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INDEPENDENT AUDITOR'S REPORT

To the members of House Building Finance Company Limited

Report on the Audit of the Financial Statements

Opinion

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, 2019, and the profit and loss account, statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of changes in equity and the 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), 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, 2019 and of the profit, 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 *Auditor's 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.

Emphasis of Matter

We draw attention to note 12 to the financial statements, where the Company has recognized a deferred tax asset amounting to Rs. 1.817 billion on the basis of projections approved by the Board in the current year. As per projections taxable profits will be available against which the temporary differences will be utilized. Our opinion is not modified in this respect.

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 Director's report, which we have not been provided to the date. Other Information does not include the financial statements and our auditor's report thereon.

Our opinion to the financial statements does not cover the other information and we do not and will 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 identified above 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and 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 Companies Act, 2017 (XIX of 2017) 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 are 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

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, profit and loss account, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and 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).

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil
Chartered Accountants

Date: March 05, 2020
Place: Karachi

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	2019	2018
		------'Rupees in '000------	
ASSETS			
Cash and balances with treasury banks	5	42,126	34,387
Balances with other banks	6	368,211	412,020
Lendings to financial institutions	7	-	4,206,891
Investments	8	10,283,836	4,010,448
Advances	9	11,668,736	11,681,180
Fixed assets	10	381,636	312,517
Intangible assets	11	21,863	1,503
Deferred tax assets	12	1,817,412	-
Other assets	13	618,025	218,934
		25,201,846	20,877,881
LIABILITIES			
Bills payable		-	-
Borrowings	14	2,000,000	-
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	15	3,093,783	3,972,657
		5,093,783	3,972,657
NET ASSETS		20,108,063	16,905,224
REPRESENTED BY			
Share capital	16	19,365,000	19,365,000
Reserves		1,799,383	1,246,974
Deficit on revaluation of assets	17	(7,756)	(20,844)
Accumulated loss		(1,048,564)	(3,685,905)
		20,108,063	16,905,224
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 39 and Annexure I form an integral part of these financial statements.

President/CEO | Chief Financial Officer | Director | Director | Director

HOUSE BUILDING FINANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		Rupees in '000	
Mark-up/return/interest earned	19	2,987,835	2,241,405
Mark-up/return/interest expensed	20	(137,507)	-
Net mark-up/interest income		2,850,328	2,241,405
NON MARK-UP/INTEREST INCOME			
Fee and commission income		-	-
Dividend income		671	671
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Loss on securities	21	-	(1,838)
Other income	22	130,126	149,009
Total non-markup / interest income		130,797	147,842
Total Income		2,981,125	2,389,247
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	23	(1,618,363)	(1,404,297)
Workers' Welfare Fund		(18,931)	(25,602)
Other charges	24	(3)	(9,878)
Total non-markup / interest expenses		(1,637,297)	(1,439,777)
Profit before provisions		1,343,828	949,470
(Provision) / Reversal and write offs - net	25	(368,641)	348,193
Relief package and reprocessing charges	26	(21,440)	(39,310)
Share of profit from associate	8.1.4.3	-	(3,860)
PROFIT BEFORE TAXATION		953,748	1,254,493
Taxation	27	1,808,299	(213,263)
PROFIT AFTER TAXATION		2,762,047	1,041,230
		Rupees	
Earnings per share - basic and diluted	28	1.43	0.54

The annexed notes 1 to 39 and Annexure I form an integral part of these financial statements.

President / CEO | Chief Financial Officer | Director | Director | Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		Rupees in '000	
Profit after taxation		**2,762,047**	1,041,230
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus / (deficit) on revaluation of available for sale securities		**13,088**	(23,018)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain / (loss) on defined benefit obligation- net of tax	31.7.2	**427,704**	(826,412)
Total comprehensive income		**3,202,839**	191,800

The annexed notes 1 to 39 and Annexure I form an integral part of these financial statements.

President/CEO | Chief Financial Officer | Director | Director | Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of investments	Accumulated losses	Total
	Rupees in '000				
Balance as at January 01, 2018	19,365,000	1,038,728	2,174	(3,692,477)	16,713,424
Profit after taxation for the year	-	-	-	1,041,230	1,041,230
Other comprehensive income - net of tax	-	-	(23,018)	(826,412)	(849,430)
Transfer to statutory reserve *	-	208,246	-	(208,246)	-
Balance as at December 31, 2018	**19,365,000**	**1,246,973**	**(20,844)**	**(3,685,905)**	**16,905,224**
Profit after taxation for the year 2019	-	-	-	**2,762,047**	**2,762,047**
Other comprehensive income - net of tax	-	-	**13,088**	**427,704**	**440,792**
Transfer to statutory reserve *	-	**552,409**	-	**(552,409)**	-
Balance as at December 31, 2019	**19,365,000**	**1,799,383**	**(7,756)**	**(1,048,564)**	**20,108,063**

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

The annexed notes 1 to 39 and Annexure I form an integral part of these financial statements.

President/ CEO | Chief Financial Officer | Director | Director | Director

HOUSE BUILDING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		------Rupees in '000------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		953,748	1,254,493
Less: Dividend income		(671)	(671)
		953,077	1,253,822
Adjustments:			
Depreciation	10.2	42,488	32,970
Depreciation on right-of-use assets	10.3	31,309	-
Amortization	11	1,055	450
Provision / (reversal) of provision and write offs - net	25	376,075	(331,943)
Gain on sale of fixed assets	22	(18)	(1,566)
Gain on sale of investment in associate		-	(9,230)
Reconciliation adjustments	26	1,236	919
Provision of SWWF		18,931	25,602
Mark-up / Return / Interest expensed	20	137,507	-
Share of loss from an associate	8.1.4.3	-	3,860
		608,583	(278,938)
		1,561,659	974,884
(Increase) / decrease in operating assets			
Lendings to financial institutions		4,206,891	(3,355,349)
Advances		(364,862)	155,714
Others assets (excluding advance taxation)		(135,683)	43,446
		3,706,346	(3,156,189)
Decrease in operating liabilities			
Other liabilities (excluding current taxation)		(568,138)	(490,663)
Income tax paid		(263,408)	(116,815)
Net cash flow generated from / (used in) operating activities		4,436,460	(2,788,782)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments		(6,273,388)	2,461,416
Dividends received		671	671
Investments in operating fixed assets		(164,341)	(56,318)
Payment of liabilities against right-of-use assets		(35,500)	-
Proceeds from sale of fixed assets		29	4,307
Net cash flow (used in) / generated from investing activities		(6,472,529)	2,410,076
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings obtained		2,000,000	-
Net cash flow from financing activities		2,000,000	-
Decrease in cash and cash equivalents		(36,070)	(378,706)
Cash and cash equivalents at beginning of the year	29	446,407	825,113
Cash and cash equivalents at end of the year	29	410,337	446,407

The annexed notes 1 to 39 and Annexure I form an integral part of this financial statements.

President/CEO | Chief Financial Officer | Director | Director | Director

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 a vesting order SRO.I/2007 dated July 25, 2007 issued by Finance Division - Government of Pakistan effective from January 1, 2007, the Company had taken over all assets, running business, contracts, liabilities and proceedings of the House Building Finance Corporation established in 1952 under the House Building Finance Corporation Act, 1952 (XVIII of 1952) by the Government of Pakistan from closing of the business on December 31, 2006 and has also changed its name from House Building Finance Corporation Limited to House Building Finance Company Limited in 2010.

The Federal government has directed the State Bank of Pakistan (SBP) to divest its entire shareholding in House Building Finance Company (HBFC), which will pave the way for the housing finance company's privatisation. The company will be privatised by the end of June 2020.

The Company is designated as a financial institution by the Federal Government and is providing financing facilities for the purchase, construction and renovation of houses through a network of 50 branch offices and 3 regional offices throughout Pakistan including Azad Jammu and Kashmir. According to credit rating report dated May 13, 2019 of JCR-VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "A" and "A-1".

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the requirement of the annual financial statements issued by State Bank of Pakistan through BPRD circular no. 02 of 2018.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP through its BSD Circular no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' till further instructions. Further, according to the notification of the SECP dated April 28, 2008, International Financial Reporting Standard (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. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.2 Amendments to published approved accounting standards that are effective for the year ended December 31, 2019

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, interpretations and amendments are either not relevant to the Company's operations except IFRS 16 or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning or after
- IFRS 15 ' Revenue from Contracts with Customers'	July 1, 2018
- IFRS 16 'Leases'	January 1, 2019
- Amendments to IAS 28 ' Investments in Associates and Joint Ventures' Long-term interests in Associates and Joint Ventures	January 1, 2019
- Amendments to IAS 19 ' Employee Benefits.' Plan amendment, curtailment or settlement	January 1, 2019
- IFRIC 23 'Uncertainity over Income Tax Treatments'. Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, where there is uncertainity over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

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

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope out.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 01, 2018 and January 01, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The State Bank of Pakistan through its circular no. 4 of 2019 dated October 23, 2019, has extended the effective date of the standard on Banks / DFIs to January 01, 2021 and have required Banks / DFIs to have a parallel run of IFRS 9 from January 01, 2020. The Banks / DFIs are also required to prepare a pro-forma financial statements which includes the impact of IFRS 9 from the year ended December 31, 2019.

- IFRS 14 - Regulatory Deferral Accounts (effective for the annual periods beginning on or after July 01, 2019). The standard provide interim guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS while IASB considers more comprehensive guidance on the accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorized body.

The above amendments are effective from annual periods beginning on or after January 01, 2020 and are not likely to have an impact on the Company's financial statements.

2.4 **Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.**

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as held for trading and available-for-sale are measured at fair values and staff retirement benefit schemes that are stated at the present value of the obligation. Right of use-of-assets are disounted using incremental borrowing rate over the lease term and are recorded at present value.

3.2 Critical accounting estimates and judgments

The preparation of these financial statements are in conformity with accounting and reporting standards as applicable in Pakistan 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 lending to financial instituitions (note 7)
ii) classification and provisioning against investments (note 8)
iii) classification and provisioning against advances (note 9)
iv) current and deferred taxation (note 27)
v) determination of useful lives and depreciation / amortisation (notes 10 and 11)
vi) accounting for defined benefit plan (note 31)
vii) accounting for right of use of asset and corresponding lease liability (note 10.3 and 15.3)

3.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency. The amounts are rounded to the nearest thousand rupees except as stated otherwise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2018 except as detailed in note 4.1.

