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Rahman**

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Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
HOUSE BUILDING FINANCE COMPANY LIMITED**

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Report on review of condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **House Building Finance Company Limited** (the Company) as at **30 June 2023** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and notes to and forming part of the condensed interim financial statements for the half year then ended (herein after referred to as the condensed interim financial statements). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

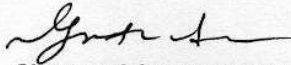
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 30 June 2023 and 30 June 2022 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been subject to the review and therefore, we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review is Khurram Jameel.



Chartered Accountants

Place: Karachi

Date: 28 February 2024


UDIN: RR202310093ix3HkLjqV

HOUSE BUILDING FINANCE COMPANY LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023


	Note	Quarter Ended		Period Ended	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
----- Rupees in '000 -----					
Mark-up/return/interest earned	14	2,665,453	817,704	4,233,681	1,535,703
Mark-up/return/interest expensed	15	(1,522,097)	(46,013)	(2,163,995)	(90,265)
Net mark-up/interest income		1,143,356	771,691	2,069,686	1,445,438
NON MARK-UP/INTEREST INCOME					
Fee and commission income		-	-	-	-
Dividend income		1,254	210	1,254	420
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Loss on securities		-	-	(505)	-
Other income		26,144	22,246	49,611	41,927
Total non-markup / interest income		27,398	22,456	50,360	42,347
Total income		1,170,754	794,147	2,120,046	1,487,785
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	16	(408,412)	(391,012)	(861,324)	(734,061)
Sindh Workers' Welfare Fund		(15,893)	(8,328)	(26,660)	(16,399)
Other charges		-	-	-	-
Total non-markup / interest expenses		(424,305)	(399,340)	(887,984)	(750,460)
Profit before provisions		746,449	394,807	1,232,062	737,325
Provisions and write offs - net	17	33,913	56,529	74,795	110,590
Relief package and reprocessing charges		-	(43,265)	(518)	(44,373)
PROFIT BEFORE TAXATION		780,362	408,071	1,306,339	803,542
Taxation	18	(299,344)	16,458	(462,683)	(50,762)
PROFIT AFTER TAXATION		481,018	424,529	843,656	752,780
----- Rupees -----					
Earnings per share - basic & diluted	19	0.25	0.22	0.44	0.39

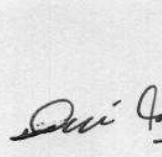
The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

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 President / Chief Executive


 Chief Financial Officer


 Director


 Director



 Director

HOUSE BUILDING FINANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023

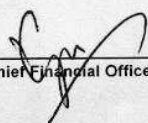
	Quarter Ended		Period Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	----- Rupees in '000 -----			
Profit after taxation	481,018	424,529	843,656	752,780
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Surplus / (deficit) on revaluation of investments	4,855	(44,244)	(7,545)	(62,751)
Total comprehensive income	<u>485,873</u>	<u>380,285</u>	<u>836,111</u>	<u>690,029</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


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 President / Chief Executive



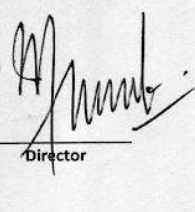
 Chief Financial Officer



 Director



 Director



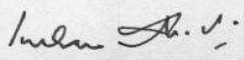
 Director

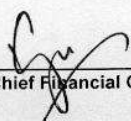
HOUSE BUILDING FINANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023


	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of investments	Accumulated profit / (loss)	Total
----- Rupees in '000 -----					
Balance as at 01 January 2022	19,365,000	2,069,755	(141,814)	493,684	21,786,625
Profit after taxation	-	-	-	752,780	752,780
Other comprehensive loss - net of tax	-	-	(62,751)	-	(62,751)
Transfer to statutory reserve	-	150,556	-	(150,556)	-
Balance as at 30 June 2022	19,365,000	2,220,311	(204,565)	1,095,908	22,476,654
Profit after taxation	-	-	-	725,530	725,530
Other comprehensive loss - net of tax	-	-	4,703	(101,991)	(97,288)
Transfer to statutory reserve	-	145,106	-	(145,106)	-
Balance as at 31 December 2022	19,365,000	2,365,417	(199,862)	1,574,341	23,104,896
Profit after taxation	-	-	-	843,656	843,656
Other comprehensive loss - net of tax	-	-	(7,545)	-	(7,545)
Transfer to statutory reserve	-	168,731	-	(168,731)	-
Balance as at 30 June 2023	19,365,000	2,534,148	(207,407)	2,249,266	23,941,007


