aasan Scheme	9.1	121,428	147,347	493,875	578,379	615,303
Ghar Aasan Flexi Scheme	9.2	4,074,380	3,448,091	690,619	784,108	4,764,999
Ghar Pakistan Scheme	9.3	1,433,673	1,715,228	38,830	42,883	1,472,503
Ghar Pakistan Plus Scheme	9.4	867,890	1,050,094	9,303	9,920	877,193
Mera Pakistan Mera Ghar	9.5	4,926,500	5,557,550	11,534	-	4,938,034
Mera Ghar Mera Aashiyana	9.6	31,711	-	-	-	31,711
Other schemes		80,799	95,176	118,855	146,239	199,654
		11,536,381	12,013,486	2,391,705	2,621,234	13,928,086
Employee loans		575,991	549,448	5,569	5,569	581,560
Advances - gross		12,112,372	12,562,934	2,397,274	2,626,803	14,509,646
Credit loss allowance						
Stage 1		59,160	35,416	-	-	59,160
Stage 2		51,054	181,127	-	-	51,054
Stage 3		-	-	2,397,274	2,604,910	2,397,274
		110,214	216,543	2,397,274	2,604,910	2,507,488
Advances - net of credit loss allowance		12,002,158	12,346,391	-	21,893	12,002,158

- 9.1 This scheme was based on diminishing musharaka for construction, purchase of houses and replacement of existing housing advances obtained by applicants from another financial institutions (balance transfer facility) having maximum financing limit of Rs. 7.5 million. New disbursement under this scheme has been discontinued from February 11, 2009. During 2017, the Company introduced Ghar Asaan Incentive Scheme and the customers who opted the facility settled/regularized their advances after payment of due amounts based on revised terms. The scheme was initially offered till September 30, 2017, which was extended up to December 31, 2020. The scheme carries mark-up at the rate of one year KIBOR with a spread of 3.00% - 3.5% per annum.
- 9.2 This scheme is based on diminishing musharaka for construction, renovation and purchase of house and replacement of existing housing facility (balance transfer facilities) having maximum financing of Rs. 25 million. The facility is repayable in 36 to 240 monthly installments and carries mark-up at the rate of one year KIBOR with a spread of 3.25% - 3.50% or five year PKRV with a spread of 4% per annum.
- 9.3 The Company introduced Ghar Pakistan Scheme in 2020 for purchase and construction of individual houses and apartments with maximum financing limit of Rs. 2.5 million. The tenure of financing is between 3 to 20 years and mark-up is calculated on the basis of one year KIBOR with a spread of 2.00% subject to floor rate of 7.00% and ceiling of 12.00% per annum. New disbursement under the scheme has been discontinued since October 24, 2022.
- 9.4 The Company introduced Ghar Pakistan Scheme Plus for purchase and construction of individual houses and apartments with maximum financing limit of Rs. 8.8 million. The tenure of financing is between 3 to 20 years and mark up is calculated on the basis of one year KIBOR with a spread of 2.50% subject to floor rate of 8.00% and ceiling of 13.00% per annum. New disbursement under the scheme has been discontinued since October 24, 2022.
- 9.5 The Company introduced Mera Pakistan Mera Ghar Scheme for all Pakistani nationals holding valid CNIC. The tenure of financing is between 10 to 20 years. Markup is charged to customer at a fixed rate of 5% - 7% per annum for first five years, 7% - 9% for next five years, whereas the Company receives the differential of 1 year KIBOR + 4% per annum from Government of Pakistan through State Bank of Pakistan. After 10 years, markup will be charged at KIBOR + 2% per annum to customers.
- 9.6 The Company introduced Mera Ghar Mera Aashiayana Scheme for all Pakistani nationals holding valid CNIC. The tenure of financing is between 3 to 20 years. Markup is charged to customer at a fixed rate of 5% (under Tier 1) & 8% (under Tier 2) for first ten years, whereas the Company will receive the differential of 1 year KIBOR + 3% per annum from Government of Pakistan through State Bank of Pakistan. After 10 years, markup will be charged at 1 year KIBOR + 3% per annum to all the customers.”

9.7 Advances to women

2025 2024
----- Rs. In 000 -----

Outstanding amount

 2,655 2,663

9.8 Particulars of credit loss allowance - local currency

9.8.1 Advances - Exposure

Opening balance

New advances

Advances repaid / derecognized

Transfer to other asset - deferred employee benefit

Transfer to stage 1

Transfer to stage 2

Transfer to stage 3

Closing balance

Advances - Exposure

Opening balance

New advances

Advances repaid / derecognized

Transfer to other asset - deferred employee benefit

Transfer to stage 1

Transfer to stage 2

Transfer to stage 3

Closing balance

2025			
Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000-----			
11,963,340	599,594	2,626,803	15,189,737
1,471,671	-	-	1,471,671
(1,810,731)	(103,043)	(214,074)	(2,127,848)
(23,915)	-	-	(23,915)
342,997	(248,405)	(94,592)	-
(124,162)	142,211	(18,049)	-
(23,126)	(74,060)	97,186	-
(167,266)	(283,296)	(229,529)	(680,091)
11,796,074	316,298	2,397,274	14,509,646

2024			
Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000-----			
14,007,585	411,413	2,678,257	17,097,255
726,488	-	-	726,488
(2,114,419)	(81,228)	(155,699)	(2,351,346)
(282,660)	-	-	(282,660)
117,977	(104,726)	(13,251)	-
(440,572)	475,111	(34,539)	-
(51,059)	(100,976)	152,035	-
(2,044,245)	188,181	(51,454)	(1,907,518)
11,963,340	599,594	2,626,803	15,189,737

9.8.2 Advances - Credit loss allowance

2025				
Stage 1	Stage 2	Stage 3	Total	
----- Rupees in '000-----				
Opening balance	35,416	181,127	2,604,910	2,821,453
Additional charge	24,160	-	-	24,160
Reversal	(135,593)	(50,529)	(152,003)	(338,125)
Transfer to stage 1	138,357	(65,658)	(72,699)	-
Transfer to stage 2	(2,569)	20,617	(18,049)	-
Transfer to stage 3	(611)	(34,504)	35,115	-
	23,744	(130,073)	(207,636)	(313,965)
Closing balance	59,160	51,054	2,397,274	2,507,488

Advances - Credit loss allowance

2024				
Stage 1	Stage 2	Stage 3	Total	
----- Rupees in '000-----				
Opening balance	18,106	123,692	2,678,399	2,820,197
Impact of adoption of IFRS 9	12,642	-	-	12,642
Balance as at January 01, 2024 after adopting IFRS 9	30,748	123,692	2,678,399	2,832,839
Additional charge	9,778	101,033	-	110,810
Reversal	(43,174)	(9,359)	(69,663)	(122,196)
Transfer to stage 1	47,346	(34,095)	(13,251)	-
Transfer to stage 2	(7,512)	42,052	(34,540)	-
Transfer to stage 3	(1,769)	(42,196)	43,965	-
	4,668	57,435	(73,489)	(11,386)
Closing balance	35,416	181,127	2,604,910	2,821,453