4.1 IFRS 16 - Leases

The Company has adopted IFRS 16, "Leases" based on the SBP BPRD Circular Letter No. 08 of 2019.

The Company has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company's recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The incremental borrowing rate applied to lease liabilities was 13.68% (KIBOR December 31, 2019)

The effect of this change in accounting policy is as follows:

	December 31, 2019	January 01, 2019
	----- (Rupees in '000) -----	
Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	73,056	104,365
Increase in other liabilities:		
- Current taxation	(1,633)	-
- Workers welfare fund	(192)	-
Increase in net assets	71,231	104,365
Liability against right-of-use assets	82,119	-

	2019 (Rupees in '000)
Impact on Profit and Loss account	
Increase in mark-up/return/interest expensed - lease liability against right-of-use assets	**(13,797)**
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	**(31,309)**
- Rent expense	**35,500**
Decrease in profit before tax	**(9,606)**
Decrease in current tax expense	**(1,633)**
Decrease in profit after tax	**(11,239)**

The impact on earnings per share is not material and therefore has not been disclosed.

4.2 Bank balances

Cash and cash equivalents

It is carried in the statement of financial position at cost and for the purpose of cash flow statement, it consist of cash in hand and balances with the State Bank of Pakistan (SBP) and other banks in current and deposit accounts.

Cash in transit

Collection in transit as on the reporting date received from the borrowers / customers at the branches is treated as cash in transit and included in the bank balances.

4.3 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 repurchase obligations

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

Purchase under resale 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. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and is accrued over the term of the related reverse repo agreement.

Other lendings

These are secured and unsecured lendings 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.

4.4 Revenue recognition

- Mark-up / return on **regular advances, and investments and deposits** is recognized on accrual basis. Mark -up / return on classified advances and investments is recognized on receipt basis.

- Mark-up income on **Ghar Aasan Scheme** is recognized on the basis of share in rental income and share in appreciation in value of property.

- Mark-up income on housing finance under **Interest Bearing Scheme** is not recognized since July, 2000 pursuant to the decision of the Honorable Supreme Court of Pakistan.

- Income from construction of houses under **housing projects** is recognized using stage of completion of contract.

- **Dividend income**, except for dividend on investment in associate i.e. accounted for under equity method, is recognized when the right to receive the dividend is established.

- Gain / loss on **disposal of investments** are recognized in the profit and loss account.

4.5 Advances

Advances are stated net of general and specific provisions. The general and specific provisions are made in accordance with the requirements of the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and are 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.

4.6 Investments

4.6.1 Classification

Investments of the Company are classified as follows:

(a) Held-for-trading

These are investments, which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold till maturity.

(c) Available-for-sale

These are investments which do not fall under the 'held for trading' or 'held to maturity' categories.

4.6.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date, which is the date on which the Company commits to purchase or sell the investments.

4.6.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs as incurred are expensed in the profit and loss account.

4.6.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

(b) Held-to-maturity

These are measured at amortized cost using the effective profit rate method, less any impairment loss recognised to reflect irrecoverable amount.

(c) Available-for-sale

The investment which are not classified as "held for trading" or "held to maturity" are classified as "available for sale".

4.6.5 Impairment

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk is made as per the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that previously reported in other comprehensive income is transferred to profit and loss account for the year. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

4.6.6 Gains or losses on sale of investments are included in the profit and loss account for the year for investments under held to maturity and held for trading. Furthermore, Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. On derecognition of available-for-sale investments, the cumulative gain / loss, if any, previously reported in other comprehensive income is transferred to profit and loss account for the period within statement of comprehensive income.

4.7 Fixed assets

4.7.1 Property and equipment

Property and equipment 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 asset at the rates mentioned in note 10.2. 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.

4.7.2 Right-of-Use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any prepayments. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4.7.3 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 as stated in note 11 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 an expense when incurred.

4.7.4 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

4.8 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the fixed assets 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 recognised 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 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity.

Current
Provision for current taxation is based on taxable income for the year, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as required under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

Deferred
Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity, if any, in that case it is included in equity.

4.10 Staff retirement benefits

a. Defined benefit plan

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.

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 recognised 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

b. Defined contribution plan

The Company also operates an approved non-contributory Provident Fund. Contributions are made to the Fund by the employees on monthly basis and at the rate of 12% per annum of their basic salaries in accordance with the Fund's rules.

c. Employees' compensated absences

Employees of the Company are entitled to carry forward and accumulate their unavailed leaves. The rules of the leave encashment scheme state that the employee shall be entitled to encash 50% of his balance subject to maximum of 180 days i.e. she is allowed to accumulate his balance up to 365 days. The employees can avail their leave balance in excess of 365 days at any time as the excess balance will not be encashed at retirement and will lapse. The Company provides for employees compensated absences on the basis of actuarial valuation in accordance with the requirements of IAS-19. Actuarial valuation of the scheme is carried out every year and the latest valuation was carried out at December 31, 2019.

4.11 Foreign currency transactions and translations

Monetary assets and liabilities in foreign currency are translated into Rupees at the applicable rate of exchange prevailing at the reporting date. Foreign currency transactions during the year are translated into Pakistani Rupee applying the exchange rate at the date of respective transactions. Gains and losses on translation are included in profit and loss account currently.

4.12 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, borrowings from financial institutions and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognized in the profit and loss account of the current period.

Off setting of financial investment

Financial assets and financial liabilities are only offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.13 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.

4.14 Borrowing costs

Borrowing costs specific to a significant addition of a project during its construction / erection period is capitalized. Other borrowing costs are charged to the profit and loss account as and when incurred.

4.15 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.

4.16 Demand charges

Demand charges (penalties) of flexi scheme on late payment by the partners are credited to 'Deferred Credit' account. This amount is utilized for charity purposes after netting of recovery charges whereas demand charges of conventional schemes is charged to income as approved by the Board.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2019	2018
		Rupees in '000	
With State Bank of Pakistan in			
Local currency current account	5.1	**42,066**	34,315
With National Bank of Pakistan in			
Local currency deposit account	5.2	**60**	72
		42,126	34,387

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

5.2 The bank account carries mark-up at rate 8.0% to 11.0% (2018: 5.08%) per annum.

	Note	2019	2018
		Rupees in '000	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
-In deposit accounts	6.1	168,211	212,020
-In term deposit receipts	6.2	200,000	200,000
		368,211	412,020

6.1 These bank accounts carry mark-up at rates ranging from 8.0% to 12.0% (2018: 3.78% to 8.5%) per annum.

6.2 These term deposit receipts carry mark-up at the rate of 13.95% (2018:11.0%) per annum.

	Note	2019	2018
		Rupees in '000	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Letters of placement	7.1	55,683	605,683
Repurchase agreement lendings (Reverse Repo)	7.2	-	3,656,891
		55,683	4,262,574
Less: provision held against Lending to Financial Institutions	7.3	(55,683)	(55,683)
		-	4,206,891

7.1 Particulars of letters of placement			
In local currency-			
Habib Metropolitan Bank Limited (HMB)		-	300,000
Pak Oman Investment Co. Limited (POICL)		-	100,000
Pak Brunei Investment Company Limited (PBICL)		-	150,000
Trust Investment Bank Limited (TIBL)	7.1.1	5,909	5,909
First Dawood Investment Bank Limited (FDIBL)	7.1.2	49,774	49,774
		55,683	605,683

7.1.1 This represents clean placement made on November 17, 2008 for a period of 14 days at the mark-up rate of 28% per annum. The transaction remained unsettled at maturity and rescheduling was made twice. Mark-up accrued up to February 15, 2012 was received. The Company filed a suit in the Banking Court for the recovery of outstanding principal along with mark-up. The Banking Court decreed the case in favor of the Company on October 12, 2015. Execution application was filed by the Company with notice issued to TIBL for attachment of assets of TIBL. However, on prudent basis, the Company has maintained 100% provision against outstanding receivable.

7.1.2 This represents clean placement made on September 12, 2008 for a period of 94 days at the mark-up rate of 17% per annum. The transaction remained unsettled at maturity and consequently the Company filed a suit against FDIBL in the Sindh High Court (SHC) for the recovery of outstanding principal. Sindh Hight Court of Pakistan, ordered to pay the principal and cost of funds to HBFC in twelve monthly installments. FDIBL paid twelve installments with total of Rs. 18.733 million as per their own schedule prepared by FDIBL which was not accepted by the Company up to March 2017. HBFCL filed Execution application in March 2018 for recovery of Cost of funds of Rs. 77.650 million as well as remaining Principal of Rs.56.266 million. Two applications were filed in the Sindh High Court on March 20,2018 as rejoinder to Execution No.46 for sale of attached securities and release of Rs. 6 million from NAZIR (as received being proceeds of attached TFC of Ghareebwal Cement Factory on or after October 15, 2018), the matter was argued and reserved for orders in April 2018.

Both applications for sale of attached securities as well as release of Rs. 6 million from the NAZIR account to the Company were accepted.

The Company approached the Nazir High Court and received / realized a cheque of Rs. 6.492 million from NAZIR on August 03, 2018 which reduced the the lending balance of First Dawood Investment Bank (FDIB) to Rs. 49.77 million (principal amount). Further the Company is waiting for next action of NAZIR High Court for selling the unlisted securities already attached. However, the Company on prudent basis has maintained 100% provision against outstanding receivable amount in its books of accounts. The SHC decreed the case in favor of the Company on November 05, 2010.