The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

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 President / Chief Executive


 Chief Financial Officer


 Director



 Director


 Director

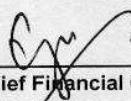
HOUSE BUILDING FINANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 30 JUNE 2023

	30 June 2023	30 June 2022
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,306,339	803,542
Less: Dividend income	(1,254)	(420)
	<u>1,305,085</u>	<u>803,122</u>
Adjustments for non-cash items		
Depreciation	58,334	52,509
Amortization	2,194	2,676
Provisions and write offs - net	(74,795)	110,590
Gain on sale of fixed assets - net	(261)	-
Loss on securities	505	-
Provision for Sindh Workers Welfare Fund	26,660	16,399
Finance charges on leased assets	24,765	90,265
Relief package and reprocessing charges	518	44,373
	<u>37,920</u>	<u>316,812</u>
	<u>1,343,005</u>	<u>1,119,934</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	-	179,100
Advances	974,187	(1,701,103)
Others assets (excluding advance taxation)	(1,028,257)	(84,133)
	<u>(54,070)</u>	<u>(1,606,136)</u>
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	18,755,815	(275,364)
Other liabilities (excluding current taxation)	300,804	(551,643)
	<u>19,056,619</u>	<u>(827,007)</u>
Income tax paid	(323,679)	(77,689)
Net cash generated from / (used in) operating activities	<u>20,021,875</u>	<u>(1,390,898)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(19,445,903)	1,465,848
Dividend received	1,254	420
Investments in operating fixed assets	(55,959)	(18,571)
Proceeds from sale of fixed assets	5,688	3
Net cash (used in) / generated from investing activities	<u>(19,494,920)</u>	<u>1,447,700</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of liabilities against right-of-use assets	(36,576)	(32,120)
INCREASE IN CASH AND CASH EQUIVALENTS	<u>490,379</u>	<u>24,682</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>18,847</u>	<u>60,923</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>509,226</u></u>	<u><u>85,605</u></u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



President / Chief Executive



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

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

Presently, the Company is on active privatisation list in the current privatisation program of the GoP. The Cabinet Committee on Privatisation (CCoP) has approved the privatisation of the Company. It is expected to complete the privatisation by 31 December 2023.

2 STATEMENT OF COMPLIANCE

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

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

Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, 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 IAS 40, 'Investment Property' till further instructions. Further, as per SBP's BPRD Circular No. 7 dated 13 April 2023, IFRS 9 will become effective for the Company's financial statements for accounting period beginning on or after 1 January 2024. As disclosed in note 2.2.2 to the annual financial statements for the year ended 31 December 2022, the Company had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Company will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

The disclosures made in this condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 5 dated 22 March 2019 and the requirements of IAS 34, "Interim Financial Reporting". This condensed interim financial information does not include all the disclosures required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2022.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2023 and 30 June 2022 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months ended 30 June 2023 and 30 June 2022.

HOUSE BUILDING FINANCE COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except that investments 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 discounted using incremental borrowing rate over the lease term and are recorded at present value.

3.2 Functional and presentation currency

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

3.3 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the annual financial statements for the year ended 31 December 2022.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2022.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2022.

		30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		----- Rupees in '000 -----	
6	CASH AND BALANCES WITH TREASURY BANKS		
		Note	
	With State Bank of Pakistan in Local currency current account	433,955	14,951
	With National Bank of Pakistan in Local currency deposit account	34	54
		<u>433,989</u>	<u>15,005</u>
7	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In deposit accounts	7.1	3,842
7.1	These carry mark-up at rates ranging from 14.50% to 20.50% (31 December 2022: 8.25% to 14.50%) per annum.	<u>75,237</u>	<u>3,842</u>

