


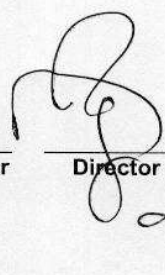
**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2023**

		September 30, 2023 (Un-Audited)	December 31, 2022 (Un-Audited)
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	18,338	15,005
Balances with other banks	7	49,739	3,842
Lendings to financial institutions	8	6,154,976	-
Investments	9	29,237,302	18,008,675
Advances	10	14,710,935	16,106,390
Fixed assets	11	610,054	630,254
Intangible assets	12	64,342	61,768
Deferred tax assets		1,473,239	1,389,432
Other assets	13	2,138,069	1,090,779
		<b>54,456,994</b>	<b>37,306,145</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	14	27,951,785	12,833,929
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		368,167	388,967
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	15	1,476,626	978,353
		<b>29,796,578</b>	<b>14,201,249</b>
<b>NET ASSETS</b>			
		<b>24,660,416</b>	<b>23,104,896</b>
<b>REPRESENTED BY</b>			
Share capital		19,365,000	19,365,000
Reserves		2,652,237	2,365,417
Deficit on revaluation of investments	16	(78,440)	(199,862)
Accumulated losses		2,721,619	1,574,341
		<b>24,660,416</b>	<b>23,104,896</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17		

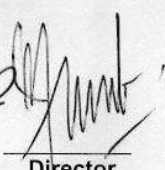
The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

  
 \_\_\_\_\_  
 President/Chief Executive

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director


  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

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

	Note	Quarter Ended		Period Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Rupees in '000					
Mark-up/return/interest earned	18	2,768,887	947,516	7,002,568	2,483,219
Mark-up/return/interest expensed	19	(1,477,568)	(131,712)	(3,641,563)	(221,977)
<b>Net mark-up/interest income</b>		<b>1,291,319</b>	<b>815,804</b>	<b>3,361,005</b>	<b>2,261,242</b>
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and commission income		-	-	-	-
Dividend income		-	167	1,254	587
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on sale of securities	20	2,851	101	2,346	101
Other income	21	26,883	22,234	76,494	64,161
<b>Total non-markup / interest income</b>		<b>29,734</b>	<b>22,502</b>	<b>80,094</b>	<b>64,849</b>
<b>Total Income</b>		<b>1,321,053</b>	<b>838,306</b>	<b>3,441,099</b>	<b>2,326,091</b>
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	22	(445,487)	(423,288)	(1,306,811)	(1,157,349)
Workers Welfare Fund		(17,915)	(8,748)	(44,575)	(25,147)
Other charges		-	(2,545)	-	(2,545)
<b>Total non-markup / interest expenses</b>		<b>(463,402)</b>	<b>(434,581)</b>	<b>(1,351,386)</b>	<b>(1,185,041)</b>
<b>Profit before provisions</b>		<b>857,651</b>	<b>403,725</b>	<b>2,089,713</b>	<b>1,141,050</b>
(Provision) / Reversal of provision and write offs - net	23	21,291	43,069	96,086	153,659
Relief package and reprocessing charges	24	(1,127)	(18,116)	(1,645)	(62,489)
<b>PROFIT BEFORE TAXATION</b>		<b>877,815</b>	<b>428,678</b>	<b>2,184,154</b>	<b>1,232,220</b>
Taxation	25	(287,373)	(86,604)	(750,056)	(137,366)
<b>PROFIT AFTER TAXATION</b>		<b>590,442</b>	<b>342,074</b>	<b>1,434,098</b>	<b>1,094,854</b>
<b>Rupees</b>					
<b>Earnings per share - basic &amp; diluted</b>	26	<b>0.30</b>	<b>0.18</b>	<b>0.74</b>	<b>0.57</b>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

  
 President/Chief Executive

  
 Chief Financial Officer

  
 Director

  
 Director

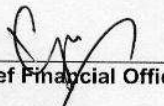
  
 Director

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

	Quarter Ended		Period Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- (Rupees in '000) -----			
Profit after taxation for the period	590,442	342,074	1,434,098	1,094,854
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments	128,967	13,527	121,422	(49,224)
<b>Total comprehensive income</b>	<b>719,409</b>	<b>355,601</b>	<b>1,555,520</b>	<b>1,045,630</b>

The annexed notes 1 to 32 form an integral part of these condensed interim financial information.