7.2 Repurchase agreement lendings (Reverse Repo)

In local currency

	2019	2018
	Rupees in '000	
Pak Oman Investment Company Limited	-	1,475,879
United Bank Limited	-	1,189,332
Samba Bank Limited	-	499,722
Habib Metropolitan Bank Limited	-	491,958
	-	3,656,891

7.3 Particulars of provision

	2019	2018
Opening balance	55,683	62,175
Provision reversed during the year	-	(6,492)
Closing balance	55,683	55,683

7.4 Securities held as collateral against Lending to financial institutions

	2019			2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	-	-	-	3,656,891	-	3,656,891

7.5 Category of classification

	2019		2018	
	Classified Lending	Provision held	Classified Lending	Provision held
	Rupees in '000			
Domestic				
Loss	55,683	55,683	55,683	55,683

8. INVESTMENTS

8.1 Investments by type:

	Note	2019				2018			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		Rupees in '000							
Available-for-sale securities									
Market Treasury Bills	8.1.2	6,159,451	-	(10,450)	6,149,001	3,357,258	-	(2,275)	3,354,983
Pakistan Investment Bonds	8.1.3	500,000	-	3,700	503,700	601,147	-	(17,087)	584,060
Unlisted Ordinary Shares	8.1.4	63,785	(500)	-	63,285	63,785	(500)	-	63,285
Listed Ordinary Shares	8.1.5	9,603	-	(1,006)	8,597	9,603	-	(1,483)	8,120
		6,732,839	(500)	(7,756)	6,724,583	4,031,793	(500)	(20,845)	4,010,448
Held-to-maturity securities									
Pakistan Investment Bonds		3,559,253	-	-	3,559,253	-	-	-	-
Unlisted Sukuk Bonds	8.1.6	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of Investments	8.1.7	45,000	(45,000)	-	-	45,000	(45,000)	-	-
		3,630,493	(71,240)	-	3,559,253	71,240	(71,240)	-	-
Total Investments		10,363,332	(71,740)	(7,756)	10,283,836	4,103,033	(71,740)	(20,845)	4,010,448

8.2 Investments by segments:

	Note	2019				2018			
		Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		Rupees in '000							
Federal government securities									
Market Treasury Bills	8.1.2	6,159,451	-	(10,450)	6,149,001	3,357,258	-	(2,275)	3,354,983
Pakistan Investment Bonds	8.1.3	4,059,253	-	3,700	4,062,953	601,147	-	(17,087)	584,060
		10,218,704	-	(6,750)	10,211,954	3,958,405	-	(19,362)	3,939,043
Fully paid-up ordinary shares:									
Listed companies	8.1.5	9,603	-	(1,006)	8,597	9,603	-	(1,483)	8,120
Unlisted companies	8.1.4	63,785	(500)	-	63,285	63,785	(500)	-	63,285
		73,388	(500)	(1,006)	71,882	73,388	(500)	(1,483)	71,405
Term Finance Certificates, Debentures, Bonds & Participation Term Certificates									
Unlisted sukuk bonds	8.1.6	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of investments	8.1.7	45,000	(45,000)	-	-	45,000	(45,000)	-	-
		71,240	(71,240)	-	-	71,240	(71,240)	-	-
Total Investments		10,363,332	(71,740)	(7,756)	10,283,836	4,103,033	(71,740)	(20,845)	4,010,448

8.1.1 Investments given as collateral

There were no investments given as collateral at December 31, 2019 and December 31, 2018

8.1.2 These carry yield at rate 12.94% to 14.24% (2018: 8.80%) per annum.

8.1.3 These carry mark-up (coupon rate) at rates ranging from 9.25% to 13.78% (2018: 9.25% to 9.32%) per annum.

8.1.4 Unlisted ordinary shares

	Note	2019	2018
		Rupees in '000'	
Resource and Engineering Management Corporation Limited	8.1.4.1	500	500
Pakistan Mortgage Refinance Company Limited	8.1.4.2	6,675	6,675
Takaful Pakistan Limited	8.1.4.3	56,610	56,610
		63,785	63,785

8.1.4.1 This represent investment in 66,125 ordinary shares of Rs.10 each in Resource and Engineering Management Corporation Limited. Full provision has been made against this investment.

8.1.4.2 This represents payment made for ordinary shares subscription against commitment to take shares for Rs.200 million of newly formed Pakistan Mortgage Refinance Company Limited. 667,500 shares were transferred to the Company on

8.1.4.3 This represents investment in 8,699,500 shares of Takaful Pakistan Limited. On March 2, 2018,Takaful Pakistan Limited (related party) issued 31,298,905 shares at a discount of Rs, 3.61 per share without offering a right issue to the existing shareholders. The approval for such issue was already obtained from the existing shareholders in prior year. Consequent to the issue of such shares, the shareholding of the Company in the investee reduced from 29% to 14.19%. Due to such reduction in shareholding, the Company lost significant influence over the operating decisions of the investee and accordingly equity method of accounting was discontinued with effect from March 2, 2018.The remaining interest of 14.19% in the investee is classified as Available for sale at an amount of Rs. 56.61 million (equivalent to breakup value of shares) (note 8.4). Breakup value of shares is Rs. 6.5 per share.

8.1.5 This respresent investment in 41,951 shares of Rs.10 each in MCB Bank Limited.

8.1.6 Particulars of investment in sukuk bonds

Name of issuer	Note	Rating	Mark-up rate	Total nominal value 2019	2018
				Rupees in '000	
Eden Housing Limited (EHL) Outstanding face value: Rs. 656 each Maturity date: June 29, 2014 Chief Executive Officer: Mr. Muhammad Amjad	8.1.6.1	Unrated	3 months KIBOR plus 3%	26,240	26,240

8.1.6.1 As per the original terms of repayment, these sukuk bonds were to be repaid in eight equal semi-annual installments starting from June 2009 till December 2012 along with mark-up of six months KIBOR plus 2.50%.

Eden Housing Limited (EHL) paid two installments of Rs. 25 million each and then defaulted the repayment. On June 30, 2010, EHL entered into a restructuring arrangement according to which outstanding principal of Rs. 150 million to be repaid on quarterly basis along with mark-up of KIBOR plus 2.5% and 3% for the first three years and fourth year, respectively. EHL defaulted for the two coupon mark-up due on March 29, 2014 and June 6, 2014 of Rs.13.120 million each. However, on prudent basis, the Company has maintained full provision of the outstanding principal amount. Matter is pending with Lahore High Court for recovery.

8.1.7 This represents investment in certificates of investment (COIs) of Rs. 200 million for three years and Rs. 25 million for three months in 1996 and 1998 respectively. Bankers Equity Limited (BEL) defaulted the repayment and went under liquidation on April 18, 2001, hence claims of BEL were placed before Sindh High Court (SHC). However, the Company on prudent basis had maintained 100% provision against outstanding principal amount. The Company has received a cumulative sum of Rs. 180 million (80%) till December 31, 2019 against invested amount, on the directive of SHC.

8.3 Provision for diminution in value of investments

	2019	2018
	Rupees in '000'	
Balance as at	71,740	71,740

8.3.1 **Particulars of provision against debt securities**
Category of classification

	2019		2018	
	Non-performing investment	Provision	Non-performing investment	Provision
	Rupees in '000			
Domestic				
Loss	71,240	71,240	71,240	71,240

8.4 **Quality of Available for Sale (AFS) Securities**

Details regarding quality of AFS securities are as follows:

	Note	2019	2018
		Cost	
		Rupees in '000	
Federal Government Securities - Government guaranteed			
Market Treasury Bills	8.1.2	6,159,451	3,357,258
Pakistan Investment Bonds	8.1.3	500,000	601,147
		6,659,451	3,958,405
Shares			
Listed companies			
- Banking		9,603	9,603

Unlisted Companies	Note	2019 Cost	2019 Breakup value	2018 Cost	2018 Breakup value
		Rupees in '000			
Resource and Engineering Management Corporation Limited	8.1.4	500	-	500	-
Pakistan Mortgage Refinance Company Limited	8.1.4	6,675	6,675	6,675	6,675
Takaful Pakistan Limited	8.4.1	56,610	78,032	56,610	56,610
		63,785	84,707	63,785	63,285

8.4.1 The financial statements provided by the Takaful Pakistan Limited are unaudited therefore breakup value has been calculated on the basis of unaudited accounts.

8.5 **Particulars relating to Held to Maturity securities are as follows:**

	Note	2019	2018
		Rupees in '000	
Non Government Debt Securities			
Unlisted			
- Unrated (Unlisted Sukuk Bonds of Eden Housing Limited)	8.1.6	26,240	26,240
- Unrated (Certificate of Investment of Bankers Equity Limited)	8.1.7	45,000	45,000
		71,240	71,240
Federal Government securities - Government guaranteed			
- Pakistan Investment Bond		3,559,253	-

9. ADVANCES

	Note	Performing 2019	Performing 2018	Non Performing 2019	Non Performing 2018	Total 2019	Total 2018
		Rupees in '000					
In Pakistan - local currency							
Rental Sharing Schemes	9.1	44,330	38,625	1,289,632	1,479,910	1,333,962	1,518,535
Interest Bearing Schemes	9.2	-	-	99,941	99,941	99,941	99,941
Ghar Aasan Scheme	9.3	698,220	887,441	1,049,064	1,177,713	1,747,284	2,065,154
Shandar Ghar Scheme	9.4	2,793	358	127,515	156,493	130,308	156,851
Financing facility for Small Builders	9.5	-	-	2,970	6,074	2,970	6,074
Ghar Aasan Flexi Scheme	9.6	7,833,180	8,658,472	1,598,764	1,731,541	9,431,944	10,390,013
Bisma & Saima Projects	9.7	7,552	11,447	10,900	19,585	18,452	31,032
New Small Builders	9.8	30,280	23,000	26,544	34,041	56,824	57,041
Ghar Pakistan Scheme	9.9	1,413,340	-	-	-	1,413,340	-
Ghar Pakistan Plus Scheme	9.10	460,045	-	-	-	460,045	-
		10,489,740	9,619,343	4,205,330	4,705,298	14,695,070	14,324,641
Employee portfolio							
Housing finance to employees	9.11	418,125	402,117	5,550	5,550	423,675	407,667
Car advance to employees	9.12	59,426	54,092	-	-	59,426	54,092
Staff personal loan	9.13	21,891	-	-	-	21,891	-
PC advance to employees		-	19	19	-	19	19
		499,442	456,228	5,569	5,550	505,011	461,778
Partners' death claims	9.14	10,610	611	-	-	10,610	611
Transitory district bank accounts - net	9.15	(38,478)	21,557	-	-	(38,478)	21,557
Advances - gross		10,961,314	10,097,739	4,210,899	4,710,848	15,172,213	14,808,587
Provision for non-performing advances							
- Specific							
Rental Sharing Schemes	9.1	29,151	38,340	1,289,171	1,458,419	1,318,322	1,496,759
Interest Bearing Schemes		-	-	99,968	99,968	99,968	99,968
Ghar Aasan Scheme		-	-	888,246	876,702	888,246	876,702
Shandar Ghar Scheme		-	-	127,686	141,592	127,686	141,592
Financing facility for Small Builders		-	-	2,970	5,720	2,970	5,720
Ghar Aasan Flexi Scheme		-	-	857,543	338,963	857,543	338,963
Bisma & Saima Projects		-	-	5,156	7,980	5,156	7,980
New Small Builders Scheme	9.16	5,311	-	26,544	689	31,855	689
'PC advance to employees		-	-	19	-	19	-
Finance to employees		-	-	5,550	5,550	5,550	5,550
		34,462	38,340	3,302,853	2,935,583	3,337,315	2,973,923
- General	9.17	166,162	153,482	-	-	166,162	153,482
Advances - net of provision		10,760,690	9,905,917	908,046	1,775,264	11,668,736	11,681,181

9.1 This represents advances under Profit & Loss Sharing Scheme, Simplified Scheme, New Simplified Scheme (NSS), Gothabad Scheme and loan to Brecast Industries (Pvt.) Limited. No additional disbursement of advance under these schemes has been made since 2000. Advances under Rental Sharing Schemes have been provided up to 99% (December 31, 2018: 98%) of the gross advances.

