Grant Thornton

Grant Thornton Anjum Rahman
1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

T +92 21 35672951-56

INDEPENDENT AUDITOR'S REPORT
To the members of House Building Finance Company Limited
Report on the audit of 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 31 December 2023 and profit and loss account, the statement of comprehensive income, the statement of changes in equity, cash flow statement for the year 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 explanation 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, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 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.

Information other than the financial statements and auditor's report thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

GrantThornton

- 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and 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 **Khurram Jameel.**

Chartered Accountants
Karachi.
Date: 28 February 2024
UDIN: AR202310093OeY4DZQMn

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023	2022
		--------- Rupees in '000 ---------	
ASSETS			
Cash and balances with treasury banks	5	16,717	15,005
Balances with other banks	6	86,050	3,842
Lendings to financial institutions	7	-	-
Investments	8	34,176,904	18,008,675
Advances	9	14,277,058	16,106,390
Fixed assets	10	606,883	630,254
Intangible assets	11	63,246	61,768
Deferred tax assets	12	393,262	1,389,432
Other assets	13	5,613,869	2,041,189
		55,233,989	38,256,555
LIABILITIES			
Bills payable		-	-
Borrowings	14	26,278,206	12,833,929
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease	15	320,422	388,967
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	1,995,478	1,928,763
		28,594,106	15,151,659
NET ASSETS		26,639,883	23,104,896
REPRESENTED BY			
Share capital	17	19,365,000	19,365,000
Reserves		2,817,774	2,365,417
Deficit on revaluation of assets	18	(116,546)	(199,862)
Accumulated profit		4,573,655	1,574,341
		26,639,883	23,104,896
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 38 and Annexure I form an integral part of these financial statements.

President / Chief Executive Officer	Chief Financial Officer	Director	Director	Director

HOUSE BUILDING FINANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		--------- Rupees in '000 ---------	
Mark-up / return / interest earned	20	9,701,178	3,881,750
Mark-up / return / interest expensed	21	(4,925,662)	(688,423)
Net mark-up / return / interest income		4,775,516	3,193,327
Non mark-up / interest income			
Fee and commission income		-	-
Dividend income		1,884	797
Foreign exchange income		-	-
Income from derivatives		-	-
Gain on securities		5,579	101
Other income	22	108,506	87,706
Total non-markup / interest income		115,969	88,604
TOTAL INCOME		4,891,485	3,281,931
Non mark-up / interest expenses			
Operating expenses	23	(1,815,317)	(1,593,906)
Sindh Workers' Welfare Fund		(67,995)	(38,947)
Other charges		-	(3,045)
Total non-markup / interest expenses		(1,883,312)	(1,635,898)
PROFIT BEFORE PROVISIONS		3,008,173	1,646,033
Provisions and write offs - net	24	326,820	276,720
Relief package and reprocessing charges	25	(3,763)	(14,348)
PROFIT BEFORE TAXATION		3,331,230	1,908,405
Taxation	26	(1,069,445)	(430,095)
PROFIT AFTER TAXATION		2,261,785	1,478,310
		-----------Rupees-----------	
Earnings per share - basic and diluted	27	1.17	0.76

The annexed notes 1 to 38 and Annexure I form an integral part of these financial statements.

President / Chief Executive Officer	Chief Financial Officer	Director	Director	Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	--------- Rupees in '000 ---------	
Profit after taxation	**2,261,785**	1,478,310
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Surplus / (deficit) on revaluation of investments - net of tax	**83,316**	(58,048)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	**1,189,886**	(101,991)
Total comprehensive income for the year	**3,534,987**	1,318,271

The annexed notes 1 to 38 and Annexure I form an integral part of these financial statements.

President / Chief Executive Officer	Chief Financial Officer	Director	Director	Director

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Statutory reserve	Deficit on revaluation of investments	Accumulated profit	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	-	-	-	1,478,310	1,478,310
Other comprehensive loss	-	-	(58,048)	(101,991)	(160,039)
Transfer to statutory reserve	-	295,662	-	(295,662)	-
Balance as at 31 December 2022	19,365,000	2,365,417	(199,862)	1,574,341	23,104,896
Profit after taxation	-	-	-	**2,261,785**	**2,261,785**
Other comprehensive income	-	-	**83,316**	**1,189,886**	**1,273,202**
Transfer to statutory reserve	-	**452,357**	-	**(452,357)**	-
Balance as at 31 December 2023	**19,365,000**	**2,817,774**	**(116,546)**	**4,573,655**	**26,639,883**

The annexed notes 1 to 38 and Annexure I form an integral part of these financial statements.

President / Chief Executive Officer | **Chief Financial Officer** | **Director** | **Director** | **Director**

HOUSE BUILDING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		--------- Rupees in '000 ---------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,326,556	1,908,405
Dividend income		(1,884)	(797)
		3,324,672	1,907,608
Adjustments for non-cash items			
Depreciation	10	121,789	101,762
Amortization	11.1	4,386	4,897
Provisions and write offs	24	(326,820)	(276,720)
Gain on sale of fixed assets	22	(1,326)	(866)
Provision for Sindh Workers Welfare Fund		67,995	38,947
Charge for defined benefit plan	23.1	69,346	63,458
Impairment loss on capital work in progress		-	12,860
Mark-up / return / interest expense		4,971,093	688,423
		4,906,463	632,761
Decrease / (Increase) in operating assets			
Lendings to financial institutions		-	780,000
Advances		2,156,152	(2,377,579)
Other assets (excluding advance taxation)		(1,544,965)	(468,131)
		611,187	(2,065,710)
Increase / (decrease) in operating liabilities			
Other liabilities (excluding current taxation)		34,805	(312,607)
Contribution to defined benefit plan		(6,607)	(563,674)
Income tax paid		(857,919)	(295,252)
Net cash generated from / (used in) operating activities		8,012,601	(696,874)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments		(16,168,229)	(9,286,281)
Dividends received		1,884	797
Additions to fixed assets and intangible assets		(99,912)	(65,361)
Payment of lease liabilities	15	(124,589)	(153,444)
Proceeds from sale of fixed assets		7,569	1,394
Net cash used in from investing activities		(16,383,277)	(9,502,896)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings from financial institutions		8,454,596	10,157,693
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		83,920	(42,077)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		18,847	60,924
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		102,767	18,847

The annexed notes 1 to 38 and Annexure I form an integral part of these financial statements.