  
 \_\_\_\_\_  
 President/Chief Executive

  
 \_\_\_\_\_  
 Chief Financial Officer

  
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 Director

  
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 Director

  
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 Director

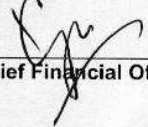
**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

	Share capital	Statutory reserve	Surplus/(Defi cit) on revaluation of Investments	Accumulated losses	Total
	-----Rupees in '000-----				
Balance as at January 1, 2022	19,365,000	2,069,755	(141,814)	493,684	21,786,625
Profit after taxation for the period ended September 30, 2022	-	-	-	1,094,854	1,094,854
Other comprehensive income - net of tax	-	-	(49,224)	-	(49,224)
Transfer to statutory reserve	-	218,971	-	(218,971)	-
Balance as at September 30, 2022	19,365,000	2,288,726	(191,038)	1,369,567	22,832,255
Profit after taxation for the quarter ended December 31, 2022	-	-	-	383,456	383,456
Other comprehensive income - net of tax	-	-	(8,824)	(101,991)	(110,815)
Transfer to statutory reserve	-	76,691	-	(76,691)	-
Balance as at December 31, 2022	19,365,000	2,365,417	(199,862)	1,574,341	23,104,896
Profit after taxation for the period ended September 30, 2023	-	-	-	1,434,098	1,434,098
Other comprehensive income - net of tax	-	-	121,422	-	121,422
Transfer to statutory reserve	-	286,820	-	(286,820)	-
<b>Balance as at September 30, 2023</b>	<b>19,365,000</b>	<b>2,652,237</b>	<b>(78,440)</b>	<b>2,721,619</b>	<b>24,660,416</b>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

\* 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 reserves 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.

  
 President/Chief Executive

  
 Chief Financial Officer

  
 Director

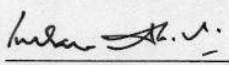
  
 Director

  
 Director

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

	September 30, 2023	September 30, 2022
Note	-----Rupees in '000-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,184,154	1,232,220
<b>Adjustments:</b>		
Depreciation	39,955	33,455
Depreciation on right-of-use assets	47,815	44,283
Amortization	3,290	3,790
Reversal of provision and write-offs	(96,086)	(153,659)
Gain on sale of fixed assets	(864)	(1)
Reconciliation & GAS incentive adjustments	1,645	62,489
	(4,245)	(9,643)
	2,179,909	1,222,577
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	(6,154,976)	380,437
Advances	1,489,899	(2,018,314)
Others assets (excluding advance taxation)	(1,274,019)	(192,482)
	(5,939,096)	(1,830,359)
<b>Decrease in operating liabilities</b>		
Other liabilities (excluding current taxation)	11,759	(183,105)
Income tax refundable / (paid)	(143,723)	(143,723)
<b>Net cash flow generated from / (used in) operating activities</b>	<b>(3,891,151)</b>	<b>(934,610)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments	(11,104,041)	(8,923,800)
Investments in operating fixed assets	(74,773)	(85,811)
Proceeds from sale of fixed assets	1,339	476
<b>Net cash flow (used in) / generated from investing activities</b>	<b>(11,177,475)</b>	<b>(9,009,135)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings from financial institutions	15,117,856	9,994,673
<b>Net cash flow used in financing activities</b>	<b>15,117,856</b>	<b>9,994,673</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>49,230</b>	<b>50,928</b>
Cash and cash equivalents at beginning of the period	18,847	60,923
Cash and cash equivalents at end of the period	68,077	111,851

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

  
 President/Chief Executive

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director

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

**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 Act 2017 (previously Companies Ordinance 1984). 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 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 June 07, 2023 of VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "AA+" and "A-1+" respectively.

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

**2. BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. 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 State Bank of Pakistan (SBP) and the Security 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 the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

**2.2** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 5 dated March 22, 2019 and the requirements of International Accounting Standard 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 for the year ended December 31, 2022.

**2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period**

**2.3.1** The SBP through BPRD Circular Letter No. 5 dated March 22, 2019 prescribed a new format for condensed interim financial information of banks which are applicable for quarterly / half yearly periods beginning on or after January 1, 2019. Accordingly, this condensed interim financial information is prepared in accordance with the new format. The changes impacting (other than certain presentation changes) this condensed interim financial information include:

- Inclusion of surplus / deficit on revaluation of investments as part of equity (previously shown below equity).
- Other reversal of provisions / write offs have now been combined under provisions & write off - net (note 23).