During the year, management has introduced the relief package 2019 for legacy schemes after approval of the Board of Directors (BoD) in their meeting held on March 21, 2019. Under the scheme, the customers may settle their accounts by either of the following two options whichever is higher:

- Lumpsum payment of outstanding principal and insurance premium; or
- Lumpsum payment of outstanding principal plus 10% of the outstanding principal.

9.2 No new disbursement has been made under this scheme since the year 1979. In pursuance to the decision of the Honorable Supreme Court of Pakistan, the Company has not accrued interest on these advances since July 01, 2000. All advances under this category have been classified as "Loss" and fully provided.

9.3 This scheme was based on Diminishing Musharaka for construction, purchase of houses and replacement of existing housing advance obtained by applicants from another financial institutions - Balance Transfer Facility (BTF) with maximum financing limit of Rs. 7.5 million. This advance is repayable by the partners in 36 to 240 monthly installments. The net annual rental income is 5% of the total assessed cost of the house, subject to upward revision of annual rent on cumulative basis at 25% after every 3 years. For disbursements after May 26, 2008, constant net annual rental income of 15.5% is charged on daily product basis on the value of outstanding units. In addition, the Company shares appreciation in the value of the house at rates ranging between 2.5% to 12.5% per annum assessed for various localities. New disbursement under this scheme has been discontinued from February 11, 2009. Provision has been made in accordance with the prudential regulations.

During 2017, management has introduced the Ghar Asaan Incentive Scheme after approval of the Board of Directors (BoD) in their meeting held on May 02, 2017. Under the scheme, appreciation rate, as explained above, was replaced with fixed rental charge at the rate of 10% with equal monthly instalments since inception of advance. After restructuring, in subsequent years, the rate for mark-up income is one year KIBOR with a spread of 3.25% for salaried case and 3.5% for non-salaried case respectively per annum. Under the scheme, customers who have opted the facility may settle/regularize their advances after payment of due amounts based on revised terms. The scheme was initially offered up till 30 September 2017, which has been extended upto December 31, 2020 by BOD. Total 6,783 customers have availed the scheme out of which 3,492 customers have settled their advances and 3,291 customers have regularized their advances.

9.4 Advances under Shandar Ghar Scheme for renovation of houses only with maximum financing limit of Rs. 2.5 million are based on Murabaha approved by the Board of Directors on January 20, 2004 . The advance is repayable by the partners in 12 to 120 monthly installments. The Murabaha profit varies from 8% to 13.5% (2018: 8% to 13.5%) per annum. New disbursement under this scheme has been discontinued from February 11, 2009. Provision has been made in accordance with the prudential regulations.

	2019	2018
	Rupees in '000	
Shandar Ghar Scheme	415,613	440,904
Unearned income	(285,305)	(284,053)
	130,308	156,851

9.5 Advances under 'Finance facility for Small Builders' for construction of individual houses and apartments for sale to the general public with maximum financing limit of Rs. 7.5 million is based on Musharaka financing approved by the Board of Directors in August 2007. This advance is for a period of 12 to 18 months, extendable for further 3 months, to be repaid at the end of the tenure along with the profit ranging from 13% to 18% (2018 : 13% to 18%) per annum. New disbursement under this scheme has been discontinued from November 17, 2009. Provision has been made in accordance with the prudential regulations.

9.6 Advances under Ghar Aasan Flexi Scheme for construction, renovation and purchase of house and replacement of existing housing facility – Balance Transfer Facilities (BTF) with maximum financing of Rs.25 million is based on Diminishing Musharaka. This advance is repayable by the partners in 36 to 240 monthly installments. The markup for salaried person and business person is one year KIBOR with a spread of 3.25% and 3.5% (2018: 3.25% and 3.5%) respectively per annum.

During the year, taking cognizance of the affordability of low and low-middle income group and increasing trend of KIBOR, the Board of Directors (BOD) in its meeting held on August 29, 2019 has approved the "Bachat Scheme" facility for all existing customers of Ghar Aasan Flexi Scheme. The disbursement to such customers is made under the old scheme ,however, if he clears all his default amount then he is eligible for new schemes introduced during the year, he can opt for the transfer to new scheme.

9.7 Advances under 'Bisma and Saima Project' for construction of individual houses and apartments with maximum financing of Rs. 10 million is based on Musharaka financing. This advance is for a period 12 to 18 months and profit is calculated on the basis of 2 years fixed KIBOR rate. Provision has been made in accordance with the prudential regulations.

9.8 This Scheme was introduced to facilitate the small contractors / individuals who are in business of selling and / or building houses and / or flats. Maximum financing limit is Rs. 25 million with the tenure of 12 to 24 months. Provision has been made in accordance with the prudential regulations.

9.9 The Board of Directors (BoD) in its meeting held on January 14, 2019 has introduced Ghar Pakistan Scheme for purchase and contruction 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 profit is calculated on the basis of flat rate of 12%.

9.10 The Board of Directors (BoD) in its meeting held on August 29, 2019 has introduced Ghar Pakistan Scheme Plus for purchase and contruction 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 profit is calculated on the basis of flat rate of 13%.

9.11 Housing advance is given to employees as per the terms of employment for purchase of land, renovation or construction of houses, at concessional rates. Provision has been made in accordance with the prudential regulations.

9.12 Car advance is given to employees as per the terms of employment for purchase of car at concessional rates.

9.13 Personal loan is given to regular officers up to a maximum five months' current basic pay. No mark-up is payable on the loan amount. The personal loan is recovered from salary in 24 monthly installments or up to the date of retirement, whichever is earlier.

9.14 This represents the insurance claims received from State Life Insurance Corporation of Pakistan (SLICP) on behalf of the partners' death. Subsequently this will be paid to respective partners' heirs.

9.15 This net balance mainly includes unpresented cheques of disbursements and identified collections in bank accounts at district and zonal offices.

9.16 The Company on subjective basis has provided provision against performing advances as well.

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

9.18 **Advances include Rs. 4,211 million (2018: Rs. 4,710 million) which have been placed under non-performing status as detailed below:**

Category of Classification	**2019**		2018	
	Non Performing Loans	**Provision**	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	**188,826**	**1,048**	240,151	1,141
Substandard	**274,026**	**16,098**	267,883	27,084
Doubtful	**297,337**	**40,887**	499,126	72,564
Loss	**3,450,710**	**3,244,820**	3,703,688	2,834,794
Total	**4,210,899**	**3,302,853**	4,710,848	2,935,584

9.19 **Particulars of provision against advances**

	Note	2019 Specific	2019 General	2019 Total	2018 Specific	2018 General	2018 Total
		Rupees in '000					
Opening balance		2,973,924	153,482	3,127,406	3,316,890	135,967	3,452,857
Charge for the year		561,311	12,680	573,991	231,723	17,515	249,238
Reversals		(197,916)	-	(197,916)	(574,115)	-	(574,115)
		363,395	12,680	376,075	(342,392)	17,515	(324,877)
Amounts written off	9.21	-	-	-	(574)	-	(574)
Closing balance	9.22	3,337,319	166,162	3,503,481	2,973,924	153,482	3,127,406

9.20 The SBP vide BSD Circular no. 10 of 2009 dated October 20, 2009 had allowed banks/DFIs to avail benefit of forced sales value 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 forced sales value (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, 2019, had FSV benefit of IH&SMEFD Circular no. 03 of 2017 not been taken, profit for the year before taxation would have been decreased by Rs. 330.5 million (2018: Rs. 1047.77 million)

9.21 **Patriculars of write offs:**	Note	2019	2018
		Rupees in '000	
Against provisions	9.21.1	-	574

9.21.1 **Details of loan write off of Rs. 500,000/- and above**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-1

9.22 This represents provision against non-performing loans. The specific provision created against performing loan is shown in note 9.

10. **FIXED ASSETS**	Note	2019	2018
		Rupees in '000	
Capital work-in-progress	10.1	12,860	12,860
Property and equipment	10.2	295,720	299,657
Right of use-of-assets	10.3	73,056	-
		381,636	312,517

10.1 **Capital work-in-progress**

	Note	2019	2018
Civil works	10.1.1	12,860	12,860

10.1.1 This amount pertains to payments made on account of Traffic Impact Analysis (TIA) Report & Environment Impact Report (EIR) as per requirements of Lahore Development Authority (LDA) and other land regulatory body in respect of Residential apartments at Model Town Extension, Lahore and Qasimabad (Hyderabad).