2025		2024	
Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held

----- Rupees in '000 -----

9.9 Advances - Category of classification

Performing	Stage 1
Under performing	Stage 2
Non-performing	
OAEM	Stage 3
Substandard	Stage 3
Doubtful	Stage 3
Loss	Stage 3
Total	

11,796,074	59,160	12,245,999	35,416
316,298	51,054	599,595	181,127
27,123	27,123	65,729	43,836
40,658	40,658	76,353	76,353
150,961	150,961	142,659	142,659
2,178,533	2,178,533	2,342,064	2,342,064
14,509,646	14,509,646	15,472,399	2,821,456

9.10 Advances include Rs. 2,397 million (2024: Rs. 2,627 million) which have been placed under non-performing stage 3 status as detailed below:

2025		2024	
Non Performing Loans	Provision	Non Performing Loans	Provision

----- Rupees in '000 -----

Category of Classification in stage 3

Domestic

Other Assets Especially Mentioned (OAEM)
Substandard
Doubtful
Loss
Total

27,123	27,123	65,729	43,836
40,658	40,658	76,353	76,353
150,961	150,961	142,657	142,657
2,178,533	2,178,533	2,342,064	2,342,064
2,397,274	2,397,274	2,626,803	2,604,910

	2025				2024			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
9.11 Particulars of credit loss	----- Rupees in '000 -----							
Opening balance	2,604,910	181,127	35,416	2,821,453	2,678,399	123,692	30,748	2,832,839
Charge for the year	35,115	20,617	162,517	218,249	43,965	143,085	57,123	244,173
(Reversals)	(242,751)	(150,690)	(138,773)	(532,214)	(117,454)	(85,650)	(52,455)	(255,559)
(Reversal) / charge for the year	(207,636)	(130,073)	23,744	(313,965)	(73,489)	57,435	4,668	(11,386)
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	2,397,274	51,054	59,160	2,507,488	2,604,910	181,127	35,416	2,821,453

9.12 The SBP vide BSD Circular No. 10 of 2009 dated October 20, 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 October 21, 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 December 31, 2025, the Company has not taken FSV benefit as allowed under IH&SMEFD Circular No. 03 of 2017.

10 PROPERTY AND EQUIPMENT

	2025						
	Freehold land	Leasehold land	Buildings on lease holdland	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
At January 1, 2025	----- Rupees '000 -----						
Cost	6,075	5,673	364,660	151,459	337,480	87,936	953,283
Accumulated depreciation	-	-	(220,411)	(92,144)	(294,990)	(66,325)	(673,870)
Net book value	6,075	5,673	144,249	59,315	42,490	21,611	279,413
Year ended December 31, 2025							
Opening net book value	6,075	5,673	144,249	59,315	42,490	21,611	279,413
Additions	-	-	-	767	15,641	-	16,407
Disposals							
Cost	-	-	-	(1,056)	(21,771)	(13,980)	(36,808)
Accumulated depreciation	-	-	-	1,056	21,771	9,989	32,817
	-	-	-	-	-	(3,991)	(3,991)
Depreciation charge	-	-	(15,258)	(7,642)	(17,288)	(6,793)	(46,981)
Closing net book value	6,075	5,673	128,991	52,440	40,843	10,827	244,848
At December 31, 2025							
Cost	6,075	5,673	364,660	151,170	331,350	73,956	932,883
Accumulated depreciation	-	-	(235,669)	(98,730)	(290,506)	(63,129)	(688,035)
Net book value	6,075	5,673	128,991	52,440	40,843	10,827	244,848
Rate of depreciation (percentage)	-	-	5%	10%	10%-33%	20%	

	2024						
	Freehold land	Leasehold land	Buildings on lease holdland	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
At January 1, 2024	----- Rupees '000 -----						
Cost	6,075	5,673	364,660	150,951	343,073	93,423	963,855
Accumulated depreciation	-	-	(205,045)	(88,871)	(283,409)	(65,029)	(642,352)
Net book value	6,075	5,673	159,615	62,080	59,664	28,394	321,503
Year ended December 31, 2024							
Opening net book value	6,075	5,673	159,615	62,080	59,664	28,394	321,503
Additions	-	-	-	4,746	4,829	3,772	13,347
Disposals							
Cost	-	-	-	(4,238)	(10,422)	(9,259)	(23,919)
Accumulated depreciation	-	-	-	4,237	10,419	7,340	21,996
Depreciation charge	-	-	(15,366)	(7,510)	(22,000)	(8,636)	(53,512)
Closing net book value	6,075	5,673	144,249	59,315	42,490	21,611	279,415
At December 31, 2024							
Cost	6,075	5,673	364,660	151,459	337,480	87,936	953,283
Accumulated depreciation	-	-	(220,411)	(92,144)	(294,990)	(66,325)	(673,868)
Net book value	6,075	5,673	144,249	59,315	42,490	21,611	279,415
Rate of depreciation (percentage)	-	-	5%	10%	10%-33%	20%	

Building on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
----------------------------	-----------------------	-------------------------------------------	----------	-------

Cost of fully depreciated assets still in use:

	Rupees in '000				
2025	59,479	53,416	253,200	45,257	411,351
2024	59,479	74,794	241,084	49,859	425,216

11 RIGHT-OF-USE ASSETS - Buildings

At January 01

	2025	2024
Cost	704,423	437,984
Accumulated depreciation	(218,330)	(152,604)
Net carrying amount	486,093	285,380
Additions during the year	17,530	266,439
Disposal during the year	(56,195)	-
Depreciation charge for the year	(68,914)	(65,726)
Net carrying amount at December 31	378,514	486,093

12 INTANGIBLE ASSETS - Computer software

At January 01

Cost	87,143	87,143
Accumulated depreciation	(36,896)	(23,897)
Net carrying amount	50,247	63,246
Additions during the year	2,405	-
Amortization charge during the year	(11,444)	(12,999)
Closing net book value	41,208	50,247

Cost	89,517	87,143
Accumulated amortization	(48,309)	(36,896)
Net book value as at December 31	41,208	50,247

Rate of amortisation (percentage)	10% - 33%	10% - 33%
-----------------------------------	-----------	-----------