**2.3.2** There are certain other new standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial information.

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

Certain standards are effective for the accounting periods beginning on January 01, 2023, but are considered not to be relevant or to have any significant effect on Company's operations and are therefore, not detailed in this condensed interim financial information.

## 2.5 Standards not yet effective

IASB issued IFRS 9 to replace the current the current standard IAS 39 Financial Instruments: Recognition and Measurement with effect from January 01, 2018. The standard includes requirements for recognition, classification and measurement, impairment and de-recognition of financial instruments. The SECP has notified IFRS 9 for application in Pakistan for accounting periods beginning on or after July 01, 2019. However, SBP has notified that effective date for implementation of IFRS 9 shall be January 01, 2024 for DFIs vide BPRD Circular No. 03 of 2022.

## 3. BASIS OF MEASUREMENT

### 3.1 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value.

### 3.2 Functional and presentation currency

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

### 3.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 5. FINANCIAL RISK MANAGEMENT

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

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
Rupees in '000			
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>With State Bank of Pakistan in</b>			
- local currency current accounts	6.1	18,315	14,951
<b>With National Bank of Pakistan in</b>			
- local currency deposit accounts		23	54
		18,338	15,005

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

6.2 These carry mark-up at rates ranging from 14.50% to 20.50% (31 December 2022: 8.25% to 14.50%) per annum.

		September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
		Rupees in '000	
<b>7.</b>	<b>BALANCES WITH OTHER BANKS</b>		
	<b>In Pakistan</b>		
	In deposit accounts	7.1      49,739	3,842
		<u>49,739</u>	<u>3,842</u>

7.1 These carry mark-up at rates ranging from 14.50% to 20.50% (31 December 2022: 8.25% to 14.51%) per annum.

		September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
		Rupees in '000	
<b>8.</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Letters of placement	8.1      55,683	55,683
	Repurchase agreement lending (reverse repo)	8.2      6,154,976	-
		<u>6,210,659</u>	<u>55,683</u>
	Less: Provision held against Lending to Financial Institutions	<u>(55,683)</u>	<u>(55,683)</u>
	Lendings to Financial Institutions - net of provision	<u>6,154,976</u>	<u>-</u>



	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Rupees in '000	
<b>8.1 Particulars of letters of placement</b>		
<b>In local currency</b>		
Trust Investment Bank Limited (TIBL)	5,909	5,909
First Dawood Investment Bank Limited (FDIBL)	49,774	49,774
	<u>55,683</u>	<u>55,683</u>

<b>8.2 Repurchase agreement lendings (Reverse Repo)</b>		
<b>In local currency</b>		
Bank Al Habib	1,991,666	-
Habib Bank Limited	583,670	-
Pak Libya Holding Company Limited	329,640	-
State Bank of Pakistan	3,250,000	-
	<u>6,154,976</u>	<u>-</u>

	September 30, 2023 (Un-Audited)		December 31, 2022 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
	Rupees in '000			
<b>8.3 Category of classification</b>				
Domestic	55,683	55,683	55,683	55,683

## 9. INVESTMENTS

	September 30, 2023 (Un-Audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	Rupees in '000							
<b>9.1 Investments by type:</b>								
<b>Available-for-sale securities</b>								
Market Treasury Bills	-	-	-	-	1,491,837	-	943	1,492,780
Pakistan Investment Bonds	29,331,356	-	(159,600)	29,171,756	14,541,633	-	(281,412)	14,260,221
Unlisted Ordinary Shares	60,620	(500)	-	60,120	63,785	(500)	(3,164)	60,121
Listed Ordinary Shares	9,603	-	(4,177)	5,426	9,603	-	(4,730)	4,873
	<u>29,401,579</u>	<u>(500)</u>	<u>(163,777)</u>	<u>29,237,302</u>	<u>16,106,858</u>	<u>(500)</u>	<u>(288,363)</u>	<u>15,817,995</u>
<b>Held-to-maturity securities</b>								
Pakistan Investment Bonds	-	-	-	-	2,190,680	-	-	2,190,680
Unlisted Sukuk Bonds	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of Investments	22,500	(22,500)	-	-	22,500	(22,500)	-	-
	<u>48,740</u>	<u>(48,740)</u>	<u>-</u>	<u>-</u>	<u>2,239,420</u>	<u>(48,740)</u>	<u>-</u>	<u>2,190,680</u>
<b>Total Investments</b>	<u>29,450,319</u>	<u>(49,240)</u>	<u>(163,777)</u>	<u>29,237,302</u>	<u>18,346,278</u>	<u>(49,240)</u>	<u>(288,363)</u>	<u>18,008,675</u>