10.2 Property and equipment

	2019						
	Freehold land	Lease hold land	Building on Lease hold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	Rupees '000						
At January 1, 2019							
Cost / Revalued amount	6,075	5,673	359,251	84,057	243,726	43,417	742,198
Accumulated depreciation	-	-	(128,892)	(78,891)	(192,394)	(42,364)	(442,541)
Net book value	6,075	5,673	230,359	5,166	51,332	1,053	299,657
Year ended December 31, 2019							
Opening net book value	6,075	5,673	230,359	5,166	51,332	1,053	299,657
Additions	-	-	1,261	784	12,375	24,138	38,558
Disposals							
- Cost	-	-	-	-	(40)	-	(40)
- Depreciation	-	-	-	-	29	-	29
	-	-	-	-	(11)	-	(11)
Depreciation charge	-	-	(15,132)	(2,362)	(19,346)	(3,768)	(40,608)
Other adjustments / transfers							
- Cost	-	-	-	-	3	-	3
Other adjustments in accumulated depreciation	-	-	-	-	-	(1,880)	(1,880)
Closing net book value	6,075	5,673	216,488	3,588	44,353	19,543	295,720
At December 31, 2019							
Cost	6,075	5,673	360,512	84,841	256,064	67,555	780,720
Accumulated depreciation	-	-	(144,024)	(81,253)	(211,711)	(48,012)	(485,000)
Net book value	6,075	5,673	216,488	3,588	44,353	19,543	295,720
Rate of depreciation (percentage)	-	-	5%	10%	10%-33%	20%	

	2018						
	Free hold land	Lease hold land	Office premises	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	Rupees '000						
At January 1, 2018							
Cost / Revalued amount	6,075	5,673	357,525	82,766	199,137	54,780	705,956
Accumulated depreciation	-	-	(113,390)	(73,252)	(181,569)	(50,296)	(418,507)
Net book value	6,075	5,673	244,135	9,514	17,568	4,484	287,449
Year ended December 31, 2018							
Opening net book value	6,075	5,673	244,135	9,514	17,568	4,484	287,449
Additions	-	-	1,683	1,297	45,909	65	48,954
Disposals							
- Cost	-	-	-	(5)	(289)	(11,383)	(11,678)
- Depreciation	-	-	-	5	289	8,642	8,936
	-	-	-	-	-	(2,741)	(2,741)
Depreciation charge	-	-	(15,480)	(5,645)	(12,466)	(755)	(34,346)
Other adjustments / transfers							
- Cost	-	-	43	(1)	(1,031)	(45)	(1,034)
Other adjustments in accumulated depreciation	-	-	(22)	1	1,352	45	1,376
Closing net book value	6,075	5,673	230,359	5,166	51,332	1,053	299,657
At December 31, 2018							
Cost	6,075	5,673	359,251	84,057	243,726	43,417	742,198
Accumulated depreciation	-	-	(128,892)	(78,891)	(192,394)	(42,364)	(442,541)
Net book value	6,075	5,673	230,359	5,166	51,332	1,053	299,657
Rate of depreciation (percentage)	-	-	5%	10%	10%-33%	20%	

10.2.1 **Details of disposal of fixed assets having net book value of Rs. 500,000 or above are as follows:**

Particulars	Cost	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particular of buyers
	------- Rupees in '000 -------					
2019	-	-	-	-		
2018	11,677	2,741	4,307	1,566		

* As per Company's policy electrical, office and computer equipments can be disposed off after useful life of 3 years with the approval of Managing Director

10.2.2 **Cost of fully depreciated assets still in use**

	Free hold land	Lease hold land	Building on Free hold land	Building on Lease hold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	.... Rupees in '000							
2019	-	-	-	**57,129**	**68,393**	**177,352**	**40,698**	**343,572**
2018	-	-	-	57,129	59,855	163,597	40,478	321,059

	Note	2019	2018
		Rupees '000	
10.3 Right-of-use assets			
Building on leasehold land	10.3.1	**73,056**	-

10.3.1 Right-of-use assets - building on leasehold land

	Note	2019	2018
Balance at initial application of IFRS 16			
Opening as at January 01, 2019		**104,365**	-
Depreciation charge		**(31,309)**	-
Closing net book value	4.1	**73,056**	-
As at December 31,			
Recognized value of right of-use assets		**104,365**	-
Accumulated depreciation	10.3.1.1	**(31,309)**	-
Net book value		**73,056**	-

10.3.1.1 The branches of the Company are acquired on rent which are classified under IFRS 16 as right of use asset. The depreciation is charged on straight line basis over the lease term.

11. INTANGIBLE ASSETS	Note	2019	2018
		Rupees '000	
Computer software	11.1	**3,573**	1,503
Capital work-in-progress	11.2	**18,290**	-
		21,863	

11.1 Computer software

	Note	2019	2018
		Rupees '000	
As at January 1			
Cost		9,982	8,716
Accumulated amortization and impairment		(8,479)	(8,029)
Net book value		1,503	687
Year ended December 31			
Opening net book value		1,503	687
Additions		3,125	1,266
Amortization charge		(1,055)	(443)
Adjustments		-	(7)
Closing net book value		3,573	1,503
As at December 31			
Cost		13,107	9,982
Accumulated amortization and impairment		(9,534)	(8,479)
Net book value		3,573	1,503
Rate of amortisation (percentage)		33%	33%
Useful life		3 years	3 years

11.2 Capital work-in-progress

	Note	2019	2018
System under developed to replace Loan Management System	11.2.1	18,290	-

11.2.1 The Company is developing a new system to replace its Loan Management System. The company has paid 30% of the total amount of Rs. 61 million.

12. DEFERRED TAX ASSET

	2019			
	At Jan 1, 2019	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	At Dec 31, 2019
	(Rupees in '000)			
Taxable temporary differences on:				
Accelerated tax depreciation and amortisation	-	(12,531)	-	(12,531)
Surplus on revaluation of investments	-	2,394	-	2,394
	-	(10,137)	-	(10,137)
Deductible temporary differences on:				
Provision for diminution in the value of investments	-	20,660	-	20,660
Provision against other assets	-	15,606	-	15,606
Provision against lending to financial instituitions		16,148	-	16,148
Provision against advances	-	1,016,004	-	1,016,004
Provision against retirement and other service benefits	-	933,827	(174,696)	759,131
	-	2,002,245	(174,696)	1,827,549
	-	1,992,108	(174,696)	1,817,412

12.1 Deferred tax asset amounting to Rs.1.817 billion has been recognized as management believes that it is probable that taxable profit will be available in the foreseeable future against which these deductible temporary differences can be utilized.

The Company has not taken into account unabsored losses of 766 million to calculate deferred tax asset.

13. OTHER ASSETS

	Note	2019	2018
		Rupees in '000	
Income/ mark-up accrued in local currency - net of provision			
Advances		37,419	27,666
Investments		137,228	8,065
Advances, deposits, advance rent and other prepayments		49,441	52,766
Advance taxation (payments less provisions)		386,310	122,902
Advance for purchase of land - housing projects	13.1	53,815	53,815
Other receivables against advances		7,627	7,535
Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC)	13.2	-	-
		671,840	272,749
Less: Provision held against other assets	13.3	(53,815)	(53,815)
Other assets (Net of provision)		618,025	218,934

13.1 This represents an advance payment made in 2007 i.e. 32% and remaining 68% are shown as commitment for the purchase cost 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.

13.2 As directed vide SRO 499(1)/80 dated May 13, 1980 by Finance Division - Government of Pakistan, the Company (formerly HBFC) took over assets and liabilities of PRRFC. Further, as per the directive of the Government of Pakistan all assets and liabilities are shown distinctively as below, however, the Company does not have any control over these assets and liabilities. Accordingly, these are not recorded in the books of account.

Pakistan Refugees Rehabilitation Finance Company assets	Note	2019	2018
		——Rupees in '000—	
Assets			
Fixed assets		**1**	1
Cash and bank balances		**518**	518
Investments		**253**	253
Loans and advances		**16,583**	16,583
Inter-center adjustment		**2,432**	2,432
Other receivables		**1,992**	1,992
Sundry debtors		**200**	200
Advances, deposits and prepayments		**227**	227
		22,206	22,206
Provision for doubtful debts		**(2,579)**	(2,579)
		19,627	19,627
Liabilities			
Sundry creditors		**93**	93
Accrued expenses		**38**	38
Return on capital		**7,371**	7,371
Other liabilities		**129**	129
		7,631	7,631
Net assets		**11,996**	11,996

13.3 Provision held against other assets

Advance for purchase of land - housing projects		**53,815**	53,815

14. BORROWINGS

Secured			
Pakistan Mortgage Refinance Company Limited	14.1	**2,000,000**	-

14.1 The borrowing is secured against a charge of Rs. 2.5 billion against gross advances of customers and carries markup @ 8.5% per annum.

15. OTHER LIABILITIES

	Note	2019	2018
		Rupees in '000	
Mark up payable on borrowing		**123,710**	-
Retirement and other service benefits		**2,617,691**	3,531,640
Other obligation	15.1	**45,387**	36,118
Accrued expenses		**108,599**	174,699
Insurance premium payable	15.2	**52,298**	63,053
Advance rent received		**6,440**	45,080
Refundable to customers against advances		**12,915**	39,622
Lease liability against right of use of asset	15.3	**82,119**	-
Security deposits		**5,600**	5,600
Application fee - Gawadar project		**3,872**	3,872
Retention money payable		**483**	602
Reimbursement of claims by Government of Pakistan		**579**	579
Agents' deposit money		**185**	185
Sindh Workers' Welfare Fund		**25,086**	66,618
Others		**8,819**	4,989
		3,093,783	3,972,657

15.1 Other obligation

	2019	2018
	Rupees in '000	
Balance at beginning of the year	36,118	27,221
Demand charges - net of recovery expenses	9,269	8,897
Balance at end of the year	45,387	36,118

15.2 Monthly insurance premium is payable to State Life Insurance Corporation of Pakistan (SLICP) against the insurance of outstanding dues from the partners in case of their death or total disablement and insurance premium payable to Takaful Pakistan Limited against insurance of mortgage property. The amount of these premiums are recoverable from partners in their monthly installments.