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 JUNE 2023

	Performing		Non Performing		Total	
	30 June 2023 (Un-Audited)	31 December 2022 (Audited)	30 June 2023 (Un-Audited)	31 December 2022 (Audited)	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
9 ADVANCES	----- Rupees in 000 -----					
In Pakistan - local currency						
Rental Sharing Schemes	-	-	1,097,002	1,126,565	1,097,002	1,126,565
Interest Bearing Schemes	-	-	94,552	95,251	94,552	95,251
Ghar Aasan Scheme	253,469	316,313	708,935	742,133	962,404	1,058,446
Shandar Ghar Scheme	-	-	61,897	69,382	61,897	69,382
Financing facility for Small Builders	856	858	4,968	4,968	5,824	5,826
Ghar Aasan Flexi Scheme	4,440,615	5,142,995	957,353	977,180	5,397,968	6,120,175
Bisma & Saima Projects	9,563	10,190	-	-	9,563	10,190
New Small Builders	-	-	4,227	4,265	4,227	4,265
Ghar Pakistan Scheme	2,209,671	2,381,015	60,686	53,506	2,270,357	2,434,521
Ghar Pakistan Plus Scheme	1,331,174	1,405,075	15,996	7,983	1,347,170	1,413,058
Ghar Ujala Scheme	52,024	12,739	-	-	52,024	12,739
HBFC Khas	2,603	2,795	-	-	2,603	2,795
Mera Pakistan Mera Ghar	6,225,657	6,325,004	3,973	-	6,229,630	6,325,004
	14,525,632	15,596,984	3,009,589	3,081,233	17,535,221	18,678,217
Employee portfolio						
Housing finance to employees	553,222	491,697	5,550	5,550	558,772	497,247
Car advance to employees	158,026	82,380	-	-	158,026	82,380
Staff Personal Loan	31,654	23,935	-	-	31,654	23,935
PC advance to employees	-	-	19	19	19	19
	742,902	598,012	5,569	5,569	748,471	603,581
Partners' death claims	(3,955)	(28,391)	-	-	(3,955)	(28,391)
Advances - gross	15,264,579	16,166,605	3,015,158	3,086,802	18,279,737	19,253,407
Provision for non-performing advances						
- Specific						
Rental Sharing Schemes	-	-	1,097,002	1,126,565	1,097,002	1,126,565
Interest Bearing Schemes	-	-	94,552	95,251	94,552	95,251
Ghar Aasan Scheme	-	-	660,490	703,669	660,490	703,669
Shandar Ghar Scheme	-	-	61,897	69,382	61,897	69,382
Financing facility for Small Builders	-	-	4,968	4,968	4,968	4,968
Ghar Aasan Flexi Scheme	-	-	768,741	832,163	768,741	832,163
New Small Builders Scheme	-	-	4,227	4,265	4,227	4,265
Ghar Pakistan Scheme	-	-	26,456	23,322	26,456	23,322
Ghar Pakistan Plus Scheme	-	-	6,562	2,966	6,562	2,966
Housing finance to employees	-	-	5,550	5,550	5,550	5,550
PC advance to employees	-	-	19	19	19	19
	-	-	2,730,464	2,868,120	2,730,464	2,868,120
- General	341,758	278,897	-	-	341,758	278,897
Advances - net of provision	14,922,821	15,887,708	284,694	218,682	15,207,515	16,106,390

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 JUNE 2023

- 9.1 Advances include Rs. 3,015 million (31 December 2022: Rs. 3,087 million) which have been placed under non-performing status as detailed below:

	30 June 2023		31 December 2022	
	(Un-Audited)		(Audited)	
Categories of Classification	Non performing loans	Provision	Non performing loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned	144,167	317	83,795	506
Substandard	118,284	29,571	86,899	21,725
Doubtful	104,265	52,133	140,440	70,220
Loss	2,648,442	2,648,442	2,775,669	2,775,669
Total	3,015,158	2,730,464	3,086,803	2,868,120

- 9.2 Particulars of provision against advances

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	2,868,120	278,897	3,147,017	3,201,604	225,295	3,426,899
(Reversal) / Charge for the period	(137,656)	62,861	(74,795)	(333,484)	53,602	(279,882)
Closing balance	2,730,464	341,758	3,072,222	2,868,120	278,897	3,147,017

10 OTHER ASSETS	Note	30 June 2023	31 December 2022
		(Un-Audited)	(Audited)
		----- Rupees in 000 -----	
Income / mark-up accrued in local currency - net of provision			
- Advances		488,769	462,862
- Investments		1,246,842	269,760
Advances, deposits and prepayments		132,740	108,775
Advance taxation (payments less provisions)		129,212	227,365
Advance for purchase of land - housing projects		53,815	53,815
Other receivables against advances - net		23,320	22,017
		2,074,698	1,144,594
Less: Provision held against other assets		(53,815)	(53,815)
		2,020,883	1,090,779
11 BORROWINGS			
Secured - Local currency			
Pakistan Mortgage Refinance Company Limited	11.1	1,781,403	2,101,162
Repurchase agreement borrowing (Repo)	11.2	29,765,333	10,729,977
Refinance from SBP - Ghar Ujala Scheme		40,533	-
Refinance from SBP - HBFC Khas		2,475	2,790
		31,589,744	12,833,929

- 11.1 The borrowing is secured against advances of customers and carries markup @ 6.00% - 11.00% (31 December 2022: 6.00% - 7.00%) per annum.