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

Presently, the Company is on active privatisation list in the current privatisation program of the GoP. Invitation for expression of interest was published by the Privatisation Commission, Ministery of Privatisation on 26 December 2021. It is expected that transaction will be concluded by June 2024.

2 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the requirements of the annual financial statements issued by State Bank of Pakistan (SBP) through Banking Policy Regulations Department (BPRD) Circular no. 02 of 2018.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the 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 26 August 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 28 April 2008, IFRS-7, 'Financial Instruments: Disclosures' has not been made applicable for companies engaged in housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.2 New Accounting Standards

2.2.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Company's accounting period beginning on 1 January 2023, but are considered either to be not relevant or to not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.2.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's accounting periods beginning on / after 1 January 2024. However, the Company expects that these standards will not have any material impact on the future financial statements of the Company except for the impact stated below:

IFRS 9 'Financial Instruments'

As per SBP's BPRD Circular Letter No. 07 of 2023, IFRS 9 will become applicable for the Company effective from periods beginning on or after 1 January 2024. In this respect, the management has prepared various models required under IFRS 9 and the estimated impact on the equity and regulatory capital has been disclosed below. Further, the Company will implement changes in classification of certain financial instruments as follows:

a) Classification and measurement

The classification and measurement of debt financial assets will depend on how these are managed and their contractual cash flow characteristics. The Company's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). The classification of equity instruments is generally measured as FVTPL unless the Company elects for FVTOCI at initial recognition. The Company has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity securities

For equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI, the Company will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

For those equity shares currently held as AFS with gains and losses recorded in OCI for which FVOCI election is not made, will, instead, be measured at FVTPL, which will increase volatility in recorded profit or loss for future periods. The revaluation surplus / deficit related to those securities in amount, which is currently presented as accumulated OCI, will be reclassified to retained earnings however, there will be no impact on overall equity with respect to such classification. Unquoted equity securities are required to be measure at fair value under IFRS 9, however, SBP has postponed this requirement for Companies till 01 January 2024 to carry these investments under the current PR regime.

Debt securities, loans and advances

Debt securities currently classified as AFS are expected to be measured at fair value through OCI under IFRS 9 as the Company's business model is to hold the assets to collect contractual cash flows, but also to sell these investments. Debt securities currently classified as held-to-maturity (HTM) and are expected to be measured at amortized cost under IFRS 9 as the Company's business model is to hold the assets to collect contractual cash flows.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments) and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months . In the event of a significant increase in credit risk (SICR), an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument .

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Company has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default. Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL.

b) Presentation and disclosure

IFRS 9 introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Company's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9. The SBP has issued a revised format for financial statements of the Companys for the accounting periods starting from 1 January 2024, which includes the presentation and disclosures under IFRS 9 as applicable in Pakistan.

c) **Impact of adoption of IFRS 9**

The actual impact of adopting IFRS 9 on the Company's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Company would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at 31 December 2023.

Classification and measurement

Based on the Company's assessment, the IFRS 9 requirements are expected to have the following impact on the classification and measurement of its financial assets and financial liabilities:

- Debt instruments (amount of Rs. 34,087 million will be reclassified from AFS to FVOCI)
- Equity instruments (amount of Rs. 90 million will be reclassified from AFS to FVTPL)

Impairment

The total estimated adjustment of the adoption of IFRS 9 on the opening balance of the Company's equity at 01 January 2024 will be as follows:

- A decrease of approximately Rs. 261 million related to impairment requirements
- An increase of approximately Rs. 86 million related to deferred tax

d) **Impact on regulatory capital**

The impact of adoption of IFRS 9 on the capital ratios of the Company will be as follows:

	As per adopted IFRS 9	As per current Regime
	%	
Common Equity Tier 1 Capital Adequacy Ratio	131.97%	119.44%
Tier 1 Capital Adequacy Ratio	131.97%	119.44%
Total Capital Adequacy Ratio	132.56%	120.10%

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant accounting areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

i) classification and provisioning against investments (note 8)
ii) classification and provisioning against advances (note 9)
iii) provision for current / deferred taxation (note 26 and 12)
iv) accounting for defined benefit plans (note 30)
v) valuation of right-of-use assets and their related lease liabilty (note 10.2 and 15)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

These are carried at cost and consist of balances with treasury and other banks.

4.2 Lendings to / borrowings from financial institutions

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

Sale under resale obligations

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

Purchase under repurchase obligations

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

Lending to financial institutions

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

Other borrowings

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

4.3 Investments

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.

Regular way contracts

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

Initial recognition and measurement

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

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 recognized to reflect irrecoverable amount.

c) Available-for-sale

These are measured at fair value on subsequent reporting dates. Surplus / deficit arising on remeasurement is included in the statement of comprehensive income and is recognized in the statement of financial position under equity. The surplus / deficit is taken to profit and loss account only upon its disposal.

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.

4.4 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 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.

4.5 Fixed assets

Property and equipment

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

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

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

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

4.6 Right-of-Use (RoU) assets

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

4.7 Intangibles

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

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

Capital work-in-progress

These are 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 recognized in the profit or loss account.

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

4.9 Lease liabilities

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

4.10 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 instruments

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.

4.11 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.

4.12 Staff retirement benefits

a) Defined benefit plans

Pension Fund

The Company operates an approved funded pension scheme for all its employees who have been in full time employment for at least 10 years. The scheme provides pension based on the employees' last drawn pensionable salary. Contributions are made to the scheme on the basis of actuarial recommendation. The latest actuarial valuation was carried out as of 31 December 2023. Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the year in which they occur.

Post retirement medical benefits

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

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

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

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

Contributions in respect of medical benefits are made on the basis of actuarial recommendation. The latest actuarial valuation was carried out as of 31 December 2023.

Gratuity Fund

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

b) Defined contribution plan

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

c) Employees' compensated absences

The Company accounts for the liability in respect of employees compensated absences in the year in which they are earned. The Company provides for employees compensated absences on the basis of actuarial recommendation. Latest actuarial valuation was carried out as of 31 December 2022.