	Note	2025 ----- Rupees in '000 -----	2024
13 OTHER ASSETS			
Income / mark-up accrued in local currency			
Advances		684,104	564,339
Investments		269,561	1,117,828
		<u>953,665</u>	<u>1,682,167</u>
Retirement and other service benefits	27.3	5,416,233	4,555,796
Deferred employee compensation	13.1	306,575	282,660
Advances, deposits and prepayments		113,433	98,589
Advance taxation		476,629	303,002
Advance for purchase of land - housing projects	13.2	53,815	53,815
		<u>7,320,350</u>	<u>6,976,029</u>
Credit loss allowance held against other assets	13.2	(53,815)	(53,815)
		<u>7,266,535</u>	<u>6,922,214</u>
13.1	This represents the difference between market rate and actual rate on loans disbursed to employees which are recognized at Effective Interest Rate (EIR).		
13.2	This represents 25% advance payment made in 2007 for the purchase of two pieces of land measuring 163 acres situated in Gwadar. The Company intends to construct low cost houses on this land to promote affordable housing facilities to low income groups of the residents of Gwadar. The management on prudent basis, has made full provision against this amount.		
14 BORROWINGS - secured			
Pakistan Mortgage Refinance Company Limited	14.1	1,507,857	1,631,635
Repurchase agreement borrowings	14.2	3,251,464	39,137,442
Refinance from State Bank of Pakistan		68,985	84,590
		<u>4,828,306</u>	<u>40,853,667</u>
14.1	These are secured against advances of customers and carries mark-up rates ranging from 10% - 11% per annum.		
14.2	These are secured against investments in PIBs amounting Rs. 20,022 million (2024: Rs. 40,382 million) and carry mark-up rate of 10.53% (2024: 13.04% - 13.90%) per annum.		
15 LEASE LIABILITIES			
Opening balance		553,661	320,422
Additions during the year		17,530	-
Remeasurement during the year		(63,302)	266,439
Interest expense		79,952	67,097
Payments		(105,745)	(100,297)
Closing balance		<u>482,096</u>	<u>553,661</u>
15.1 Lease liabilities are payable as follows:			
Not later than one year		41,141	32,111
Later than one year and upto five years		326,715	310,495
Over five years		114,240	211,055
		<u>482,096</u>	<u>553,661</u>

16 DEFERRED TAX LIABILITY / (ASSET)

2025		
At January 01, 2025	Movement during the year	At December 31, 2025

----- (Rupees in '000) -----

Taxable temporary differences on:

Accelerated tax depreciation and amortisation
Provision against retirement benefits
Suplus on revaluation of investments

14,665	(22,470)	(7,805)
1,023,792	700,428	1,724,220
28,984	116,548	145,532
1,067,441	794,506	1,861,947

Deductible temporary differences on:

Credit loss allowances on:

investments
lending to financial institutions
advances
other assets

(7,755)	(2,674.00)	(10,429)
(16,148)	(5,568)	(21,716)
(818,221)	(159,700)	(977,921)
(15,606)	(5,382)	(20,988)
(857,730)	(173,324)	(1,031,054)
209,711	621,182	830,893

2024		
At January 01, 2024	Movement during the year	At December 31, 2024

----- (Rupees in '000) -----

Taxable temporary differences on:

Accelerated tax depreciation and amortisation
Provision against retirement benefits
Suplus on revaluation of investments

29,741	(15,076)	14,665
479,603	78,730	1,023,792
(45,310)	-	28,984
464,034	63,654	1,067,441

Deductible temporary differences on:

Credit loss allowances on:

investments
lending to financial institutions
advances
other assets

(14,280)	6,525	(7,755)
(16,148)	-	(16,148)
(811,263)	(6,958)	(818,221)
(15,606)	-	(15,606)
(857,297)	(433)	(857,730)
(393,263)	63,221	209,711

17 OTHER LIABILITIES

Accrued mark up on borrowings	7,800	140,499
Retirement and other service benefits	995,155	1,025,478
Accrued expenses	278,053	192,598
Advance payments from customers	193,680	202,464
Insurance premium payable	81,076	75,154
Workers' Welfare Fund	17.1	149,052
Others	36,537	36,593
	<u>1,767,487</u>	<u>1,821,838</u>

17.1 Workers' Welfare Fund

Opening balance	149,052	106,371
Charge for the year	64,716	77,529
Payment made	(38,582)	(34,848)
Closing balance	<u>175,186</u>	<u>149,052</u>

18 SHARE CAPITAL

18.1 Authorized Capital

2025	2024	2025	2024
Number of shares		----- Rupees in '000 -----	
2,000,000,000	2,000,000,000	20,000,000	20,000,000

18.2 Issued, subscribed and paid-up

2025	2024		
Number of shares		<u>Ordinary shares of Rs. 10 each</u>	
100,000	100,000	Fully paid in cash	
1,936,400,000	1,936,400,000	Issued for consideration	1,000
1,936,500,000	1,936,500,000	other than cash	19,364,000
			19,365,000
			19,365,000
		<u>Pattern of shareholding</u>	
187,562,506	187,562,506	Federal Government	1,875,625
1,748,937,500	1,748,937,500	State Bank of Pakistan	17,489,375
1,936,500,006	1,936,500,006		19,365,000

19 CONTINGENCIES AND COMMITMENTS

Other contingent liabilities	19.1	58,993	58,993
Commitments	19.2	582,855	475,352
		641,848	534,345

19.1 Other contingent liabilities

Claims not acknowledged as debt		58,993	58,993
---------------------------------	--	--------	--------

19.2 Commitments

Loans sanctioned but not disbursed		204,259	96,756
Equity investment to be made in			
Pakistan Mortgage Refinance Company Limited		193,325	193,325
Commitments for acquisition of:			
Intangible assets		25,796	25,796
Property and equipment	13.2	149,725	149,725
Other commitments		9,750	9,750
		582,855	475,352

	Note	2025 ----- Rupees in '000 -----	2024
20	MARK-UP / RETURN / INTEREST EARNED		
Loans and advances			
Customers		2,364,314	3,027,746
Employees		30,211	29,122
Investments			
FVOCI		5,261,425	7,435,268
Lendings to financial institutions			
Letter of placements		1,935	-
Repurchase agreement lending (Reverse Repo)		83,482	57,911
Balances with banks - deposit accounts		7,892	14,403
		<u>7,749,259</u>	<u>10,564,450</u>
21	MARK-UP / RETURN / INTEREST EXPENSED		
Borrowings		3,293,536	5,220,549
Lease liabilities		79,952	42,878
		<u>3,373,488</u>	<u>5,263,427</u>
22	OTHER INCOME		
Rent on property		63,266	57,390
Early termination charge and penalty income		46,484	41,092
Gain on sale of fixed assets		2,077	2,176
Inspection fee and application fee		4,953	34,525
Miscellaneous income		9,589	1,351
		<u>126,369</u>	<u>136,534</u>
23	OPERATING EXPENSES		
Total compensation expense	23.1	955,450	1,050,727
Property expense			
Rent and taxes		4,939	3,900
Insurance		738	936
Utilities		36,981	39,472
Security (including guards)		13,881	13,763
Repair and maintenance (including janitorial charges)		136,909	86,900
Depreciation		84,173	75,056
		<u>277,621</u>	<u>220,027</u>

18 SHARE CAPITAL

18.1 Authorized Capital

2025	2024	2025	2024
Number of shares		----- Rupees in '000 -----	
2,000,000,000	2,000,000,000	20,000,000	20,000,000

18.2 Issued, subscribed and paid-up

2025	2024		
Number of shares		<u>Ordinary shares of Rs. 10 each</u>	
100,000	100,000	Fully paid in cash	
		Issued for consideration	1,000
1,936,400,000	1,936,400,000	other than cash	19,364,000
1,936,500,000	1,936,500,000		19,365,000
		<u>Pattern of shareholding</u>	
187,562,506	187,562,506	Federal Government	1,875,625
1,748,937,500	1,748,937,500	State Bank of Pakistan	17,489,375
1,936,500,006	1,936,500,006		19,365,000