	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Rupees in '000	
<b>9.2 Provision for diminution in value of investments</b>		
<b>9.2.1 Opening balance</b>	49,240	49,240
Charge / reversals	-	-
Charge for the period / year	-	-
Reversals for the period / year	-	-
Reversal on disposals	-	-
<b>Closing balance</b>	<u>49,240</u>	<u>49,240</u>

## 9.2.2 Particulars of provision against debt securities

### Category of classification

September 30, 2023		December 31, 2022	
(Un-Audited)		(Audited)	
NPI	Provision	NPI	Provision

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

Domestic Loss	48,740	48,740	48,740	48,740
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September 30, 2023

December 31, 2022

(Un-Audited) (Audited)

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

## 9.3 Investment given as collateral

Market Treasury Bills	-	285,000
Pakistan Investment Bonds	26,250,000	10,450,000
	<u>26,250,000</u>	<u>10,735,000</u>

## 10. ADVANCES

Note

Performing		Non Performing		Total	
September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)

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

### In Pakistan - local currency

Rental Sharing Schemes	-	-	1,088,605	1,126,565	1,088,605	1,126,565
Interest Bearing Schemes	-	-	94,579	95,251	94,579	95,251
Ghar Aasan Scheme	221,956	316,313	696,753	742,133	918,709	1,058,446
Shandar Ghar Scheme	-	-	60,621	69,382	60,621	69,382
Financing facility for Small Builders	602	858	4,968	4,968	5,570	5,826
Ghar Aasan Flexi Scheme	4,200,024	5,142,995	919,494	977,180	5,119,518	6,120,175
Bisma & Salma Projects	9,484	10,190	-	-	9,484	10,190
New Small Builders	4,227	-	-	4,265	4,227	4,265
Ghar Pakistan Scheme	2,127,327	2,381,015	48,349	53,506	2,175,676	2,434,521
Ghar Pakistan Plus Scheme	1,278,758	1,405,075	19,444	7,983	1,298,202	1,413,058
Ghar Ujala Scheme	71,605	12,739	-	-	71,605	12,739
HBFC Khas	2,506	2,795	-	-	2,506	2,795
Mera Pakistan Mera Ghar	6,145,495	6,325,004	3,965	-	6,149,460	6,325,004
	<u>14,061,985</u>	<u>15,596,984</u>	<u>2,936,777</u>	<u>3,081,233</u>	<u>16,998,762</u>	<u>18,678,217</u>

### Employee portfolio

Housing finance to employees	560,392	491,697	5,550	5,550	565,942	497,247
Car advance to employees	177,356	82,380	-	-	177,356	82,380
Staff Personal Loan	28,986	23,935	-	-	28,986	23,935
PC advance to employees	-	-	19	19	19	19
	<u>766,734</u>	<u>598,012</u>	<u>5,569</u>	<u>5,569</u>	<u>772,303</u>	<u>603,581</u>
Partners' death claims	(9,202)	(28,391)	-	-	(9,202)	(28,391)
<b>Advances - gross</b>	<b>14,819,517</b>	<b>16,166,605</b>	<b>2,942,346</b>	<b>3,086,802</b>	<b>17,761,863</b>	<b>19,253,407</b>

### Provision for non-performing advances

#### - Specific

Rental Sharing Schemes	-	-	1,094,926	1,126,565	1,094,926	1,126,565
Interest Bearing Schemes	-	-	94,321	95,251	94,321	95,251
Ghar Aasan Scheme	-	-	639,453	703,669	639,453	703,669
Shandar Ghar Scheme	-	-	60,621	69,382	60,621	69,382
Financing facility for Small Builders	-	-	4,968	4,968	4,968	4,968
Ghar Aasan Flexi Scheme	-	-	755,487	832,163	755,487	832,163
Bisma & Salma Projects	-	-	-	-	-	-
New Small Builders Scheme	-	-	4,227	4,265	4,227	4,265
Ghar Pakistan Scheme	-	-	24,059	23,322	24,059	23,322
Ghar Pakistan Plus Scheme	-	-	7,752	2,966	7,752	2,966
Mera Pakistan Mera Ghar	-	-	498	-	498	-
Housing finance to employees	-	-	5,550	5,550	5,550	5,550
PC advance to employees	-	-	19	19	19	19
	-	-	<u>2,691,881</u>	<u>2,868,120</u>	<u>2,691,881</u>	<u>2,868,120</u>
- General	359,047	278,897	-	-	359,047	278,897
	<u>14,460,470</u>	<u>15,887,708</u>	<u>250,465</u>	<u>218,682</u>	<u>14,710,935</u>	<u>16,106,390</u>