4.13 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized 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 recognized 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 recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. 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 utilized.

4.14 Revenue recognition

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

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

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations.

Dividend income is recognized when the right to receive the dividend is established.

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.

		Note	2023	2022
			--------- Rupees in '000 ---------	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	With State Bank of Pakistan in			
	Local currency current account	5.1	**16,694**	14,951
	With National Bank of Pakistan in			
	Local currency deposit account	5.2	**23**	54
			16,717	15,005

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

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

	Note	2023	2022
		Rupees in '000	
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	6.1	86,050	3,842

6.1 These carry mark-up rates at 15% (2022: 8.25% to 14.51%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	2023	2022
Letters of placement		
In local currency		
Trust Investment Bank Limited (TIBL)	5,909	5,909
First Dawood Investment Bank Limited (FDIBL)	49,774	49,774
	55,683	55,683
Provision against lendings to finacial institutions	(55,683)	(55,683)
	-	-

	2023		2022	
	Classified Lending	Provision held	Classified Lending	Provision held
	Rupees in '000			
7.1 Category of classification				
Domestic				
Loss	55,683	55,683	55,683	55,683

		2023				2022			
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
8 INVESTMENTS		Rupees in '000							
8.1 Investments by type:									
Available-for-sale securities									
Market Treasury Bills		-	-	-	-	1,491,837	-	943	1,492,780
Pakistan Investment Bonds	8.1.1	34,260,257	-	(173,026)	34,087,231	14,541,634	-	(281,412)	14,260,222
Unlisted Ordinary Shares	8.1.2	63,785	(500)	19,149	82,434	63,785	(500)	(3,165)	60,120
Listed Ordinary Shares	8.1.3	9,603	-	(2,364)	7,239	9,603	-	(4,730)	4,873
		34,333,645	(500)	(156,241)	34,176,904	16,106,859	(500)	(288,364)	15,817,995
Held-to-maturity securities									
Pakistan Investment Bonds		-	-	-	-	2,190,680	-	-	2,190,680
Unlisted Sukuk Bonds	8.1.4	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of Investments	8.1.5	22,500	(22,500)	-	-	22,500	(22,500)	-	-
		48,740	(48,740)	-	-	2,239,420	(48,740)	-	2,190,680
Total Investments		34,382,385	(49,240)	(156,241)	34,176,904	18,346,279	(49,240)	(288,364)	18,008,675

8.1.1 These carry mark-up at rates ranging from 9.5% to 21.8263% (2022: 8.60% to 16.49%) per annum.

	2023	2022
	Rupees in '000	
8.1.2 Unlisted ordinary shares		
Resource and Engineering Management Corporation Limited	500	500
Pakistan Mortgage Refinance Company Limited	6,675	6,675
Salaam Takaful Limited	56,610	56,610
	63,785	63,785

8.1.3 This respresents investment in 41,951 shares of Rs.10/- each in MCB Bank Limited.

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

8.1.5 This represents the outstanding amount in certificates of investment (COIs) issued by Bankers Equity Limited (BEL). In 2001, BEL defaulted the repayment and went under liquidation, hence the related claims were placed before SHC. However, the Company on prudent basis has maintained 100% provision against outstanding principal amount.

		2023				2022			
		Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
8.2 Investments by segments:	Note	Rupees in '000							
Federal government securities									
Market Treasury Bills		-	-	-	-	1,491,837	-	943	1,492,780
Pakistan Investment Bonds	8.1.1	34,260,257	-	(173,026)	34,087,231	16,732,314	-	(281,412)	16,450,902
		34,260,257	-	(173,026)	34,087,231	18,224,151	-	(280,469)	17,943,682
Fully paid-up ordinary shares:									
Listed companies	8.1.3	9,603	-	(2,364)	7,239	9,603	-	(4,730)	4,873
Unlisted companies	8.1.2	63,785	(500)	19,149	82,434	63,785	(3,664)	-	60,120
		73,388	(500)	16,785	89,673	73,388	(3,664)	(4,730)	64,993
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:									
Unlisted Sukuk Bonds	8.1.4	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of Investments	8.1.5	22,500	(22,500)	-	-	22,500	(22,500)	-	-
		48,740	(48,740)	-	-	48,740	(48,740)	-	-
Total Investments		34,382,385	(49,240)	(156,241)	34,176,904	18,346,279	(52,404)	(285,199)	18,008,675

8.3 Investments given as collateral

Investments given as collateral amounts to Rs. 24,500 million (2022: Rs. 10,450 million).

	2023	2022
	Cost	
	Rupees in '000	
8.4 Quality of available for sale securities		
Federal Government Securities - Government guaranteed		
- Market Treasury Bills	-	1,491,837
- Pakistan Investment Bonds	34,260,257	14,541,634
	34,260,257	16,033,471
Shares		
Listed Ordinary Shares		
Banking	9,603	9,603

	2023		2022	
	Cost	Break-up value *	Cost	Break-up value*
	Rupees in '000			
Unlisted Ordinary Shares				
Resource and Engineering Management	500	-	500	-
Pakistan Mortgage Refinance Company	6,675	14,817	6,675	9,039
Salaam Takaful Limited	56,610	67,617	56,610	53,446
	63,785	82,434	63,785	62,485

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

	2023	2022
	Rupees in '000	
8.5 Particulars relating to Held to Maturity securities are as follows:		
Federal government securities - Government guaranteed		
- Pakistan Investment Bonds	-	2,190,680
Non government Debt Securities		
Unlisted		
- Sukuk Bonds	26,240	26,240
- Certificate of Investment	22,500	22,500
	48,740	48,740