19 CONTINGENCIES AND COMMITMENTS

Other contingent liabilities	19.1	58,993	58,993
Commitments	19.2	582,855	475,352
		641,848	534,345

19.1 Other contingent liabilities

Claims not acknowledged as debt	58,993	58,993
---------------------------------	--------	--------

19.2 Commitments

Loans sanctioned but not disbursed	204,259	96,756
Equity investment to be made in Pakistan Mortgage Refinance Company Limited	193,325	193,325
Commitments for acquisition of:		
Intangible assets	25,796	25,796
Property and equipment	13.2	149,725
Other commitments	9,750	9,750
	582,855	475,352

	Note	2025 ----- Rupees in '000 -----	2024
20	MARK-UP / RETURN / INTEREST EARNED		
Loans and advances			
Customers		2,364,314	3,027,746
Employees		30,211	29,122
Investments			
FVOCI		5,261,425	7,435,268
Lendings to financial institutions			
Letter of placements		1,935	-
Repurchase agreement lending (Reverse Repo)		83,482	57,911
Balances with banks - deposit accounts		7,892	14,403
		<u>7,749,259</u>	<u>10,564,450</u>
21	MARK-UP / RETURN / INTEREST EXPENSED		
Borrowings		3,293,536	5,220,549
Lease liabilities		79,952	42,878
		<u>3,373,488</u>	<u>5,263,427</u>
22	OTHER INCOME		
Rent on property		63,266	57,390
Early termination charge and penalty income		46,484	41,092
Gain on sale of fixed assets		2,077	2,176
Inspection fee and application fee		4,953	34,525
Miscellaneous income		9,589	1,351
		<u>126,369</u>	<u>136,534</u>
23	OPERATING EXPENSES		
Total compensation expense	23.1	955,450	1,050,727
Property expense			
Rent and taxes		4,939	3,900
Insurance		738	936
Utilities		36,981	39,472
Security (including guards)		13,881	13,763
Repair and maintenance (including janitorial charges)		136,909	86,900
Depreciation		84,173	75,056
		<u>277,621</u>	<u>220,027</u>

	Note	2025 ----- Rupees in '000 -----	2024
20	MARK-UP / RETURN / INTEREST EARNED		
Loans and advances			
Customers		2,364,314	3,027,746
Employees		30,211	29,122
Investments			
FVOCI		5,261,425	7,435,268
Lendings to financial institutions			
Letter of placements		1,935	-
Repurchase agreement lending (Reverse Repo)		83,482	57,911
Balances with banks - deposit accounts		7,892	14,403
		<u>7,749,259</u>	<u>10,564,450</u>
21	MARK-UP / RETURN / INTEREST EXPENSED		
Borrowings		3,293,536	5,220,549
Lease liabilities		79,952	42,878
		<u>3,373,488</u>	<u>5,263,427</u>
22	OTHER INCOME		
Rent on property		63,266	57,390
Early termination charge and penalty income		46,484	41,092
Gain on sale of fixed assets		2,077	2,176
Inspection fee and application fee		4,953	34,525
Miscellaneous income		9,589	1,351
		<u>126,369</u>	<u>136,534</u>
23	OPERATING EXPENSES		
Total compensation expense	23.1	955,450	1,050,727
Property expense			
Rent and taxes		4,939	3,900
Insurance		738	936
Utilities		36,981	39,472
Security (including guards)		13,881	13,763
Repair and maintenance (including janitorial charges)		136,909	86,900
Depreciation		84,173	75,056
		<u>277,621</u>	<u>220,027</u>

	Note	2025 ----- Rupees in '000 -----	2024
Information technology expenses			
Hardware maintenance		34,198	23,206
Depreciation		9,425	12,941
Amortization	12	11,444	12,998
Network charges		52,213	20,942
		107,280	70,087
Other operating expenses			
Directors' fees and allowances		12,170	13,100
Legal and professional charges		7,348	16,763
Consultancy charges		44,230	23,827
Outsourced services costs		106,182	76,757
Travelling and conveyance		25,583	12,525
Depreciation		22,298	25,205
Training and development		5,027	4,679
Postage and courier charges		4,908	5,738
Communication		6,095	6,375
Stationery and printing		6,454	6,130
Marketing, advertisement and publicity		25,459	12,269
Commission against recovery		-	1,209
Auditors remuneration	23.2	5,672	5,672
Banking service charges		6,748	8,713
Vehicle expense		34,858	33,342
Others		24,045	17,194
		337,077	269,498
		<u>1,677,428</u>	<u>1,610,339</u>
23.1 Total compensation expense			
Managerial Remuneration:			
i) Fixed	23.1.1	397,971	492,935
ii) Variable - *performance awards		75,000	60,000

	Note	2025 ----- Rupees in '000 -----	2024
Contribution to EOBI		8,538	11,560
Contribution to Benevolent Fund		4,356	7,141
Rent and house maintenance		254,776	235,002
Utilities		44,064	41,151
Medical		15,654	9,815
Conveyance		145,126	185,293
Group Life Insurance		4,000	1,807
Hajj		5,528	5,655
Overtime to staff		437	368
		<u>955,450</u>	<u>1,050,728</u>
23.1.1	This amount is net off with reversal on retirement and other service benefits amounting to Rs. 360.78 million (2024: 170.365 million).		
23.2	Auditors' remuneration		
Audit fee		3,026	3,026
Half yearly review		676	676
Other certifications		1,970	1,970
		<u>5,672</u>	<u>5,672</u>
24	EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year		<u>1,795,516</u>	<u>2,253,233</u>
		----- (No. of Shares) -----	
Weighted average number of ordinary shares		<u>1,936,500,000</u>	<u>1,936,500,000</u>
		----- Rupees -----	
Earnings per share - basic and diluted		<u>0.93</u>	<u>1.16</u>
25	CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	5	67,076	28,596
Balance with other banks	6	360,178	95,527
		<u>427,254</u>	<u>124,123</u>

	2025	2024
Note	----- Rupees in '000 -----	
26 STAFF STRENGTH		
Permanent	332	357
Contractual employees	75	67
Company's own staff strength	407	424
Outsourced	148	129
	555	553

27 DEFINED BENEFIT PLAN

27.1 Number of employees under the schemes

The number of employees covered under the following defined benefit schemes are:

- Pension fund	633	642
- Post retirement medical benefits	633	642
- Employees compensated absences	226	247

27.2 Principal actuarial assumptions

The actuarial valuations were carried out using the following significant assumptions:

	----- Per annum -----	
Discount rate	11.50%	12.25%
Expected rate of return on plan assets	11.50%	12.25%
Expected rate of salary increase	11.50%	12.25%
Expected rate of increase in pension	11.50%	11.25%
Expected rate of increase in medical benefit	3.75%	4.50%
Expected rate of increase in compensated absences	11.50%	12.25%