10.1 Advances include Rs. 2,942 million (31 December 2022: Rs. 3,087 million) which have been placed under non-performing status as detailed below:

### Category of Classification

September 30, 2023		December 31, 2022	
(Un-Audited)		(Audited)	
Non Performing Loans	Provision	Non Performing Loans	Provision

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

Domestic			
Other Assets Especially Mentioned	101,310	8,476	83,795
Substandard	123,916	30,979	86,899
Doubtful	118,252	59,126	140,440
Loss	2,593,300	2,593,300	2,775,669
Total	<u>2,936,777</u>	<u>2,691,881</u>	<u>3,086,803</u>

## 10.2 Particulars of provision against advances

Note	September 30, 2023 (Un-Audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	2,868,120	278,897	3,147,017	3,201,604	225,295	3,426,899
Charge / (reversals) for the period / year	(176,239)	80,150	(96,089)	(333,484)	53,602	(279,882)
Amounts written off	-	-	-	-	-	-
Closing balance	2,691,881	359,047	3,050,928	2,868,120	278,897	3,147,017

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

Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Rupees in '000	
<b>11. FIXED ASSETS</b>		
Property and equipment	306,811	286,643
Right-of-use assets	303,243	343,611
	<u>610,054</u>	<u>630,254</u>
<b>12. INTANGIBLE ASSETS</b>		
Computer Software & patent	17,605	20,849
Capital work-in-progress	46,737	40,919
	<u>64,342</u>	<u>61,768</u>
<b>13. OTHER ASSETS</b>		
Income/ mark-up accrued in local currency		
Advances	745,609	462,862
Investments	1,120,439	269,760
Lending to financial institutions	17,185	-
Advances, deposits, advance rent and other prepayments	145,844	108,775
Advance taxation (payments less provisions)	636	227,365
Advance for purchase of land - housing projects	53,815	53,815
Other receivables against advances	108,356	22,017
Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC)	13.1	-
	<u>2,191,884</u>	<u>1,144,594</u>
Less: Provision held against other assets	(53,815)	(53,815)
Other Assets (Net of Provision)	<u>2,138,069</u>	<u>1,090,779</u>

13.1 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. The Company does not have any control over these assets and liabilities. Accordingly, these are not recorded in the books of account.

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>14. BORROWINGS</b>		Rupees in '000	
<b>Secured</b>			
Pakistan Mortgage Refinance Company Limited	14.1	1,759,151	2,101,162
State Bank of Pakistan - Open Market Operations	14.2	26,139,072	10,729,977
Refinance from SBP - Ghar Ujala Scheme		50,239	-
Refinance from SBP - HBFC Khas		3,323	2,790
		<u>27,951,785</u>	<u>12,833,929</u>

14.1 The borrowing is secured against a charge of 125% on advances of customers and carries markup @ 6% - 11% per annum (2022: 6% - 7% per annum).

14.2 The borrowing is secured against a charge on government securities and carries markup @ 15.28% - 22.17% per annum (2022: 15.20% - 21.90% per annum).