	Note	Performing 2023	Performing 2022	Non Performing 2023	Non Performing 2022	Total 2023	Total 2022
		Rupees in '000					
9 ADVANCES							
In Pakistan - local currency							
Rental Sharing Schemes	9.1	-	-	1,082,015	1,126,565	1,082,015	1,126,565
Interest Bearing Schemes	9.2	-	-	95,316	95,251	95,316	95,251
Ghar Aasan Scheme	9.3	242,239	316,313	623,648	742,133	865,887	1,058,446
Shandar Ghar Scheme	9.4	-	-	57,421	69,382	57,421	69,382
Financing facility for Small Builders	9.5	-	858	1,103	4,968	1,103	5,826
Ghar Aasan Flexi Scheme	9.6	3,902,446	5,142,995	837,488	977,180	4,739,934	6,120,175
Bisma & Saima Projects	9.7	9,254	10,190	-	-	9,254	10,190
New Small Builders Scheme	9.8	-	-	2,514	4,265	2,514	4,265
Ghar Pakistan Scheme	9.9	2,059,211	2,381,015	32,709	53,506	2,091,920	2,434,521
Ghar Pakistan Plus Scheme	9.10	1,229,123	1,405,075	15,174	7,983	1,244,297	1,413,058
Ghar Ujala Scheme	9.11	88,689	12,739	-	-	88,689	12,739
HBFC Khas	9.12	2,408	2,795	-	-	2,408	2,795
Mera Pakistan Mera Ghar	9.13	6,037,960	6,325,004	-	-	6,037,960	6,325,004
		13,571,330	15,596,984	2,747,388	3,081,233	16,318,718	18,678,217
Employee portfolio							
Housing finance to employees	9.14	563,065	491,697	5,550	5,550	568,615	497,247
Car advance to employees	9.15	184,772	82,380	-	-	184,772	82,380
Staff personal loan	9.16	27,159	23,935	-	-	27,159	23,935
PC advance to employees		-	-	19	19	19	19
		774,996	598,012	5,569	5,569	780,565	603,581
Partners' death claims	9.17	(2,028)	(28,391)	-	-	(2,028)	(28,391)
Advances - gross		14,344,298	16,166,605	2,752,957	3,086,802	17,097,255	19,253,407
Provision for non-performing advances							
- Specific							
Rental Sharing Schemes		-	-	1,082,015	1,126,565	1,082,015	1,126,565
Interest Bearing Schemes		-	-	95,316	95,251	95,316	95,251
Ghar Aasan Scheme		-	-	604,456	703,669	604,456	703,669
Shandar Ghar Scheme		-	-	56,938	69,382	56,938	69,382
Financing facility for Small Builders		-	-	1,103	4,968	1,103	4,968
Ghar Aasan Flexi Scheme		-	-	706,952	832,163	706,952	832,163
Bisma & Saima Projects		-	-	-	-	-	-
New Small Builders Scheme		-	-	2,514	4,265	2,514	4,265
Ghar Pakistan Scheme		-	-	22,089	23,322	22,089	23,322
Ghar Pakistan Scheme Plus		-	-	7,792	2,966	7,792	2,966
Mera Pakistan Mera Ghar		-	-	-	-	-	-
Housing finance to employees		-	-	5,550	5,550	5,550	5,550
PC advance to employees		-	-	19	19	19	19
		-	-	2,584,744	2,868,120	2,584,744	2,868,120
- General	9.18	235,453	278,897	-	-	235,453	278,897
Advances - net of provision		14,108,845	15,887,708	168,213	218,682	14,277,058	16,106,390

9.1 No new disbursements under these schemes have been made since 2000.

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 01 July 2000.

9.3 This scheme was based on diminishing musharaka for construction, purchase of houses and replacement of existing housing advances obtained by applicants from another financial institutions (balance transfer facility) having maximum financing limit of Rs. 7.5 million. New disbursement under this scheme has been discontinued from 11 February 2009. During 2017, the Company introduced Ghar Asaan Incentive Scheme and the 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 till 30 September 2017, which was extended up to 31 December 2020. The scheme carries mark-up at the rate of one year KIBOR with a spread of 3.00% - 3.5% per annum.

9.4 No new disbursement has been made under this scheme.

9.5 This scheme is based on musharka finance for construction of individual houses and apartments for sale to the general public with maximum financing limit of Rs. 7.5 million for a period of 12 to 18 months extendable for further 3 months. The facility carries profit ranging from 13% to 18% per annum. New disbursement under this scheme has been discontinued from 17 November 2009.

9.6 This scheme is based on diminishing musharaka for construction, renovation and purchase of house and replacement of existing housing facility (balance transfer facilities) having maximum financing of Rs. 25 million. The facility is repayable in 36 to 240 monthly installments and carries mark-up at the rate of one year KIBOR with a spread of 3.25% - 3.50% (2022: 3.25% - 3.50%) per annum.

9.7 This scheme is based on musharka financing for construction of individual houses and apartments, having maximum financing of Rs. 10 million with tenure of 12 to 24 months and carries mark up at the rate of 2 years fixed KIBOR.

9.8 This scheme was introduced to facilitate small contractors / individuals who are in business of selling or building houses / flats. Maximum financing limit is Rs. 25 million, with tenure of 12 to 24 months and carries mark-up at the rate of KIBOR with a spread of 2.75% per annum.

9.9 The Company introduced Ghar Pakistan Scheme in 2020 for purchase and construction of individual houses and apartments with maximum financing limit of Rs. 2.5 million. The tenure of financing is between 3 to 20 years and mark-up is calculated on the basis of one year KIBOR with a spread of 2.00% subject to floor rate of 7.00% and ceiling of 12.00% per annum.

9.10 The Company introduced Ghar Pakistan Scheme Plus for purchase and construction of individual houses and apartments with maximum financing limit of Rs. 8.8 million. The tenure of financing is between 3 to 20 years and mark up is calculated on the basis of one year KIBOR with a spread of 2.50% subject to floor rate of 8.00% and ceiling of 13.00% per annum.

9.11 The Company introduced Ghar Ujala Scheme to finance the customers who are willing to install solar systems for the generation of electricity ranging from 3KW to 20 KW with or without net metering @ 6% per annum.

9.12 The Company introduced HBFC Khas Scheme for widows, children of martyrs, special persons holding CNIC with disability, transgender and persons in areas severely affected by terrorism. The tenure of financing will be determined with respect to the age of the eldest applicant(s) / guarantor(s) with maximum financing tenure not exceeding 12.5 years. The scheme carries mark up at a fixed rate of 4% per annum.