27.3 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2025			2024		
		Pension fund	Medical benefits	Compensated absences	Pension fund	Medical benefits	Compensated absences
		----- Rupees in '000 -----					
Present value of obligations	27.4	8,058,843	746,533	237,240	8,134,398	773,439	252,039
Fair value of plan assets	27.5	(13,475,077)	-	-	(12,690,194)	-	-
(Receivable) / Payable		<u>(5,416,234)</u>	<u>746,533</u>	<u>237,240</u>	<u>(4,555,796)</u>	<u>773,439</u>	<u>252,039</u>

27.4 Movement in defined benefit obligations

Obligations at the beginning of the year	8,134,398	773,439	252,039	7,900,131	752,073	237,909
Current service cost	83,076	13,980	20,428	83,513	12,030	18,197
Interest cost	960,353	89,254	30,526	1,157,765	108,248	35,676
Benefits paid by the Fund	(589,568)	-	-	(616,465)	-	-
Benefits paid by the Company	-	(89,678)	(5,696)	-	(84,499)	(7,941)
Re-measurement (gain) / loss	(529,416)	(40,462)	(60,057)	(390,546)	(14,413)	(31,802)
Obligations at the end of the year	<u>8,058,843</u>	<u>746,533</u>	<u>237,240</u>	<u>8,134,398</u>	<u>773,439</u>	<u>252,039</u>

27.5 Movement in fair value of plan assets

Fair value at the beginning of the year	12,690,194	-	-	10,545,417	-	-
Interest income on plan assets	1,518,447	-	-	1,561,171	-	-
Benefits paid by Fund	(589,568)	-	-	(616,465)	-	-
Contribution by the Company - net	153	-	-	-	-	-
Re-measurements: Net return on plan assets over interest income	(144,149)	-	-	1,200,071	-	-
Fair value at the end of the year	<u>13,475,077</u>	<u>-</u>	<u>-</u>	<u>12,690,194</u>	<u>-</u>	<u>-</u>

27.6 Movement in (receivable) / payable under defined benefit schemes

Opening balance	(4,555,796)	773,439	252,039	(2,645,286)	752,073	237,909
(Reversal) / charge for the year	27.7.1 (475,018)	103,234	(9,103)	(319,893)	120,278	53,873
Contribution by the Company - net	-	-	-	-	-	-
Re-measurement (gain) / loss recognized in OCI during the year	27.7.2 (385,267)	(40,462)	-	(1,590,617)	(14,413)	(31,802)
Benefits paid by the Company	(153)	(89,678)	(5,696)	-	(84,499)	(7,941)
Closing balance	<u>(5,416,234)</u>	<u>746,533</u>	<u>237,240</u>	<u>(4,555,796)</u>	<u>773,439</u>	<u>252,039</u>

	2025			2024		
	Pension fund	Medical benefits	Compensated absences	Pension fund	Medical benefits	Compensated absences
Note	----- Rupees in '000 -----					
27.7 Charge for defined benefit plans						
27.7.1 Cost recognized in profit and loss account						
Current service cost	83,076	13,980	20,428	83,513	12,030	18,197
Net interest on defined benefit asset / liability	(558,094)	89,254	(29,531)	(403,406)	108,248	3,874
	<u>(475,018)</u>	<u>103,234</u>	<u>(9,103)</u>	<u>(319,893)</u>	<u>120,278</u>	<u>22,071</u>
27.7.2 Re-measurements recognized in OCI during the year						
Loss / (gain) on obligation						
Financial assumptions	(316)	(5,038)	-	(5,985)	(20,720)	-
Experience adjustment	(529,100)	(35,424)	-	(384,561)	6,307	-
Return on plan assets over interest income	144,149	-	-	(1,200,071)	-	-
Total re-measurements recognized in OCI	<u>(385,267)</u>	<u>(40,462)</u>	<u>-</u>	<u>(1,590,617)</u>	<u>(14,413)</u>	<u>-</u>

	2025	2024
	----- Rupees in '000 -----	
27.8 Components of plan assets - Pension Fund		
Bank balances	69,875	147,589
Government securities	13,405,202	12,542,605
	<u>13,475,077</u>	<u>12,690,194</u>

27.8.1 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

27.9 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

Change in assumption	2025		
	Pension fund	Post retirement medical benefit	Compensated absences
----- Rupees in '000 -----			

1% increase in discount rate	1%	7,272,722	681,649	222,192
1% decrease in discount rate	1%	9,004,195	823,175	254,080
1% increase in expected rate of salary increase	1%	8,221,200	-	253,817
1% decrease in expected rate of salary increase	1%	7,911,654	-	222,159
1% increase in expected rate of pension increase	1%	8,818,176	-	-
1% decrease in expected rate of pension increase	1%	7,404,500	-	-
1% increase in expected rate of medical benefit increase	1%	-	803,122	-
1% decrease in expected rate of medical benefit increase	1%	-	697,035	-

27.10 Expected charge for the next financial year (535,441) 94,413

27.11 Maturity profile

The weighted average duration of the obligation is 11 years.

27.12 Risks associated with defined benefit plans

Investment risks	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risks	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risks	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts
Withdrawal risks	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

28 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

28.1 Total compensation expense

Items	2025			
	Directors		President / CEO	Key Management Personnel
	Chairman	Non- Executives		
	----- Rupees in '000 -----			
Directors fees	1,936	8,272	-	-
Managerial remuneration:				
i) Fixed	-	-	14,242	71,212
ii) Total variable of which				
a) Cash bonus / awards	-	-	-	12,520
Rent and house maintenance	-	-	2,410	29,071
Utilities	-	-	908	8,675
Medical	-	-	-	1,014
Conveyance	-	-	-	2,407
Mobile charges	-	-	-	67
Total	1,936	8,272	17,560	124,966
Number of persons	1	4	1	9

28.1.1 Mr. Imran Ahad resigned from the post of Chief Executive Officer and Mr. Abdul Qayum Malik took interim charge for the post of Chief Executive Officer with effect from July 11, 2025.

Items	2024			
	Directors		President / CEO	Key Management Personnel
	Chairman	Non- Executives		
----- Rupees in '000 -----				
Directors fees	2,322	10,778	-	-
Managerial remuneration:				
i) Fixed	-	-	10,164	45,593
ii) Total variable of which				
a) Cash bonus / awards	-	-	-	13,337
Rent and house maintenance	-	-	4,574	27,359
Utilities	-	-	2,304	8,253
Medical	-	-	63	930
Conveyance	-	-	-	2,795
Mobile charges	-	-	-	69
Others	-	-	-	17,135
Total	2,322	10,778	17,105	115,471
Number of persons	1	4	1	10

28.2 Remuneration paid to Directors for participation in Board and Committee Meetings

S. No.	Name of Director	2025					Total
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Audit Committee	HR Committee	RM Committee	ITSC	
----- Rs. in '000' -----							
1	Mr. Qasim Nawaz	792	-	880	-	264	1,936
2	Mr. Mahfuz-ur-Rehman Pasha	660	528	330	440	-	1,958
3	Mr. Muneeb Zia	660	440	880	528	-	2,508
4	Mr. Abdul Qayum Malik	330	-	506	110	110	1,056
5	Rana Obaidullah Anwar	660	440	990	440	220	2,750
Total Amount Paid		3,102	1,408	3,586	1,518	594	10,208

S. No.	Name of Director	2024					Total
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Audit Committee	HR Committee	RM Committee	ITSC	
----- Rs. in '000' -----							
1	Mr. Qasim Nawaz	1,288	-	770	-	264	2,322
2	Mr. Mahfuz-ur-Rehman Pasha	1,090	578	220	380	-	2,268
3	Mr. Muneeb Zia	1,090	490	820	446	-	2,846
4	Mr. Abdul Qayum Malik	1,112	-	952	380	220	2,664
5	Rana Obaidullah Anwar	1,090	490	820	380	220	3,000
Total Amount Paid		5,670	1,558	3,582	1,586	704	13,100

29 FAIR VALUE MEASUREMENTS

The fair value of traded investments other than those classified as held to maturity is based on quoted market price. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available financial statements. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The management is of the view that the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer advances are frequently repriced.