15.3 Lease liability against right of use of asset

The contractual maturity analysis of these is presented below:

	2019	2018
	Rupees in '000	
Current		
- Not later than one month	2,088	-
- Later than one month but not later than six months	10,091	-
- Later than six months but not later than one year	11,590	-
	23,769	-
Non-current		
- Later than one year but not later than three years	31,416	-
- Later than three years but not later than five years	26,934	-
- Later than five years	-	-
	58,350	-
	82,119	

16 SHARE CAPITAL

16.1 Authorized Capital

2019	2018		2019	2018
Number of ordinary shares of Rs. 10 each			Rupees in '000	
2,000,000,000	2,000,000,000		20,000,000	20,000,000

16.2 Issued, subscribed and paid up

2019	2018		2019	2018
Number of shares				
		Ordinary shares of Rs. 10 each		
6	6	Fully paid in cash	-	-
1,936,400,000	1,936,400,000	Issued for consideration other than cash	19,364,000	19,364,000
100,000	100,000	Shares issued for consideration in cash	1,000	1,000
1,936,500,006	1,936,500,006		19,365,000	19,365,000
		Pattern of shareholding		
187,562,506	187,562,506	Federal Government	1,875,625	1,875,625
1,748,937,500	1,748,937,500	State Bank of Pakistan	17,489,375	17,489,375
1,936,500,006	1,936,500,006		19,365,000	19,365,000

17. DEFICIT ON REVALUATION OF ASSETS

Deficit on revaluation of		
- Available for sale securities	(7,756)	(20,845)

18.	CONTINGENCIES AND COMMITMENTS	Note	2019 Rupees in '000	2018
	-Commitments	18.1	722,342	623,398
	-Other contingent liabilities	18.2	47,990	647,990
			770,332	1,271,388

18.1 Commitments:

	2019	2018
Documentary credits and short-term trade-related transactions		
- Loans sanctioned but not disbursed	282,366	226,132
Equity investment to be made in		
- Pakistan Mortgage Refinance Company Limited	193,325	193,325
Land to be purchased for Gwadar Housing Projects	149,725	149,725
Land to be purchased for Gwadar Office	9,750	9,750
Model Town Lahore Project	27,840	27,840
Hyderabad Project	5,305	5,305
Peshawar Office Building Project	10,485	10,485
Other commitments	836	836
Software being developed to replace Loan Management System	42,710	-
	722,342	623,398

18.2 Other contingent liabilities

Claims not acknowledged as debt

	Note	2019	2018
SMS Courier (Pvt) Limited (SMSCPL)	18.2.1	39,890	39,890
Liaquat National Hospital	18.2.2	8,100	8,100
Staff of HBFC	18.2.3	-	600,000
		47,990	647,990

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

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

18.2.3 In 2016, the Board and management of the Company, under the collective bargaining mechanism, allowed an increase of 18% in the gross salaries of the workmen/staff of the Company. However, considering certain business and other reasons the Board did not extend similar salary increase to the executives and officers and their salary increase was linked with the implementation of performance management system. Some officers/executives of the Company aggrieved by this decision challenged it in the Sindh, Islamabad and Peshawar High Courts.

The Hon'ble Division Bench of the High Court of Sindh at Karachi vide its judgment dated November 26, 2018, held that the decision taken by the Company, whereby it restricted the increase in salary structure to workmen/staff only and excluded its executives and officers from such increase was discriminatory and remanded the case back to the Company for extending similar salary increase to the officers/Petitioners in accordance with the law.

The Company had challenged the judgment of the Honourable Sindh High Court before the Honourable Supreme Court of Pakistan. The Honourable Supreme Court while admitting the appeal filed by the Company has set aside the judgment of the Honourable Sindh High Court through its judgment dated 04.09.2019 in C.A 86-K/2018."

			2019	2018
			Rupees in '000	

19. MARK-UP / RETURN / INTEREST EARNED

		2019	2018
a) Loans and advances			
Customers		1,763,908	1,631,325
Employees		15,216	10,704
b) Investments			
Available-for-sale		1,023,222	495,937
c) Lendings to financial institutions			
Letters of placements		11,361	9,895
Repurchase agreement lending(Reverse Repo)		132,167	71,899
d) Balances with banks		41,961	21,645
		2,987,835	2,241,405

20 MARK-UP / RETURN /INTEREST EXPENSED

		2019	2018
Borrowings		123,710	-
Finance cost on lease liabilities against right of use		13,797	-
		137,507	-

21. LOSS ON SECURITIES

		2019	2018
Realized		-	1,838

22. OTHER INCOME

		2019	2018
Profit commission from insurance company	22.1	38,667	53,221
Rent on property		38,640	37,800
Gain on sale of fixed assets-net		18	1,566
Inspection and application fee		14,142	10,506
Advance Unit Purchase Charges	22.2	27,089	19,119
Balloon Payment charges of Flexi Scheme		87	220
Storage documentation		5,544	4,569
Penalty income on conventional schemes	4.16	3,177	8,715
Miscellaneous Income		2,762	4,063
Gain on sale of investment in associate	8.1.4.3	-	9,230
		130,126	149,009

22.1 The Company receives back 90% of the premium paid after adjusting actual death claims by the insurance company with respect to property and life insurance after every 3 years.

22.2 The customers who have obtained loan under Islamic finance scheme buys the extra units from the Company upon lumpsum payment therefore their loan is rescheduled and hence charges are paid by them.

	Note	2019	2018
		Rupees in '000	
23. OPERATING EXPENSES			
Total compensation expense	23.1	1,293,157	1,129,502
Property expense			
Rent and taxes		639	27,802
Insurance		2,115	716
Utilities		11,684	10,686
Security (including guards)		6,557	7,440
Repair and maintenance (including janitorial charges)		26,906	23,415
Depreciation		15,132	15,480
Depreciation on right-of-use assets		31,309	-
Others		4,678	4,193
		99,020	89,731
Information technology expenses			
Hardware maintenance		3,788	3,893
Depreciation		13,977	7,739
Amortization	11.1	1,055	443
Network charges		7,908	6,634
		26,728	18,709
Other operating expenses			
Directors' fees and allowances		7,724	5,503
Legal and professional charges		15,931	19,584
Consultancy charges		7,763	29,985
Outsourced services costs	23.2 & 30.1	24,170	24,902
Travelling and conveyance		17,229	9,626
Depreciation		12,219	11,127
Training and development		6,374	6,459
Postage and courier charges		8,387	11,011
Communication		919	942
Stationery and printing		6,065	4,987
Marketing, advertisement and publicity		21,034	9,085
Commission against recovery		457	4,675
Auditors remuneration	23.3	3,321	3,163
Banking service charges		12,426	7,934
Entertainment		3,111	1,654
Vehicle expense		14,070	12,053
Subscription		905	224
Sindh sales tax on services		30,235	-
Others		7,118	3,442
		199,458	166,354
		1,618,363	1,404,297

	Note	2019	2018
		Rupees in '000	
23.1 Total compensation expense			
Managerial Remuneration			
i) Fixed		508,998	481,207
ii) Variable		-	-
a) Cash Bonus & Cash Awards		4,314	58,063
Charge for defined benefit plan	23.1.1	483,765	337,515
Rent & house maintenance		184,827	162,440
Utilities		25,122	19,310
Medical		14,106	16,242
Conveyance		66,073	48,537
Group Life Insurance		(303)	2,027
Overtime to staff		290	233
Contribution to Gratuity Fund		902	974
Contribution to Provident Fund		1,641	1,319
Contribution to Benevolent Fund		3,422	1,635
Grand Total		1,293,157	1,129,502

23.1.1 It includes Rs. 366.3 million (2018: Rs. 250.64 million) pertaining to benefit plan related to pension Rs. 108.2 million (2018: Rs. 82.6 million) pertaining to benefit plan related to medical and Rs. 9.27 million (2018: Rs. 4.26) million) pertaining to benefit plan related to leave encashment.

23.2 Total cost for the year included in Other Operating Expenses relating to outsourced activities is Rs 24.1 million (2018: Rs 24.9 million). Total payment pertains to the payment to companies incorporated in Pakistan. Total cost of outsourced activities for the year given to related parties is Rs Nil (2018: Rs Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Administrative and support staff has been engaged through third party outsourcing arrangement.

	Note	2019	2018
		Rupees in '000	
23.3 Auditors' remuneration			
Audit fee		1,461	1,392
Half yearly review		512	488
Special certifications, Internal Controls over Financial Reporting and other reviews		1,348	1,283
		3,321	3,163
24. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		3	9,878
25. PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Reversal of provision for diminution in value of investments		-	(6,492)
Provision / (reversal) against loans and advances	9.19	376,075	(324,877)
Reversal of provision against doubtful receivable insurance premium from partners		(7,434)	(16,250)
Write off against advances		-	(574)
		368,641	(348,193)

	Note	2019	2018
		Rupees in '000	

26. RELIEF PACKAGE AND REPROCESSING CHARGES

	2019	2018
GAS incentive	20,204	38,391
Reprocessing and closing adjustment	1,236	919
	21,440	39,310

27. TAXATION

	2019	2018
Current	157,698	213,263
Prior years	26,111	-
Deferred tax	(1,992,108)	-
	(1,808,299)	213,263

28. EARNINGS PER SHARE - BASIC AND DILUTED

	2019	2018
Profit for the year	2,762,046,649	1,041,229,879
Weighted average number of ordinary shares	1,936,500,006	1,936,500,006
Earnings per share - basic and diluted	1.43	0.54

29. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and Balance with Treasury Banks	5	42,126	34,387
Balance with other banks	6	368,211	412,020
		410,337	446,407

30. STAFF STRENGTH

	2019	2018
	Number	
Permanent	501	489
On Company's contract	42	10
Company's own staff strength at the end of the year	543	499

30.1 In addition to the above 49 (2018: 49) employees of outsourcing services companies were assigned to the Company as at the end of the year to perform services other than guarding and janitorial services.

31. DEFINED BENEFIT PLAN

31.1 Number of employees under the schemes

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

	2019	2018
	(Number)	
- Pension fund- no of pensioners	670	671
- Post retirement medical benefits- no of pensioners	670	671
- Employees compensated absences-no of employees	402	434

31.2 Principal actuarial assumptions

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

	2019	2018
	------- Per annum -------	
Discount rate	13.75%	13.75%
Expected rate of return on plan assets	13.75%	13.75%
Expected rate of salary increase	11.75%	13.75%
Expected rate of increase in pension	10.75%	12.75%
Expected rate of increase in medical benefit	4.75%	6.75%

31.3 Reconciliation of payable to defined benefit plans

	Note	2019 Pension fund	2019 Medical benefits	2018 Pension fund	2018 Medical benefits
		------- Rupees in '000 -------			
Present value of obligations	31.4	6,916,813	785,816	6,703,632	753,621
Fair value of plan assets	31.5	(5,396,047)	-	(4,232,681)	-
Payable		1,520,766	785,816	2,470,951	753,621

31.4 Movement in defined benefit obligations

		2019 Pension fund	2019 Medical benefits	2018 Pension fund	2018 Medical benefits
Obligations at the beginning of the year		6,703,632	753,621	5,859,114	736,600
Current service cost		78,117	7,446	74,762	12,637
Interest cost		904,845	100,806	530,675	69,977
Benefits paid by the Company		(245,881)	(40,978)	(546,117)	-
Re-measurement (gain) / loss		(523,900)	(35,079)	785,198	(65,593)
Obligations at the end of the year		6,916,813	785,816	6,703,632	753,621