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>15. OTHER LIABILITIES</b>		Rupees in '000	
Mark up payable on borrowing		657,223	128,675
Retirement and other service benefits		28,884	73,955
Other obligation		10,537	8,408
Accrued expenses		159,874	254,937
Advance payments from customers		352,029	291,716
Insurance premium payable		147,311	83,011
Advance rent received		20,758	60,436
Workers' Welfare Fund		82,951	58,231
Others		17,059	18,984
		<u>1,476,626</u>	<u>978,353</u>

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>16. DEFICIT ON REVALUATION OF INVESTMENTS</b>		Rupees in '000	
Deficit on revaluation of			
- Available for sale securities	9.1	<u>(78,441)</u>	<u>(199,862)</u>

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>17. CONTINGENCIES AND COMMITMENTS</b>			
-Commitments	17.1	547,600	768,057
-Other contingent liabilities	17.2	47,990	47,990
		<u>595,590</u>	<u>816,047</u>

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>17.1 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Loans sanctioned but not disbursed		124,538	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>547,600</u>	<u>768,057</u>

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>17.2 Other contingent liabilities</b>			
Claims not acknowledged as debt			
SMS Courier (Pvt) Limited (SMSCPL)	17.2.1	39,890	39,890
Liaquat National Hospital	17.2.2	8,100	8,100
		<u>47,990</u>	<u>47,990</u>

17.2.1 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.

17.2.2 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.

	September 30, 2023 (Un-Audited)	September 30, 2022 (Un-Audited)
	Rupees in '000	
<b>18. MARK-UP/RETURN/INTEREST EARNED</b>		
On:		
<b>a) Loans and advances</b>		
Customers	2,372,516	1,731,845
Employees	17,297	12,420
<b>b) Investments</b>		
Available-for-sale	4,242,123	290,059
Held-to-Maturity	103,434	361,505
<b>c) Lendings to financial institutions</b>		
Letters of placement	771	1,859
Repurchase agreement lending (Reverse repo)	256,277	70,760
<b>d) Balances with banks</b>	10,150	14,771
	<u>7,002,568</u>	<u>2,483,219</u>
<b>19. MARK-UP/RETURN/INTEREST EXPENSED</b>		
Borrowing from Pakistan Mortgage Refinance Company	126,939	116,428
Markup expense on Repo Borrowing	3,469,424	89,018
Finance charge on lease liability	36,666	16,531
Markup expense on Clean / Call Borrowing	8,534	-
	<u>3,641,563</u>	<u>221,977</u>
<b>20. GAIN ON SALE OF SECURITIES</b>		
Realised - Treasury Bills	<u>2,346</u>	<u>101</u>
<b>21. OTHER INCOME</b>		
Refund of premium from insurance company	-	-
Rent on property	39,677	37,815
Gain on sale of fixed assets-net	864	1
Inspection and application fee	2,573	5,868
Advance Unit Purchase Charges	-	-
Balloon Payment charges of Flexi Scheme	-	-
Storage documentation	4,881	3,431
Penalty income on conventional schemes	25,794	14,438
Miscellaneous Income	2,705	2,608
	<u>76,494</u>	<u>64,161</u>

	Note	September 30, 2023 (Un-Audited)	September 30, 2022 (Un-Audited)
Rupees in '000			
<b>22. OPERATING EXPENSES</b>			
Total compensation expense	22.1	888,338	838,320
<b>Property expense</b>			
Rent and taxes		14,612	1,371
Insurance		845	826
Utilities cost		25,059	23,190
Security (including guards)		7,265	5,944
Repair and maintenance (including janitorial charges)		86,919	47,199
Depreciation		11,627	11,432
Depreciation on right-of-use assets		47,815	44,283
Others		-	-
		<b>194,142</b>	<b>134,245</b>
<b>Information technology expenses</b>			
Hardware maintenance		14,711	4,196
Depreciation		11,244	11,142
Amortization		3,290	3,790
Network charges		8,215	7,843
		<b>37,460</b>	<b>26,971</b>
<b>Other operating expenses</b>			
Directors' fees and allowances		350	650
Legal and professional charges		8,693	24,061
Consultancy charges		23,257	9,178
Outsourced services costs		38,112	37,906
Travelling and conveyance		13,898	9,217
Depreciation		17,084	10,881
Training and development		4,104	5,750
Postage and courier charges		3,621	2,861
Communication		4,043	3,871
Stationery and printing		6,071	5,910
Marketing, advertisement and publicity		20,754	14,393
Commission against recovery		2,243	-
Auditors remuneration		2,925	2,925
Banking service charges		7,895	6,457
Entertainment		2,240	1,758
Vehicle expense		21,097	13,642
Subscription		1,994	1,784
Others		8,490	6,569
		<b>186,871</b>	<b>157,813</b>
		<b>1,306,811</b>	<b>1,157,349</b>
<b>22.1</b>	This amount includes remuneration, bonuses and other allowances paid to employees.		
<b>23. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision / (reversal) of provision against loans and advances		(96,086)	(153,659)
Provision / (reversal) of provision against investments		-	-
Provision / (reversal) against doubtful receivable insurance premium from partners		-	-
		<b>(96,086)</b>	<b>(153,659)</b>
<b>24. RELIEF PACKAGE AND REPROCESSING CHARGES</b>			
Reprocessing and closing adjustment		1,645	62,489
		<b>1,645</b>	<b>62,489</b>