9.13 Customer with an initial rate of 5% - 7% per anum for the first five years, with step-up-rate of 7% - 9% per anum for the next five years and there after would be priced on 1 year KIBOR benchmark plus spread pricing. The Government of Pakistan, via the State Bank of Pakistan would provide the rate differences between the above mentioned rates and 1 year KIBOR plus 4% per anum.

9.14 Housing advance is given to employees as per the terms of employment for purchase of house, renovation or construction of houses, at rates ranging from 3.00% to 11.00%. These advance are given for a period of remaining service life of employee.

9.15 Car advance is given to employees as per the terms of employment for purchase of car at rates ranging from 4% to 10%. These advance are given for a period of 5 years.

9.16 Represents interest free personal loan to regular officers up to a maximum of five months' current basic pay. These loans are recovered from salaries in 24 monthly installments or up to the date of retirement, whichever is earlier.

9.17 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.

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

9.19 Advances include Rs. 2,753 million (2022: Rs. 3,087 million) which have been placed under non-performing status as detailed below:

	2023		2022	
	Non Performing Loans	**Provision**	Non Performing Loans	Provision
	---------- Rupees in '000 ----------			
Category of Classification				
Domestic				
Other Assets Especially Mentioned	**59,684**	**1,191**	83,795	506
Substandard	**75,216**	**20,683**	86,899	21,725
Doubtful	**117,499**	**62,312**	140,440	70,220
Loss	**2,500,558**	**2,500,558**	2,775,669	2,775,669
Total	**2,752,957**	**2,584,744**	3,086,802	2,868,120

9.20 Particulars of provision against advances

	2023			2022		
	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
Charge for the year	17,093	-	17,093	86,304	53,602	139,906
Reversals	(300,469)	(43,444)	(343,913)	(419,788)	-	(419,788)
	(283,376)	(43,444)	(326,820)	(333,484)	53,602	(279,882)
Amounts written off	-	-	-	-	-	-
Closing balance	2,584,744	235,453	2,820,197	2,868,120	278,897	3,147,017

9.21 The SBP vide BSD Circular No. 10 of 2009 dated 20 October 2009 had allowed banks / DFIs to avail benefit of Forced Sales Value (FSV) of collaterals mortgaged with them while determining provisioning requirement against non-performing financing. Further, SBP vide BSD Circular No.1 of 2011 dated 21 October 2011 made certain amendments in the Prudential Regulations for Consumer Financing with respect to allowing additional benefit of FSV of mortgage properties held as collateral against housing finances. According to the said circular, the impact on profitability due to availing FSV benefit shall not be available for payment of cash dividend or stock dividend. As at 31 December 2023, the Company has not taken FSV benefit as allowed under IH&SMEFD Circular No. 03 of 2017.

10 FIXED ASSETS

	Note	2023	2022
		Rupees in '000	
Property and equipment	10.1	321,503	286,643
Right of use-of-assets	10.2	285,380	343,611
		606,883	630,254

10.1 Property and equipment

	2023						
	Freehold land	Leasehold land	Buildings on lease holdland	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	Rupees '000						
At 1 January 2023							
Cost	6,075	5,673	364,660	106,886	320,320	85,072	888,686
Accumulated depreciation	-	-	(189,670)	(84,600)	(267,492)	(60,283)	(602,043)
Net book value	6,075	5,673	174,990	22,286	52,829	24,790	286,643
Year ended 31 December 2023							
Opening net book value	6,075	5,673	174,990	22,286	52,829	24,790	286,643
Additions	-	-	-	45,168	29,825	19,054	94,047
Disposals							
- Cost	-	-	-	(1,103)	(7,072)	(10,703)	(18,878)
- Depreciation	-	-	-	876	7,070	4,689	12,635
	-	-	-	(227)	(2)	(6,014)	(6,243)
Depreciation charge	-	-	(15,375)	(5,147)	(22,987)	(9,435)	(52,944)
Closing net book value	6,075	5,673	159,615	62,080	59,665	28,395	321,503
At 31 December 2023							
Cost	6,075	5,673	364,660	150,951	343,073	93,423	963,855
Accumulated depreciation	-	-	(205,045)	(88,871)	(283,409)	(65,029)	(642,352)
Net book value	6,075	5,673	159,615	62,080	59,664	28,394	321,503
Rate of depreciation (percentage)	-	-	5%	10%	10%-33%	20%	

	2022						
	Freehold land	Leasehold land	Buildings on lease holdland	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
At 1 January 2022	Rupees '000						
Cost	6,075	5,673	360,512	98,653	299,403	65,375	835,691
Accumulated depreciation	-	-	(174,362)	(82,305)	(249,099)	(55,431)	(561,197)
Net book value	6,075	5,673	186,150	16,348	50,304	9,944	274,494
Year ended 31 December 2022							
Opening net book value	6,075	5,673	186,150	16,348	50,304	9,944	274,494
Additions	-	-	4,148	8,232	24,857	21,852	59,089
Disposals							
- Cost	-	-	-	-	(3,939)	(2,155)	(6,094)
- Depreciation	-	-	-	-	3,937	1,629	5,566
	-	-	-	-	(3)	(525)	(528)
Depreciation charge	-	-	(15,308)	(2,295)	(22,329)	(6,481)	(46,413)
Closing net book value	6,075	5,673	174,990	22,286	52,829	24,790	286,643
At 31 December 2022							
Cost	6,075	5,673	364,660	106,886	320,320	85,072	888,686
Accumulated depreciation	-	-	(189,670)	(84,600)	(267,492)	(60,283)	(602,043)
Net book value	6,075	5,673	174,990	22,286	52,829	24,790	286,643
Rate of depreciation (percentage)	-	-	5%	10%	10%-33%	20%	

Cost of fully depreciated assets still in use:

	Building on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	Rupees in '000				
2023	**57,129**	**78,775**	**231,854**	**44,720**	**276,574**
2022	57,129	78,751	222,986	43,352	266,338

10.2 Right-of-use assets - buildings on leasehold land

	Note	2023	2022
		Rupees in '000	
Recognized value of right of-use assets		**450,634**	427,371
Accumulated depreciation		**(165,254)**	(83,760)
Net book value		**285,380**	343,611