31.5 Movement in fair value of plan assets

		2019 Pension fund	2019 Medical benefits	2018 Pension fund	2018 Medical benefits
Fair value at the beginning of the year		4,232,681	-	3,484,698	-
Interest income on plan assets		616,599	-	354,796	-
Benefits paid by Company		(245,881)	-	546,117	-
Contribution by the Company - net		749,228	-	500,000	-
Re-measurements: Net return on plan assets		-	-	(546,117)	-
over interest income gain / (loss)	31.7.2	43,420	-	(106,813)	-
Fair value at the end of the year		5,396,047	-	4,232,681	-

31.6 Movement in payable under defined benefit schemes

		2019 Pension fund	2019 Medical benefits	2018 Pension fund	2018 Medical benefits
Opening balance		2,470,951	753,621	2,374,416	736,600
Charge for the year		366,363	108,252	250,641	-
Contribution by the Company - net		(749,228)	(40,978)	(500,000)	82,620
Re-measurement gain recognized in OCI during the year	31.7.2	(567,321)	(35,079)	892,011	(65,599)
Benefits paid by the Company		-	-	(546,117)	-
Closing balance		1,520,766	785,816	2,470,951	753,621

31.7 Charge for defined benefit plans

31.7.1 Cost recognized in profit and loss account

	2019 Pension fund	2019 Medical benefits	2018 Pension fund	2018 Medical benefits
Current service cost	78,117	7,446	74,762	12,637
Net interest on defined benefit asset	288,246	100,806	175,879	69,977
	366,363	108,252	250,641	82,614

31.7.2 Re-measurements recognized in other comprehensive income

	2019 Pension fund	2019 Medical benefits	2018 Pension fund	2018 Medical benefits
(Gain) / loss on obligation				
- Financial assumptions	(8,855)	(17,429)	5,806	2,416
- Experience adjustment	(515,045)	(17,650)	779,392	(68,015)
Return on plan assets over interest income	(43,421)	-	106,813	-
Total re-measurements recognized in other comprehensi	(567,321)	(35,079)	892,011	(65,599)

	2019 Pension fund	2018 Pension fund
	——Rupees in '000——	

31.8 Components of plan assets

Bank balances	2,639	1,241
Government Securities	5,393,408	4,231,440
	5,396,047	4,232,681

31.8.1 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.

31.9 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:

		2019	
	Change in assumption	Pension fund	Post retirement medical benefit
		——Rupees in '000——	
Discount rate	1%	6,134,665	704,092
Salary increase	1%	7,064,623	-
Pension increase	1%	7,705,031	-
Medical benefit increase	1%	-	868,221

31.10 Expected contributions to be paid to the fund in the next financial year		500,000
31.11 Expected charge for the next financial year	226,716	103,351

31.12 Maturity profile

The weighted average duration of the obligation is 12.59 years

31.13 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 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 the liability accordingly.

Withdrawal 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.

32. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

32.1 Total Compensation Expense

2019

Items	Directors			President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
	Rupees in '000				
Fees and allowances etc.	800	-	3,600	-	-
Managerial Remuneration					
i) Fixed	-	-	-	-	36,016
ii) Total variable of which					
a) Cash bonus / awards	-	-	-	-	100
b) Bonus and awards in Shares	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	-
Rent and house maintenance	-	-	-	-	13,397
Utilities	-	-	-	-	3,392
Medical	-	-	-	-	860
Conveyance	-	-	-	-	1,562
Mobile Charges	-	-	-	-	133
Others	-	-	-	-	8,582
Total	800	-	3,600	-	64,042
Number of Persons	1	-	4	1	11

2018

Items	Directors			President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
	Rupees in '000				
Directors Fees	660	-	2,760	-	-
Managerial Remuneration					
i) Fixed	-	-	-	-	26,813
ii) Total Variable of which					
a) Cash Bonus / Awards	-	-	-	-	50
b) Bonus & Awards in Shares					-
Charge for defined benefit plan	-	-	-	-	2,526
Contribution to defined contribution plan	-	-	-	-	-
Rent & house maintenance	-	-	-	-	8,099
Utilities	-	-	-	-	1,817
Medical	-	-	-	-	771
Convevance	-	-	-	-	3,069
Mobile Charges	-	-	-	-	81
Others	-	-	-	-	1,366
Total	660	-	2,760	-	44,592
Number of Persons	1	-	6	1	9

32.1.1 Syed Basit Aly, CEO's approval of remuneration is awaited from Ministry of Finance. Currently the salary is paid by State Bank of Pakistan.

32.1.2 Remuneration of Group Head - Human Resource is paid by State Bank of Pakistan. Therefore, it is not included in disclosure.

32.1.3 Key management personnel includes employees as per BPRD circular no. 05 of 2015 issued by SBP.

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

2019

Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Board Committees					
			Audit Committee	HR Committee	R.M. Committee	Credit & Ops Committee	I.T. Committee	Total Amount Paid
		Rs. in '000'						
1	Ali Mehdi	350	200	250	150	200	100	1,250
2	Arfa Waheed	350	200	-	150	200	-	900
3	Azhar Iqbal Kureshi	350	200	250	-	200	100	1,100
4	Mansur Ur Rehman Khan	350	-	250	-	200	-	800
5	Munir Ahmad	250	-	-	100	-	-	350
	Total Amount Paid	1,650	600	750	400	800	200	4,400

2018

Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Board Committees					
			Audit Committee	HR Committee	R.M. Committee	Credit & Ops Committee	I.T. Committee	Total Amount Paid
		Rs. in '000'						
1	Ali Mehdi	290	20	200	-	100	-	610
2	Arfa Waheed	290	110	30	-	150	-	580
3	Azhar Iqbal Kureshi	290	-	210	-	150	-	650
4	Mansur Ur Rehman Khan	290	20	200	-	150	-	660
5	Mian Asif Said	290	110	30	110	-	-	540
6	Munir Ahmad	190		-	100	-	-	290
7	Syed Muhammad Shabbar Zaidi	20	70	-	-	-	-	90
	Total Amount Paid	1,660	330	670	210	550	-	3,420

33. 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 provision for non-performing advances has been calculated in accordance with the Company's accounting policy as stated in note 4.5 to these financial statements.

The repricing profile, effective rates and maturities are stated in note 36.2.1 and 37.1

The management is of the view that the fair value 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.

33.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	6,652,701	-	6,652,701
Listed Ordinary Shares	8,597	-	-	8,597
	8,597	6,652,701	-	6,661,298

	2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	3,939,043	-	3,939,043
Listed Ordinary Shares	8,120	-	-	8,120
	8,120	3,939,043	-	3,947,163

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

Item	**Valuation approach and input used**	**Input used**
Market Treasury Bills	Market approach	PKRV Rates

34. RELATED PARTY TRANSACTIONS

Related parties comprise associated undertaking, retirement benefit plans, directors and key management personnel of the Company. These transactions were made on substantially the same commercial terms as those prevailing at the time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk. There were no transactions with the key management personnel other than those under the terms of their employment. Details of transactions with the related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2019			2018		
	Key management personnel	**Associated Company**	**Other related parties**	**Key management personnel**	**Associated Company**	**Other related parties**
	Rupees in '000					
Advances						
Opening balance	18,587	-	-	24,578	-	-
Addition during the year	32,032	-	-	12,407	-	-
Repaid during the year	(4,557)	-	-	(464)	-	-
Transfer in / (out) - net	4,709	-	-	(17,934)	-	-
Closing balance	50,771	-	-	18,587	-	-
Income						
Mark-up/return/interest earned	1,467	-	-	211	-	-

	2019	2018
	Rupees in '000	

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

	2019	2018
Paid-up capital (net of losses)	20,115,819	19,365,000

Capital Adequacy Ratio (CAR):

	2019	2018
Eligible Common Equity Tier 1 (CET 1) Capital	18,294,419	16,871,812
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	18,294,419	16,871,812
Eligible Tier 2 Capital	72,714	72,491
Total Eligible Capital (Tier 1 + Tier 2)	18,367,133	16,944,303
Risk Weighted Assets (RWAs):		
Credit risk	6,437,579	7,466,824
Market risk	1,154,230	243,259
Operational risk	6,176,150	4,095,728
Total	13,767,959	11,805,811
Common Equity Tier 1 Capital Adequacy ratio	132.88%	142.91%
Tier 1 Capital Adequacy Ratio	132.88%	142.91%
Total Capital Adequacy Ratio	133.40%	143.53%

In accordance with BSD Circular No.19 dated September 05, 2008 the minimum paid up capital requirement (net of losses) of the company at December 31, 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	2014	2015	2016	2017	2018	2019	2020
1	CET-1	5.50%	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	7.00%	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	0.00%	0.25%	0.65%	1.28%	1.90%	2.50%	2.50%
6	Total Capital Plus CCB	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%	12.50%

	2019	2018
	Rupees in '000	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	18,294,419	16,871,812
Total exposures	25,887,947	21,501,280
Leverage ratio	70.67%	78.47%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	6,694,827	3,973,430
Total net cash outflow	3,530	10,258
Liquidity coverage ratio	189655%	38735%

	2019	2018
	Rupees in '000	
Net Stable Funding Ratio (NSFR):		
Total available stable funding	21,126,658	20,486,984
Total required stable funding	10,897,337	11,214,470
Net stable funding ratio	194%	183%

35.1 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

36. 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 State Bank of Pakistan and Base 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.

36.1 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.