29.1 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 categorized:

		2025			
		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	-	19,849,473	-	19,849,473
	Unlisted securities	-	-	126,524	126,524
		-	19,849,473	126,524	19,975,997
<hr/>					
		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	-	53,326,260	-	53,326,260
	Unlisted securities	-	-	-	-
		-	53,326,260	-	53,326,260
<hr/>					

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

Item	Input used				
	PKRV rates	Dividend	Residual	Embedded	Price-
Federal Government securities	Net asset	discount	Income	Value	earnings
Unlisted securities	value				

30 RELATED PARTY TRANSACTIONS

Related parties comprise of associates, parent, 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 and risk management, group head recovery and head of information technology. Details of transactions with the related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2025	2024
	Key manage- ment personnel	Key manage- ment personnel
Advances		
Opening balance	42,468	54,406
Addition during the year	8,555	4,517
Repaid during the year	(20,464)	(17,738)
Transfer in / (out) - net	-	1,283
Closing balance	<u>30,559</u>	<u>42,468</u>
Income		
Mark-up/return/interest earned	<u>1,055</u>	<u>2,533</u>

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	<u>19,365,000</u>	<u>19,365,000</u>
---------------------------------	-------------------	-------------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	27,737,558	27,586,236
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	27,737,558	27,586,236
Eligible Tier 2 Capital	232,977	138,780
Total Eligible Capital (Tier 1 + Tier 2)	<u>27,970,535</u>	<u>27,725,016</u>

	2025	2024
	Key management personnel	Key management personnel
	----- Rupees in '000 -----	
Risk Weighted Assets (RWAs):		
Credit risk	7,517,191	7,390,858
Market risk	992,474	1,519,074
Operational risk	17,806,521	15,306,953
Total	<u>26,316,186</u>	<u>24,216,885</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>105.40%</u>	<u>113.91%</u>
Tier 1 Capital Adequacy Ratio	<u>105.40%</u>	<u>113.91%</u>
Total Capital Adequacy Ratio	<u>106.29%</u>	<u>114.49%</u>

In accordance with BSD Circular No.19 dated 05 September 2008 the minimum paid up capital requirement (net of losses) of the company at 31 December 2009 and onward would be Rs. 6 billion.

Under Basel III guidelines banks / DFIs are required to maintain the following ratios on an going basis:

S.No.	Ratio	2019	2020	2021	2022	2023	2024	2025
1	CET-1	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	TIER-1	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
6	Total Capital Plus CCB	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%

Leverage Ratio (LR):

Eligible Tier-1 capital
Total exposures
Leverage ratio

2025 2024
----- Rupees in '000 -----

27,737,558	27,586,236
35,461,928	74,083,048
<u>78.22%</u>	<u>37.24%</u>

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets
Total net cash outflow
Liquidity coverage ratio

16,676,034	14,217,000
2,590	1,252
<u>643862%</u>	<u>1135543%</u>

	2025	2024
	----- Rupees in '000 -----	
Net Stable Funding Ratio (NSFR):		
Total available stable funding	32,656,000	50,032,000
Total required stable funding	14,942,000	16,574,000
Net stable funding ratio	<u>219%</u>	<u>302%</u>

31.1 Full disclosures of Capital Adequacy Ratio, Liquidity Coverage Ratio & Net Stable Funding Ratio will be available at <http://hbfc.com.pk> under the tab of Regulatory Disclosures.

32 RISK MANAGEMENT

Financial institutions are exposed to various risks in pursuit of their business objectives. The nature and complexity of these risks has rapidly changed over time. The failure to adequately manage these risks not only results in business losses but also places hurdles in achieving strategic objectives. Consequently, a solid and vigorous risk management framework in the organization is required.

The Company's risk management policy is in line with the Risk Management Guidelines of the SBP and Basel III Accord. The risk management policy is approved by the Board of Directors.

The risk management policies and procedures cover all activities of the Company including credit evaluation, treasury and investment operations. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Company's risk exposure is within the limits established by the Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Company.
- The expected payoffs compensate the risks taken by the Company.

Risk profile of the Company

The key risks are credit risk, liquidity risk, market risk and operational risk.

Risk Structures and Responsibilities

Organizational framework for Risk Management includes the following:

The Board of Directors is responsible for overall supervision of the risk management process. A Board Risk Management Committee has been formed to regularly review risk related activities of the company. The Board Risk Management Committee is responsible to establish and implement risk management framework of the Company. Individual risks are reviewed and controlled by various committees at management level like Assets and Liabilities Committee and Credit Committee.

Risk Management Department is responsible for coordinating and implementing all the risk management activities of the Company. It ensures that risks remain within the boundaries as defined by the Board, comply with the risk parameters and prudential limits and work out remedial measures. The core function is to identify, measure, monitor and report key risks to which company may be exposed. It works in close coordination with all the functions and business units that are involved in risk taking.

Risk Management department undertakes the following activities on regular basis utilizing the overall risk framework:

- Formulate policies and guidelines for managing all risk categories.
- Develop systems and procedures. These systems and procedures should be capable of accurate measurement of the risks to identify deviation from approved risk parameters.
- Facilitate introduction and implementation of prudent practices for risk management.
- Facilitate management in business decisions by providing analytical risk reviews.
- Communicate and liaise with other functions and business units in carrying out risk reviews, analysis and mitigation activities.

32.1 Credit Risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer or counterparty's willingness to meet an obligation or its ability to meet such an obligation is impaired, resulting in an economic loss to the Company.

Housing Finance is the core function of the Company and credit risk is the major risk faced by the Company. Credit risk is incurred mainly in the following two areas of its operations: -

- In its credit operations, where it provides housing finance to retail or wholesale clients; and
- In treasury operations where credit risk is incurred with counterparties in its investments in financial markets and instruments.

Overall credit risk is monitored by Credit Committee at Head Office, which reviews and recommends improvements in credit policies and monitors portfolio behavior. To further strengthen credit risk management and credit setup, proper delegation of credit decisions at committee level with appropriate approving limits has been made.

Following measures have been applied to govern credit policy of the Company:-

- Lending process and decision is based on a full appreciation of the risks inherent in the transaction.

Management monitors credit portfolio through MIS reports.