	September 30, 2023 (Un-Audited)	September 30, 2022 (Un-Audited)
	Rupees in '000	
<b>25. TAXATION</b>		
Current	833,863	240,613
Deferred tax	(83,807)	(103,247)
	<u>750,056</u>	<u>137,366</u>
<b>26. EARNING PER SHARE - BASIC &amp; DILUTED</b>		
Profit after taxation for the period	<u>1,434,098</u>	<u>1,094,854</u>
Weighted average number of ordinary shares	<u>1,936,500,006</u>	<u>1,936,500,006</u>
Basic earnings per share	<u>0.74</u>	<u>0.57</u>

## 27. FAIR VALUE MEASUREMENTS

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

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

### 27.1 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:

	September 30, 2023 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	29,171,756	-	29,171,756
Listed ordinary shares	5,426	-	-	5,426
	<u>5,426</u>	<u>29,171,756</u>	<u>-</u>	<u>29,177,182</u>
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	15,753,001	-	15,753,001
Listed ordinary shares	4,873	-	-	4,873
	<u>4,873</u>	<u>15,753,001</u>	<u>-</u>	<u>15,757,874</u>

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

Item	Valuation approach and input us	Input Used
Market Treasury Bills & PIBs	Market approach	PKRV Rates

## 28. RELATED PARTY TRANSACTIONS

The Company has related party transactions with (parent, subsidiaries, associates, joint ventures, employee benefit plans and) its directors and Key Management Personnel.

The Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	September 30, 2023 (Un-Audited)			December 31, 2022(Audited)		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
Rupees in '000						
<b>Advances</b>						
Opening balance	48,487	-	-	55,439	-	-
Addition during the period / year	22,189	-	-	24,705	-	-
Repaid during the period / year	(13,153)	-	-	(22,425)	-	-
Transfer in / (out) - net	(2,144)	-	-	(9,232)	-	-
Closing balance	<u>55,379</u>	-	-	<u>48,487</u>	-	-
<b>Income</b>						
Markup / return / interest earned	<u>1,353</u>	-	-	<u>1,681</u>	-	-



	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	-----Rupees in '000-----	
<b>29. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>21,938,797</u>	<u>21,530,554</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>23,753,018</u>	22,192,045
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>23,753,018</u>	22,192,045
Eligible Tier 2 Capital	<u>102,530</u>	97,868
Total Eligible Capital (Tier 1 + Tier 2)	<u>23,855,548</u>	22,289,913
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>8,202,391</u>	7,829,406
Market Risk	-	2,108,625
Operational Risk	<u>6,332,458</u>	6,332,458
Total	<u>14,534,849</u>	16,270,489
Common Equity Tier 1 Capital Adequacy Ratio	<u>163.42%</u>	<u>136.39%</u>
Tier 1 Capital Adequacy Ratio	<u>163.42%</u>	<u>136.39%</u>
Total Capital Adequacy Ratio	<u>164.13%</u>	<u>137.00%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>23,753,018</u>	22,192,045
Total Exposure	<u>54,725,943</u>	38,074,202
Leverage Ratio	<u>43.40%</u>	58.29%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>3,051,000</u>	5,173,000
Total Net Cash Outflow	<u>15,625</u>	4,000
Liquidity Coverage Ratio	<u>19526%</u>	129325%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>38,992,000</u>	24,468,000
Total Required Stable Funding	<u>21,772,000</u>	15,668,000
Net Stable Funding Ratio	<u>179%</u>	156%

**30. RECLASSIFICATION OF COMPARATIVE FIGURES**

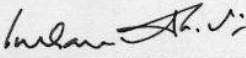
Comparative figures have been reclassified and re-arranged where necessary for the purpose of better presentation.

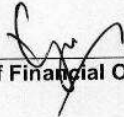
**31. DATE OF AUTHORIZATION**

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

**32. GENERAL**


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

  
\_\_\_\_\_  
President/Chief Executive

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