- 11.2 The borrowing is secured against Pakistan Investment Bonds and carries markup @ 15.20% - 21.90% (31 December 2022: 10.60% - 17.00%) per annum.

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 JUNE 2023

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	----- Rupees in '000 -----	
12 OTHER LIABILITIES		
Mark up payable on borrowings	629,324	128,675
Retirement and other service benefits	29,406	73,955
Demand charges	9,885	8,408
Accrued expenses	116,246	254,938
Advance payments from customers	304,178	291,716
Insurance premium payable	90,509	83,011
Advance rent received	33,984	60,436
Sindh Workers' Welfare Fund	84,891	58,231
Others	15,238	18,984
	<u>1,313,661</u>	<u>978,354</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
There has been no significant change in the status of contingencies as disclosed in the annual financial statements of the Company for the year ended 31 December 2022.		
	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	----- Rupees in '000 -----	
13.2 Commitments		
Loans sanctioned but not disbursed	172,281	339,178
Equity investment to be made in Pakistan Mortgage Refinance Company Limited	193,325	193,325
Land to be purchased for Gwadar Housing Projects	149,725	149,725
Software being developed to replace Loan Management System	25,796	31,613
Other commitments	54,216	54,216
	<u>595,343</u>	<u>768,057</u>
14 MARK-UP/RETURN/INTEREST EARNED	30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
	----- Rupees in '000 -----	
a) Loans and advances		
Customers	1,558,338	1,095,281
Employees	10,610	8,442
b) Investments		
Available-for-sale	2,442,214	301,010
Held-to-maturity	97,553	82,613
c) Lendings to financial institutions		
Letters of placement	151	238
Repurchase agreement lending (Reverse repo)	118,902	40,178
d) Balances with banks - deposit accounts	5,913	7,941
	<u>4,233,681</u>	<u>1,535,703</u>
15 MARK-UP / RETURN / INTEREST EXPENSED		
Borrowings	2,139,230	79,485
Finance lease charge	24,765	10,780
	<u>2,163,995</u>	<u>90,265</u>

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 JUNE 2023

		30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
		----- Rupees in '000 -----	
16 OPERATING EXPENSES	Note		
Total compensation expense	16.1	596,399	536,690
Property expense			
Rent and taxes		10,245	947
Insurance		845	826
Utilities cost		12,578	12,554
Security (including guards)		5,154	3,482
Repair and maintenance (including janitorial charges)		51,616	30,037
Depreciation		7,751	7,557
Depreciation on right-of-use assets		32,080	30,505
		120,269	85,908
Information technology expenses			
Hardware maintenance		10,682	2,879
Depreciation		7,657	7,304
Amortization		2,194	2,676
Network charges		3,983	4,888
		24,516	17,747
Other operating expenses			
Directors' fees and allowances		350	400
Legal and professional charges		12,485	15,512
Consultancy charges		11,890	2,867
Outsourced services costs		23,173	23,657
Travelling and conveyance		7,009	4,607
Depreciation		10,846	7,143
Training and development		1,624	5,080
Postage and courier charges		2,542	1,922
Communication		2,443	2,326
Stationery and printing		3,782	3,510
Marketing, advertisement and publicity		13,250	5,344
Auditors remuneration		1,950	1,950
Banking service charges		5,279	4,308
Entertainment		1,353	1,041
Vehicle expense		15,270	8,595
Subscription		1,907	1,751
Others		4,987	3,703
		120,140	93,716
		861,324	734,061
16.1	This amount includes remuneration, bonuses and other allowances paid to employees.		
17 PROVISIONS & WRITE OFFS - net		30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
		----- Rupees in '000 -----	
Reversal of provision for non-performing advances		74,795	110,590

HOUSE BUILDING FINANCE COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023

		30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
		----- Rupees in '000 -----	
18 TAXATION			
Current		421,832	154,009
Deferred		40,851	(103,247)
		<u>462,683</u>	<u>50,762</u>
19 EARNING PER SHARE - BASIC AND DILUTED			
Profit for the period		<u>843,656</u>	<u>752,780</u>
		----- No. of shares -----	
Weighted average number of ordinary shares		<u>1,936,500,006</u>	<u>1,936,500,006</u>
		----- Rupees -----	
Earnings per share - basic and diluted		<u>0.44</u>	<u>0.39</u>
20 CASH AND CASH EQUIVALENTS	Note	----- Rupees in '000 -----	
Cash and balances with treasury banks	6	433,989	15,005
Balances with other banks	7	75,237	3,842
		<u>509,226</u>	<u>18,847</u>