- Stress testing for individual credits and the overall credit portfolio under adverse changes in the conditions / environment in which the borrowers operate.
- The Company has instituted an effective system for monitoring servicing of its performing credit portfolio and collection of non performing portfolio.
- The Company creates loan loss provisions against non-performing advances in accordance with Prudential Regulations issued by SBP.

Credit Risk Mitigation

It is the Company's policy to reduce or mitigate credit risk on credit facilities or exposures, by securing these with collaterals. To correctly assess the extent to which the collateral mitigates the credit risk the collateral must be valued according to a specified valuation method, documented and monitored.

In this regard following steps have been taken: -

- Outsourcing of property title verification.
- Outsourcing of borrower income verification.
- Outsourcing of property valuation.

Credit Risk is also mitigated through a set up of sub credit committee at Zonal and Regional level for credit approvals depending upon the level of risk assumed. Overall credit risk is monitored by central credit committee which reviews and recommends improvements in credit policies and monitors portfolio behavior.

To strengthen credit risk management and to fulfill SBP requirements, the company is working to develop and implement internal credit risk rating system for its entire credit portfolio.

Collateral & Security

Collateral is an important mitigate of credit risk. All the residential mortgages are collateralized. Valuation of the collateral is taken within agreed parameters. The legal mechanism by which collaterals is pledged and the company's procedures ensure that the Company has clear rights over the collaterals and may liquidate, retain or take legal possession of it in a timely manner in the event of default.

Insurance Cover

- Every borrower and guarantor is insured for life and disability for repayment of the balance amount of the loans.
- Every property taken as collateral is insured.

Credit Concentration Risk

Concentration of credit risk is the risk related to the degree of diversification in the credit portfolio, i.e. the risk inherent in doing business with large customers or not being equally exposed across borrower types and geographical regions. The concentration risk can arise in loan book as well as investment book.

32.2 Lendings to financial institutions

Credit risk by public / private sector

Gross lendings		Non-performing lendings		Provision held	
2025	2024	2025	2024	2025	2024
Rupees in '000					
Private	55,683	55,683	55,683	55,683	55,683

32.2.1 Investment in debt securities

Credit risk by industry sector

Gross investments		Non-performing investments		Provision held	
2025	2024	2025	2024	2025	2024
Rupees in '000					
Construction	26,240	26,240	26,240	26,240	26,240

Gross investments		Non-performing investments		Provision held	
2025	2024	2025	2024	2025	2024
Rupees in '000					
Public / Government	19,849,473	53,326,260	-	-	-
Private	26,240	26,240	26,240	26,240	26,240
	19,875,713	53,352,500	26,240	26,240	26,240

Credit risk by public / private sector

Public / Government
Private

32.3 Advances

Credit risk by industry sector

Gross advances		Non-performing advances		Provision held	
2025	2024	2025	2024	2025	2024
Rupees in '000					
Individuals	14,509,646	15,472,397	2,397,274	2,626,802	2,507,488
				2,821,453	

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2025	2024	2025	2024	2025	2024
	----- Rupees in '000 -----					
Public / Government	-	641	-	641	-	641
Private	14,509,646	15,471,756	2,397,274	2,626,161	2,507,488	2,820,812
	<u>14,509,646</u>	<u>15,472,397</u>	<u>2,397,274</u>	<u>2,626,802</u>	<u>2,507,488</u>	<u>2,821,453</u>

2025 2024
----- Rupees in '000 -----

32.3.1 Contingencies and commitments

Credit risk by industry sector

Individuals	204,259	96,756
Others	378,596	437,589
	<u>582,855</u>	<u>534,345</u>

32.3.2 Advances - Province / Region-wise Disbursement and Utilization

	2025					
	Utilization					
Disbursement	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit - Baltistan

Province / Region

	----- Rupees in '000 -----					
Punjab	950,206	950,206	-	-	-	-
Sindh	142,900	-	142,900	-	-	-
KPK including FATA	183,134	-	-	183,134	-	-
Balochistan	6,075	-	-	-	6,075	-
Islamabad	35,250	-	-	-	-	35,250
AJK including Gilgit - Baltistan	154,107	-	-	-	-	-
Total	<u>1,471,671</u>	<u>950,206</u>	<u>142,900</u>	<u>183,134</u>	<u>6,075</u>	<u>35,250</u>
						<u>154,107</u>

2024						
Utilization						
Disbursement	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit - Baltistan

Province / Region

Rupees in '000

Punjab	464,250	464,250	-	-	-	-
Sindh	63,118	-	63,118	-	-	-
KPK including FATA	78,351	-	-	78,351	-	-
Balochistan	-	-	-	-	-	-
Islamabad	80,076	-	-	-	80,076	-
AJK including Gilgit - Baltistan	40,694	-	-	-	-	40,694
Total	726,489	464,250	63,118	78,351	80,076	40,694

32.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Yield / interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield / interest rates. Sensitivity to yield / interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through matching the repricing of assets and liabilities and off-balance sheet instruments. The Company is exposed to yield / interest risk in respect of the following:

32.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield / Interest rate	Total	2025									Non-interest bearing financial instruments	
		Exposed to Yield / Interest risk										
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	7.24% - 11.50%	67,076	67,076	-	-	-	-	-	-	-	-	-
Balances with other banks	6.00% - 11.50%	360,178	360,178	-	-	-	-	-	-	-	-	-
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	11.17% - 13.35%	19,986,946	-	501,850	19,358,572	357,287	823,538	1,646,046	2,520,596	2,975,337	2,717,563	126,524
Advances	6.00% - 18.00%	12,060,362	672,110	114,321	190,367	357,287	823,538	1,646,046	2,520,596	2,975,337	2,717,563	43,196
Deferred tax		-	-	-	-	-	-	-	-	-	-	-
Other assets		7,208,331	-	-	-	-	-	-	-	-	-	7,208,331
		39,682,893	1,099,364	616,171	19,548,939	357,287	823,538	1,646,046	2,520,596	2,975,337	2,717,563	7,378,051
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	10.00% - 11.00%	4,828,306	3,253,327	35,047	1,539,932	-	-	-	-	-	-	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		482,096	24,105	72,314	144,629	144,629	96,419	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		1,767,486	-	-	-	-	-	-	-	-	-	1,767,486
		7,077,888	3,277,432	107,362	1,684,560	144,629	96,419	-	-	-	-	1,767,486
On-balance sheet gap		32,605,005	(2,178,068)	508,809	17,864,379	212,659	727,119	1,646,046	2,520,596	2,975,337	2,717,563	5,610,565
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
Commitments in respect of:												
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(2,178,068)	508,809	17,864,379	212,659	727,119	1,646,046	2,520,596	2,975,337	2,717,563	5,610,565
Cumulative Yield/Interest Risk Sensitivity Gap			(2,178,068)	(1,669,259)	16,195,120	16,407,778	17,134,898	18,780,944	21,301,540	24,276,877	26,994,440	32,605,005