10.2.1 Movement in RoU assets

		2023	2022
Opening balance		**343,611**	107,685
Additions during the year		**10,613**	291,275
Depreciation for the year		**(68,844)**	(55,349)
Closing balance		**285,380**	343,611

11 INTANGIBLE ASSETS

	Note	2023	2022
Computer software	11.1	**63,246**	20,849
Capital work-in-progress		**-**	40,919
		63,246	61,768

	2023	2022
	------- Rupees in '000 -------	
11.1 Computer software		
As at 01 January		
Cost	**40,360**	40,360
Accumulated amortization	**(19,511)**	(14,614)
Net book value	**20,849**	25,746
Year ended 31 December		
Opening net book value	**20,849**	25,746
Additions	**46,783**	-
Amortization charge	**(4,386)**	(4,897)
Closing net book value	**63,246**	20,849
As at 31 December		
Cost	**87,143**	40,360
Accumulated amortization	**(23,897)**	(19,511)
Net book value	**63,246**	20,849
Rate of amortisation (percentage)	**10% - 33%**	10% - 33%
Useful life	**3 - 10 years**	3 - 10 years

12 DEFERRED TAX ASSETS

	At 01 January 2023	Recognised in profit and loss	Recognised in other comprehensive income	At 31 December 2023
	(Rupees in '000)			
Deductible temporary differences on:				
Provision for diminution in the value of investment	17,293	(3,014)	-	14,280
Deficit on revaluation of investments	94,116	-	(48,806)	45,310
Provision against lending to financial instituitions	18,375	(2,227)	-	16,148
Provision against advances	1,038,516	(227,252)	-	811,263
Provision against other assets	17,759	(2,153)	-	15,606
Unabsorbed losses	214,309	(214,309)	-	-
	1,400,368	(448,955)	(48,806)	902,607
Taxable temporary differences on:				
Accelerated tax depreciation and amortisation	(35,341)	5,600	-	(29,741)
Provision against retirement benefits	24,405	(17,999)	(486,010)	(479,603)
	(10,936)	(12,399)	(486,010)	(509,345)
	1,389,432	**(461,354)**	**(534,816)**	**393,262**

13 OTHER ASSETS

	Note	2023	2022
		------- Rupees in '000 -------	
Income / mark-up accrued in local currency - net of provision			
Advances		1,039,638	462,862
Investments		1,258,966	269,760
		2,298,604	732,622
Receivable from Pension Fund		2,645,286	950,410
Advances, deposits and prepayments		85,255	108,775
Advance taxation		477,193	227,365
Advance for purchase of land - housing projects	13.1	53,815	53,815
Other receivables against advances - net		107,531	22,017
		5,667,684	2,095,004
Provision held against other assets	13.1	(53,815)	(53,815)
		5,613,869	2,041,189

13.1 This represents 25% advance payment made in 2007 for the purchase of two pieces of land measuring 163 acres situated in Gwadar. The Company intends to construct low cost houses on this land to promote affordable housing facilities to low income groups of the residents of Gwadar. The management on prudent basis, has made full provision against this amount.

14 BORROWINGS

	Note	2023	2022
		------- Rupees in '000 -------	
Secured			
Pakistan Mortgage Refinance Company Limited	14.1	1,735,699	2,101,162
Repurchase agreement borrowings	14.2	24,462,347	10,729,977
Refinance from SBP		80,160	2,790
		26,278,206	12,833,929

14.1 The borrowing is secured against advances of customers and carries mark-up rates ranging from 10% - 11% (2022: 6% - 7%) per annum.

14.2 The borrowings are secured against investments in PIBs amounting Rs. 24,500 million (2022: Rs. 10,450 million) and of carry mark-up rates ranging from 22.04% - 23% (2022: 15.2% - 16.5%) per annum.

15 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2023	2022
	------- Rupees in '000 -------	
Opening balance	388,967	140,480
Additions during the year	10,613	366,074
Interest expense	45,431	35,857
Payments	(124,589)	(153,444)
Closing balance	320,422	388,967

15.1 Lease liabilities are payable as follows:

	2023			2022		
	Minimum lease payments	Financial charges for future periods	Princiopal outstanding	Minimum lease payments	Financial charges for future periods	Princiopal outstanding
	------- Rupees in '000 -------					
Not later than one year	83,287	42,821	40,466	83,454	46,281	37,173
Later than one year and upto five years	237,931	135,581	102,350	251,776	99,319	152,457
Over five years	225,846	48,240	177,606	241,902	42,565	199,337
	547,064	226,642	320,422	577,132	188,165	388,967

		Note	2023	2022
			------- Rupees in '000 -------	
16	**OTHER LIABILITIES**			
	Mark up payable on borrowings		191,192	128,675
	Retirement and other service benefits		991,481	1,024,365
	Demand charges		10,939	8,408
	Accrued expenses		197,810	254,937
	Advance payments from customers		307,003	291,716
	Insurance premium payable		164,594	83,011
	Advance rent received		9,341	60,436
	Workers' Welfare Fund	16.1	106,371	58,231
	Others		16,747	18,984
			1,995,478	1,928,763
16.1	**Workers' Welfare Fund**			
	Opening balance		58,231	33,260
	Charge for the year		67,995	38,947
	Payment made		(19,855)	(13,976)
	Balance at end of the year		106,371	58,231

17 SHARE CAPITAL

17.1 Authorized Capital

2023	2022		2023	2022
Number of ordinary shares of Rs. 10 each				
2,000,000,000	2,000,000,000		20,000,000	20,000,000

17.2 Issued, subscribed and paid-up

2023	2022		2023	2022
Number of shares		**Ordinary shares of Rs. 10 each**		
100,000	100,000	Fully paid in cash	1,000	1,000
1,936,400,000	1,936,400,000	Issued for consideration other than cash	19,364,000	19,364,000
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

		Note	2023	2022
18	**DEFICIT ON REVALUATION OF ASSETS**			
	Available for sale securities		(116,546)	(199,862)
19	**CONTINGENCIES AND COMMITMENTS**			
	- Commitments	19.1	470,202	768,057
	- Other contingent liabilities	19.2	58,993	47,990
			529,195	816,047
19.1	**Commitments**			
	Loans sanctioned but not disbursed		91,606	339,178
	Equity investment to be made in 'Pakistan Mortgage Refinance Company Limited		193,325	193,325
	Capital commitment		25,796	31,613
	Land to be purchased for Gwadar Housing Projects	13.1	149,725	149,725
	Other commitments		9,750	54,216
			470,202	768,057