36.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	**2019**	2018	**2019**	2018
	Rupees in '000					
Public/ Government	-	3,656,891	-	-	-	-
Private	-	605,683	**55,683**	55,683	**(55,683)**	(55,683)
	-	4,262,574	**55,683**	55,683	**(55,683)**	(55,683)

36.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	**2019**	2018	**2019**	2018
	Rupees in '000					
Construction	**26,240**	26,240	**26,240**	26,240	**(26,240)**	(26,240)

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	**2019**	2018	**2019**	2018
	Rupees in '000					
Public / Government	**6,652,701**	3,939,043	-	-	-	-
Private	**26,240**	26,240	**26,240**	26,240	**(26,240)**	(26,240)
	6,678,941	3,965,283	**26,240**	26,240	**(26,240)**	(26,240)

36.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	**2019**	2018	**2019**	2018
	Rs in '000					
Others	**14,695,070**	14,324,640	**4,210,899**	**4,710,848**	**3,337,315**	2,973,923

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	**2019**	2018	**2019**	2018
	Rupees in '000					
Public/ Government	**6,828**	6,828	**6,828**	6,828	**6,828**	6,828
Private	**14,688,242**	14,317,812	**4,204,071**	4,704,020	**3,330,487**	2,967,096
	14,695,070	14,324,640	**4,210,899**	4,710,848	**3,337,315**	2,973,924

36.1.4 Contingencies and Commitments

Credit risk by industry sector

	2019	2018
	Rupees in '000	
Individuals	**282,366**	226,132
Others	**487,966**	1,045,256
	770,332	1,271,388

36.1.5 Advances - Province/Region-wise Disbursement & Utilization

2019

Province/Region	Disbursement	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	1,455,970	1,455,970	-	-	-	-	-
Sindh	876,475	-	876,475	-	-	-	-
KPK including FATA	307,585	-	-	307,585	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	465,099	-	-	-	-	465,099	-
AJK including Gilgit-Baltistan	191,787	-	-	-	-	-	191,787
Total	3,296,916	1,455,970	876,475	307,585	-	465,099	191,787

2018

Province/Region	Disbursement	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	983,680	983,680	-	-	-	-	-
Sindh	580,113	-	580,113	-	-	-	-
KPK including FATA	229,478	-	-	229,478	-	-	-
Balochistan	14,220	-	-	-	14,220	-	-
Islamabad	100,334	-	-	-	-	100,334	-
AJK including Gilgit-Baltistan	131,213	-	-	-	-	-	131,213
Total	2,039,038	983,680	580,113	229,478	14,220	100,334	131,213

36.2 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:

36.2.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

			2019									
	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 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		42,126	-	-	-	-	-	-	-	-	-	42,126
Balances with other banks	8.0%-13.95%	368,211	368,211	-	-	-	-	-	-	-	-	-
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	9.25%-14.24%	10,283,836	3,352,149	4,048,125	2,328,930	387,016	-	167,618	-	-	-	-
Advances		11,668,736	557,559	184,120	277,512	563,305	1,290,308	1,061,508	3,508,394	2,971,818	1,254,212	-
Deferred tax		1,817,412	86,840	28,677	43,223	87,735	200,966	165,331	546,434	462,862	195,344	-
Other assets		618,025	-	-	-	-	-	-	-	-	-	618,025
		24,798,347	4,364,759	4,260,922	2,649,665	1,038,056	1,491,274	1,394,457	4,054,828	3,434,680	1,449,556	660,151
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	8.50%	2,000,000	95,565	1,904,435	-	-	-	-	-	-	-	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		3,093,783	-	-	-	-	-	-	-	-	-	3,093,783
		5,093,783	95,565	1,904,435	-	-	-	-	-	-	-	3,093,783
On-balance sheet gap		19,704,564	4,269,194	2,356,486	2,649,665	1,038,056	1,491,274	1,394,457	4,054,828	3,434,680	1,449,556	(2,433,632)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Other commitments (to be specified)		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			4,269,194	2,356,486	2,649,665	1,038,056	1,491,274	1,394,457	4,054,828	3,434,680	1,449,556	(2,433,632)
Cumulative Yield/Interest Risk Sensitivity Gap			4,269,194	2,356,486	2,649,665	1,038,056	1,491,274	1,394,457	4,054,828	3,434,680	1,449,556	(2,433,632)

	Effective Yield/ Interest rate	Total	2018 Exposed to Yield/ Interest risk									
			Upto 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	Non-interest bearing financial instruments
			Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		34,387	-	-	-	-	-	-	-	-	-	34,387
Balances with other banks	5.08%-8%	412,020	412,020	-	-	-	-	-	-	-	-	-
Lending to financial institutions	10.1%-10.9%	4,213,383	4,056,891	150,000	-	-	-	-	-	-	-	-
Investments	8.8%-9.32%	4,010,448	1,305,082	1,576,044	906,715	150,676	-	65,258	-	-	-	12,934
Advances		17,045,904	814,493	268,966	405,395	822,886	1,884,906	1,550,671	5,125,126	4,341,286	1,832,176	-
Other assets		218,934	-	-	-	-	-	-	-	-	-	218,934
		25,935,076	6,588,486	1,995,009	1,312,110	973,561	1,884,906	1,615,929	5,125,126	4,341,286	1,832,176	266,255
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings		-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		3,972,657	-	-	-	-	-	-	-	-	-	3,972,657
		3,972,657	-	-	-	-	-	-	-	-	-	3,972,657
On-balance sheet gap		21,962,419	6,588,486	1,995,009	1,312,110	973,561	1,884,906	1,615,929	5,125,126	4,341,286	1,832,176	(3,706,402)
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			6,588,486	1,995,009	1,312,110	973,561	1,884,906	1,615,929	5,125,126	4,341,286	1,832,176	(3,706,402)
Cumulative Yield/Interest Risk Sensitivity Gap			6,588,486	1,995,009	1,312,110	973,561	1,884,906	1,615,929	5,125,126	4,341,286	1,832,176	(3,706,402)

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

	December 31, 2019	December 31, 2018
	------ (Rupees in '000) ------	
Total financial assets	**24,798,347**	20,563,861
Operating fixed assets and intangibles assets	**403,499**	314,020
Total assets as per balance sheet	**25,201,846**	20,877,881
Total financial liabilities	**3,093,783**	3,972,657

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.

36.3 Operational Risk

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

37. 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 of assets.

Asset and Liability Committee (ALCO), Treasury, Finance Division and Risk Management Department each have a role in management of liquidity risk.

37.1 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Company

	Total	2019								
		Upto 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	42,126	42,126	-	-	-	-	-	-	-	-
Balances with other banks	368,211	368,211	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	10,283,836	3,322,233	4,011,997	2,308,146	383,561	-	166,120	-	-	91,779
Advances	11,668,736	557,560	184,120	277,512	563,365	1,290,308	1,061,508	3,508,394	2,971,818	1,254,212
Fixed assets	381,636	18,235	6,022	9,076	18,423	42,201	34,718	114,745	97,196	41,028
Intangible assets	21,863	1,046	345	520	1,055	2,418	1,989	6,573	5,568	2,350
Deferred tax assets	1,817,412	86,840	28,677	43,223	87,735	200,966	165,331	546,434	462,862	195,344
Other assets	618,025	7,742	81,772	7,413	18,582	200,999	236,226	19,246	41,326	4,720
	25,201,846	4,403,992	4,312,932	2,645,890	1,072,661	1,736,892	1,665,892	4,195,392	3,578,769	1,589,424
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	2,000,000	35,524	1,964,476	-	-	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,093,783	54,951	58,311	113,234	216,390	889,921	686,286	1,017,744	40,646	16,299
	5,093,783	90,475	2,022,787	113,234	216,390	889,921	686,286	1,017,744	40,646	16,299
Net assets	20,108,063	4,313,517	2,290,145	2,532,656	856,271	846,970	979,606	3,177,648	3,538,123	1,573,124
Share capital	19,365,000									
Reserves	1,799,383									
Accumulated loss	(1,048,564)									
Deficit on revaluation of assets	(7,756)									
	20,108,063									

	Total	2018								
		Upto 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	34,387	34,387	-	-	-	-	-	-	-	-
Balances with other banks	412,020	412,020	-	-	-	-	-	-	-	-
Lending to financial institutions	4,206,891	494,032	3,712,859	-	-	-	-	-	-	-
Investments	4,010,448	1,295,591	1,564,582	900,121	149,580	-	64,783	-	-	35,791
Advances	11,681,180	558,154	184,316	277,808	563,905	1,291,684	1,062,640	3,512,135	2,974,987	1,255,549
Intangible assets	312,517	1,890	3,729	5,594	12,812	22,377	22,377	43,879	77,744	122,115
Operating Fixed assets	1,503	9	18	27	62	108	108	211	374	587
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	218,934	2,765	29,200	2,647	6,635	71,774	84,354	6,872	14,757	1,685
	20,877,881	2,798,848	5,494,704	1,186,198	732,994	1,385,943	1,234,262	3,563,098	3,067,862	1,415,728
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,972,657	70,558	74,871	145,393	277,845	1,142,661	881,193	1,306,786	52,190	20,929
	3,972,657	70,558	74,871	145,393	277,845	1,142,661	881,193	1,306,786	52,190	20,929
Net assets	16,905,224	2,728,290	5,419,833	1,040,804	455,149	243,283	353,069	2,256,313	3,015,672	1,394,799
Share capital	19,365,000									
Reserves	1,246,974									
Accumulated loss	(3,685,905)									
Surplus on revaluation of assets	(20,845)									
	16,905,224									

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

38. DATE OF AUTHORIZATION

These financial statements were approved and authorized for issue on 04 MAR 2020 by the Board of Directors of the Company.

39. GENERAL

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

President/Chief Executive	Chief Financial Officer	Director	Director	Director

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED 2019

S. No	Account No	Name of the Borrower	Address of the Borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (11+12+13)
						Principal	Interest/ Mark-up	Appreciation	Other than Interest / Mark-up	Total				
1		2	3	4	5	6	7	8	9	10	11	12	13	
						Rs '000s								
1	1100001773	Irshad Begum	SAEED KHAN BAGH 9 STATION KORONA CHARSADDA	1710263133200	Iftikhar Husssain	242,190	3,204	-	-	245,394	242,190	3,204	-	245,394
2	1090003037	Bashir Muhammad Abbasi	4090/29-RAJA TOWN NEW SHAKRI RAWALPINDI	3740552557783	Abdul Rasheed	44,000	1,492	-	-	45,492	44,000	1,492	*14961	45,492
3	8480001729	Munazza Sultana	769-D1-MILLATABAD KARACHI	N/A	Shamin Hussain	316,097	316,097	35,565	5,000	672,759	316,097	35,565	5,000	356,662
4	7640325993	Wali Muhammad	H-NO-273 OCT NO-22 RAWALPINDI.	21039048613	Babu Khan	52,261	243,662	-	-	295,923	52,261	243,662	-	295,923
5	1110000908	Masaud Khan	PIR SHAHID ABAD KOHA DEH BAHADUR, PESHAWAR CITY	1730144708147	MR.TAJ MUHAMMAD	95,594	9	-	1,311	96,914	31,623	1,401	-	33,024
				TOTAL:		750,142	564,464	35,565	6,311	1,356,482	686,171	285,324	5,000	976,495

* Relief includes amounts which would be due to the Company under contractual arrangements whether or not accrued in the books.