2024												
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments	
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	12%	28,596	28,596	-	-	-	-	-	-	-	-	-
Balances with other banks	12%	95,527	95,527	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	12.52% - 21.04%	53,389,545	53,389,545	-	-	-	-	-	-	-	-	-
Advances	15% - 25%	12,650,945	192,821	23,039	26,895	112,960	327,308	266,313	1,044,141	3,451,233	7,206,235	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	6,639,554	-	-	-	-	-	-	-	-	-	6,639,554
		72,804,167	53,706,489	23,039	26,895	112,960	327,308	266,313	1,044,141	3,451,233	7,206,235	6,639,554
Liabilities												
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5% - 13.9%	40,853,667	39,137,442	29,270	30,081	64,427	146,910	174,370	452,499	818,669	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	553,661	14,315	28,629	42,944	71,573	122,358	122,358	85,890	65,595	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	1,821,838	-	-	-	-	-	-	-	-	-	1,821,838
		43,229,167	39,151,757	57,899	73,025	136,000	269,268	296,728	538,389	884,264	-	1,821,838
On-balance sheet gap		29,575,001	14,554,732	(34,860)	(46,130)	(23,040)	58,040	(30,415)	505,752	2,566,969	7,206,235	4,817,716
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward government securities transactions	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			14,554,732	(34,860)	(46,130)	(23,040)	58,040	(30,415)	505,752	2,566,969	7,206,235	4,817,716
Cumulative Yield/Interest Risk Sensitivity Gap			14,554,732	14,519,873	14,473,743	14,450,702	14,508,742	14,478,328	14,984,080	17,551,049	24,757,285	29,575,001

Reconciliation of Assets and Liabilities exposed to Yield / Interest Rate Risk with Total Assets and Liabilities

	31 December 2025	31 December 2024
	----- (Rupees in '000) -----	
Total financial assets	39,682,893	72,804,167
Operating fixed assets and intangibles assets	664,570	815,754
Total assets	<u>40,347,463</u>	<u>73,619,921</u>
Total financial liabilities	<u>7,077,888</u>	<u>43,229,166</u>

Yield Risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

32.5 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

The Company has strengthened its risk management framework by developing policies, guidelines and manuals. Operational and other risk assessment tool e.g. Risk Control and Self Assessment (RCSA) is being effectively used to assess, mitigate and monitor possible risk that may arise in any of the Company's financial product or department. Operational Loss Database (OLD) records all the internal / external potential operational losses which helps the management understand the causes and impact of these risks.

32.6 Liquidity Risk

Liquidity risk is the risk caused, among others by the inability of the Company to settle liabilities at due date. Objectives of our liquidity management is to ensure that the Company is able to honor all its financial commitments on an ongoing basis without (i) effecting the Company's cost of funds (ii) adversely effecting ability to raise funds and (iii) resorting to sale

The Company has Asset and Liability Committee (ALCO), Treasury, Finance Division and Risk Management Department each of them plays their role in management of liquidity risk.

33 MATURITIES OF ASSETS AND LIABILITIES - BASED ON EXPECTED MATURITIES OF THE ASSETS AND LIABILITIES OF THE COMPANY

2025										
Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
----- Rupees in '000 -----										
Assets										
Cash and balances with treasury banks	67,076	67,076	-	-	-	-	-	-	-	
Balances with other banks	360,178	360,178	-	-	-	-	-	-	-	
Lending to financial institutions	-	-	-	-	-	-	-	-	-	
Investments	19,986,946	-	501,850	19,358,572	-	-	-	-	126,524	
Advances	12,060,362	672,110	33,918	63,658	146,730	293,276	449,095	1,014,305	3,392,935	
Property and equipment & ROUA	623,362	33,790	50,383	52,001	54,345	123,897	125,478	145,523	37,947	
Intangible assets	41,208	3,434	6,868	10,302	20,604	-	-	-	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Other assets	7,208,331	1,212,979	340,393	556,412	773,251	974,515	827,334	1,664,606	858,840	
	40,347,463	2,349,567	933,412	20,040,945	994,930	1,391,688	1,401,907	2,824,434	4,289,722	6,120,859
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	
Borrowings	4,828,306	3,253,327	35,047	37,727	79,121	178,411	208,924	534,722	501,026	
Deposits and other accounts	-	-	-	-	-	-	-	-	-	
Lease liabilities	482,096	24,105	72,314	144,629	144,629	96,419	-	-	-	
Subordinated debt	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	617,844	-	-	-	123,569	123,569	123,569	123,569	123,569	
Other liabilities	1,767,486	493,026	153,801	183,016	298,379	151,747	148,562	297,123	41,833	
	7,695,731	3,770,458	261,163	365,372	645,697	550,147	481,055	955,414	666,428	-
Net assets	32,651,732	(1,420,891)	672,249	19,675,573	349,233	841,541	920,853	1,869,021	3,623,295	6,120,859
Share capital	19,365,000									
Reserves	3,627,523									
Accumulated Profit	9,207,321									
Surplus on revaluation of assets	227,888									
	<u>32,427,732</u>									

2024									
Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years

----- Rupees in '000 -----

Assets

Cash and balances with treasury banks	28,596	28,596								
Balances with other banks	95,527	95,527								
Lending to financial institutions	-	-								
Investments	53,389,545	-	5,194,800	14,533,515	14,149,089	-	-	19,448,856	-	63,285
Advances	12,650,945	192,821	23,039	26,895	112,960	327,308	266,313	1,044,141	3,451,233	7,206,234
Intangible assets	765,508	25,276	34,013	34,849	37,484	85,672	87,460	225,358	61,160	174,237
Property and equipment & ROUA	50,247	3,351	3,991	4,989	4,989	16,463	16,463	-	-	-
Deferred tax assets	-	-	-	-	54,337	54,337	54,337	89,766	-	-
Other assets	6,639,554	3,401,455	194,422	310,976	451,865	527,593	444,831	889,662	418,750	-
	73,619,921	3,747,026	5,450,265	14,911,224	14,810,724	1,011,373	869,404	21,697,783	3,931,143	7,443,756

Liabilities

Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	40,853,667	39,138,772	31,299	33,918	69,706	158,977	185,504	473,586	761,904	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Lease liabilities	553,661	1,431,592	286,291,854	42,943,778	71,572,963	122,357,778	122,358	85,890	65,595	0
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	209,711	-	-	-	-	-	-	-	-	-
Other liabilities	1,821,838	351,046	226,580	172,762	277,779	164,159	153,286	306,571	169,656	-
	43,438,877	39,504,133	286,508	249,624	419,058	445,494	461,148	866,047	997,155	-
Net assets	30,181,045	(35,757,107)	5,163,757	14,661,600	14,391,666	565,880	408,256	20,831,736	2,933,988	7,443,756

Share capital	19,365,000
Reserves	3,268,420
Accumulated loss	7,509,589
Surplus on revaluation of assets	38,035
	<u>30,181,044</u>

Information relating to above disclosure is not available through system, therefore is based on management best estimate.

34 **GENERAL**

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

35 **DATE OF AUTHORIZATION**

These financial statements were approved and authorized for issue on February 26, 2026 by the Board of Directors of the Company. *pr*



President / Chief
Executive Officer



Chief Financial
Officer



Director



Director



Director