		Note	2023	2022
			------- Rupees in '000 -------	
19.2	**Other contingent liabilities**			
	Claims not acknowledged as debt		58,993	47,990
20	**MARK-UP / RETURN / INTEREST EARNED**			
	a) Loans and advances			
	Customers		3,284,595	2,486,952
	Employees		25,864	16,495
	b) Investments			
	Available-for-sale		5,928,580	854,375
	Held to maturity		103,434	413,134
	c) Lendings to financial institutions			
	Letter of placements		838	2,206
	Repurchase agreement lending (Reverse Repo)		344,618	91,473
	d) Balances with banks - deposit accounts		13,249	17,115
			9,701,178	3,881,750
21	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Markup expense on borrowings		4,880,231	652,566
	Finance lease charge		45,431	35,857
			4,925,662	688,423
22	**OTHER INCOME**			
	Rent on property		53,075	51,041
	Gain on sale of fixed assets-net		1,326	866
	Early termination charge and penalty income on conventional scheme		35,295	20,422
	Miscellaneous income		18,810	15,377
			108,506	87,706
23	**OPERATING EXPENSES**			
	Total compensation expense	23.1	1,185,997	1,109,050
	Property expense			
	Rent and taxes		15,228	1,693
	Insurance		845	826
	Utilities		34,008	38,140
	Security (including guards)		12,170	10,335
	Repair and maintenance (including janitorial charges)		127,426	75,415
	Depreciation		15,502	15,308
	Depreciation on right-of-use assets		68,844	55,349
	Impairment loss on capital work in progress		-	12,860
			274,023	209,926
	Information technology expenses			
	Hardware maintenance		24,192	9,067
	Depreciation		14,500	15,387
	Amortization	11.1	4,386	4,897
	Network charges		26,549	11,004
			69,627	40,355
	Total carried forward		1,529,647	1,359,331

	Note	2023	2022
		------- Rupees in '000 -------	
Total brought forward		**1,529,647**	1,359,331
Other operating expenses			
Directors' fees and allowances		350	1,100
Legal and professional charges		17,446	33,895
Consultancy charges		34,035	13,373
Outsourced services costs		53,910	58,473
Travelling and conveyance		16,517	12,689
Depreciation		23,308	15,716
Training and development		7,320	7,542
Postage and courier charges		5,010	4,152
Communication		6,160	6,011
Stationery and printing		8,302	8,405
Marketing, advertisement and publicity		39,522	19,888
Commission against recovery		4,540	3,800
Auditors remuneration	23.2	4,427	3,900
Banking service charges		10,933	9,286
Entertainment		3,221	2,461
Vehicle expense		30,409	22,501
Subscription		2,068	1,846
Others		18,192	9,535
		285,670	234,575
		1,815,317	1,593,906

23.1 Total compensation expense

	2023	2022
Managerial Remuneration:		
i) Fixed	550,168	564,763
ii) Variable - Performance awards	55,000	50,784
iii) Hardship allowance	27,488	-
Retirement and other service benefits	69,346	63,458
Contribution to EOBI	8,750	4,230
Contribution to Benevolent Fund	5,384	7,136
Rent and house maintenance	240,983	223,497
Utilities	40,424	35,153
Medical	10,620	10,375
Conveyance	166,482	128,304
Group Life Insurance	1,833	13,739
Hajj	8,783	7,139
Overtime to staff	736	472
	1,185,997	1,109,050

23.2 Auditors' remuneration

	2023	2022
Audit fee	2,700	2,288
Half yearly review	600	512
Other certifications	1,127	1,100
	4,427	3,900

24 PROVISIONS AND WRITE OFFS - net

	2023	2022
Provision for diminution in value of investments	-	3,164
Reversal of provision for non-performing advances	(326,820)	(279,884)
	(326,820)	(276,720)

25 RELIEF PACKAGE AND REPROCESSING CHARGES

	2023	2022
Reprocessing and closing adjustment	3,763	14,348

	2023	2022
	------- Rupees in '000 -------	

26 TAXATION

	2023	2022
Current	**608,091**	324,429
Deferred	**461,354**	105,666
	1,069,445	430,095

27 EARNINGS PER SHARE - BASIC AND DILUTED

	2023	2022
Profit for the year	**2,261,785**	1,478,310
	---------- (No. of Shares) ----------	
Weighted average number of ordinary shares	**1,936,500,006**	1,936,500,006
	---------- Rupees ----------	
Earnings per share - basic and diluted	**1.17**	0.76

28 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		------- Rupees in '000 -------	
Cash and balances with treasury banks	6	**16,717**	15,005
Balance with other banks	7	**86,050**	3,842
		102,767	18,847

29 STAFF STRENGTH

	2023	2022
	------------ (Number) ------------	
Permanent	**393**	427
Contractual employees	**87**	82
Company's own staff strength	**480**	509
Outsourced	**114**	136
	594	645

30 DEFINED BENEFIT PLAN

30.1 General description

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

	2023	2022
	------------ (Number) ------------	
- Pension fund	**652**	654
- Post retirement medical benefits	**652**	654
- Employees compensated absences	**277**	307

30.2 Principal actuarial assumptions

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

	2023	2022
	Per annum	
Discount rate	15.25%	13.50%
Expected rate of return on plan assets	15.25%	13.50%
Expected rate of salary increase	15.25%	13.50%
Expected rate of increase in pension	14.25%	12.50%
Expected rate of increase in medical benefit	7.50%	5.75%
Expected rate of increase in compensated absences	15.25%	13.50%