21 FAIR VALUE MEASUREMENTS

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

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

21.1 Fair value of financial assets

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:

	30 June 2023 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	35,178,929	-	35,178,929
Listed ordinary shares	4,802	-	-	4,802
	<u>4,802</u>	<u>35,178,929</u>	<u>-</u>	<u>35,183,731</u>

HOUSE BUILDING FINANCE COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023

	31 December 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	15,753,002	-	15,753,002
Listed ordinary shares	4,873	-	-	4,873
	<u>4,873</u>	<u>15,753,002</u>	<u>-</u>	<u>15,757,875</u>

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

Item	Input used
Federal Government Securities	PKRV Rates

22 RELATED PARTY TRANSACTIONS

Related parties comprise of associates, directors and key management personnel of the Company. There were no transactions with the key management personnel other than those under the terms of their employment. Key management personnel includes chief executive officer, group head internal auditor, group head treasury, chief financial officer, company secretary, group head compliance and risk management, group head recovery and head of information technology. Details of transactions with the related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

	30 June 2023 (Un-Audited) Key management personnel	31 December 2022 (Audited) Key management personnel
Advances	----- Rupees in '000 -----	
Opening balance	48,487	55,439
Addition during the period / year	21,630	24,705
Repaid during the period / year	(11,652)	(22,425)
Transfer out - net	-	(9,232)
Closing balance	<u>58,465</u>	<u>48,487</u>
Income	----- Rupees in '000 -----	
Markup / return / interest earned	<u>794</u>	<u>1,681</u>

HOUSE BUILDING FINANCE COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED 30 JUNE 2023

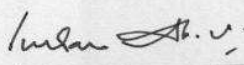
	30 June 2023 (Un-Audited)	31 December 2022 (Restated)
	----- Rupees in '000 -----	
23 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	<u>21,691,741</u>	<u>21,530,554</u>
Capital Adequacy Ratio (CAR)		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>22,979,938</u>	<u>22,192,045</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>22,979,938</u>	<u>22,192,045</u>
Eligible Tier 2 Capital	<u>104,447</u>	<u>97,868</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>23,084,385</u>	<u>22,289,913</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>8,355,749</u>	<u>7,829,406</u>
Market Risk	<u>-</u>	<u>2,108,625</u>
Operational Risk	<u>6,332,458</u>	<u>6,332,458</u>
Total	<u>14,688,207</u>	<u>16,270,489</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>156.45%</u>	<u>136.39%</u>
Tier 1 Capital Adequacy Ratio	<u>156.45%</u>	<u>136.39%</u>
Total Capital Adequacy Ratio	<u>157.16%</u>	<u>137.00%</u>
Leverage Ratio (LR)		
Eligible Tier-1 Capital	<u>22,979,938</u>	<u>22,192,045</u>
Total Exposure	<u>57,543,346</u>	<u>38,074,202</u>
Leverage Ratio	<u>39.94%</u>	<u>58.29%</u>
Liquidity Coverage Ratio (LCR)		
Total High Quality Liquid Assets	<u>5,848,000</u>	<u>5,173,000</u>
Total Net Cash Outflow	<u>2,150</u>	<u>4,000</u>
Liquidity Coverage Ratio	<u>272000%</u>	<u>129325%</u>
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	<u>40,041,000</u>	<u>24,468,000</u>
Total Required Stable Funding	<u>15,919,000</u>	<u>15,668,000</u>
Net Stable Funding Ratio	<u>252%</u>	<u>156%</u>

24 DATE OF AUTHORIZATION

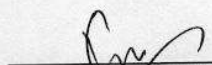
The condensed interim financial statements were authorized for issue on Feb 27, 2024 by the Board of Directors of the Company.

25 GENERAL

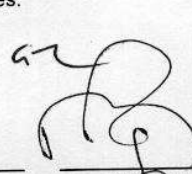
Figures have been rounded-off to the nearest thousand rupees.



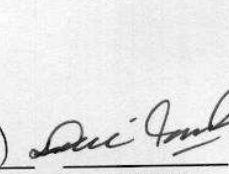
 President / Chief Executive




 Chief Financial Officer



 Director



 Director



 Director