30.3 Reconciliation of payable to defined benefit plans

	Note	2023 Pension fund	2023 Medical benefits	2023 Compensated absences	2022 Pension fund	2022 Medical benefits	2022 Compensated absences
		Rupees in '000					
Present value of obligations	30.4	7,900,131	752,073	237,909	7,958,590	739,942	282,902
Fair value of plan assets	30.5	(10,545,417)	-	-	(8,909,000)	-	-
(Receivable) / Payable		(2,645,286)	752,073	237,909	(950,410)	739,942	282,902
30.4 Movement in defined benefit obligations							
Obligations at the beginning of the year		7,958,590	739,942	282,902	7,195,649	753,240	315,294
Current service cost		83,348	11,559	17,792	82,583	11,654	18,285
Interest cost		1,042,768	95,572	37,713	777,804	89,955	38,060
Benefits paid by the Company		(468,760)	(63,998)	(7,138)	(563,674)	(37,824)	(9,201)
Re-measurement loss / (gain)		(715,815)	(31,002)	(93,532)	466,228	(77,083)	(79,536)
Obligations at the end of the year		7,900,131	752,073	237,909	7,958,590	739,942	282,902
30.5 Movement in fair value of plan assets							
Fair value at the beginning of the year		8,909,000	-	-	7,795,635	-	-
Interest income on plan assets		1,171,391	-	-	877,009	-	-
Benefits paid by Company		(468,760)	-	-	(563,674)	-	-
Contribution by the Company - net		4,707	-	-	563,674	-	-
Re-measurements: Net return on plan assets over interest income gain		929,079	-	-	236,356	-	-
Fair value at the end of the year		10,545,417	-	-	8,909,000	-	-
30.6 Movement in payable under defined benefit schemes							
Opening balance		(950,410)	739,942	282,902	(599,986)	753,240	315,294
Charge for the year	30.7.1	(45,275)	107,131	(38,027)	(16,622)	101,609	(23,191)
Contribution by the Company - net		(4,707)	-	-	-	-	-
Re-measurement (gain) / loss recognized in OCI during the year	30.7.2	(1,644,894)	(31,002)	-	229,872	(77,083)	-
Benefits paid by the Company		-	(63,998)	(7,138)	(563,674)	(37,824)	(9,201)
Closing balance		(2,645,286)	752,073	237,909	(950,410)	739,942	282,902

30.7 Charge for defined benefit plans

30.7.1 Cost recognized in profit and loss account

	Pension fund 2023	Medical benefits 2023	Compensated absences 2023	Pension fund 2022	Medical benefits 2022	Compensated absences 2022
Current service cost	83,348	11,559	17,792	82,583	11,654	18,285
Net interest on defined benefit asset	(128,623)	95,572	37,713	(99,205)	89,955	(79,536)
(Gain) / losses arising on PVDBO	-	-	(93,532)	-	-	38,060
	(45,275)	107,131	(38,027)	(16,622)	101,609	(23,191)

30.7.2 Re-measurements recognized in other comprehensive income

	Pension fund 2023	Medical benefits 2023	Compensated absences 2023	Pension fund 2022	Medical benefits 2022	Compensated absences 2022
Loss / (gain) on obligation						
- Financial assumptions	(21,186)	11,841	-	(29,948)	7,858	-
- Experience adjustment	(694,629)	(42,843)	-	496,176	(84,941)	-
Return on plan assets over interest income	(929,079)	-	-	(236,356)	-	-
Total re-measurements recognized in OCI	(1,644,894)	(31,002)	-	229,872	(77,083)	-

	2023 Pension fund	2022 Pension fund
	------- Rupees in '000 -------	
30.8 Components of plan assets		
Bank balances	3,292,560	-
Government Securities	7,252,857	8,909,000
	10,545,417	8,909,000

30.8.1 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.

30.9 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:

	2023			
	Change in assumption	Pension fund	Post retirement medical benefit	Compensated absences
		---------------- Rupees in '000 ----------------		
1% increase in discount rate	1%	7,112,092	687,907	225,931
1% decrease in discount rate	1%	8,845,664	827,832	251,282
1% increase in expected rate of salary increase	1%	8,034,934	-	251,072
1% decrease in expected rate of salary increase	1%	7,777,118	-	225,913
1% increase in expected rate of pension increase	1%	8,681,154	-	-
1% decrease in expected rate of pension increase	1%	7,228,488	-	-
1% increase in expected rate of medical benefit increase	1%	-	812,829	-
1% decrease in expected rate of medical benefit increase	1%	-	698,895	-
30.10 Expected charge for the next financial year		(320,252)	121,841	-

30.11 Maturity profile

The weighted average duration of the obligation is 11 years.

30.12 Risks associated with defined benefit plans

Investment risks The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risks The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

31 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

31.1 Total Compensation Expense

Items	2023			
	Directors		President / CEO	Key Management Personnel
	Chairman	Non-Executives		
	---------- Rupees in '000 ----------			
Directors Fees	-	350	-	-
Managerial Remuneration:				
i) Fixed	-	-	10,381	41,551
ii) Total variable of which			-	
a) Cash bonus / awards	-	-	-	6,529
b) Bonus and awards in shares	-	-	-	-
Rent and house maintenance	-	-	4,449	25,550
Utilities	-	-	1,326	7,774
Medical	-	-	-	724
Conveyance	-	-	-	2,193
Mobile Charges	-	-	-	61
Others	-	-	-	12,066
Total	-	350	16,156	96,448
Number of Persons	-	1	1	11

Items	2022			
	Directors		President / CEO	Key Management Personnel
	Chairman	Non-Executives		
	---------- Rupees in '000 ----------			
Directors Fees	-	1,100	-	-
Managerial Remuneration:			9,792	27,516
i) Fixed	-	-	-	-
ii) Total Variable of which			-	
a) Cash Bonus / Awards	-	-	-	5,845
b) Bonus and Awards in shares	-	-	-	-
Rent & house maintenance	-	-	4,000	17,089
Utilities	-	-	1,021	5,034
Medical	-	-	-	652
Conveyance	-	-	-	1,197
Mobile Charges	-	-	-	55
Others	-	-	-	10,073
Total	-	1,100	14,813	67,461
Number of Persons	-	1	1	12

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

S. No.	Name of Director	2023					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Audit Committee	HR Committee	RM Committee	ITSC	Total
		Rs. in '000'					
1	Mr. Shehzad Naqvi	-	-	-	-	-	-
2	Mr. Adnan Asdar Ali	-	-	-	-	-	-
3	Ms. Faiza Kapadia Raffay	100	50	150	50	-	350
	Total Amount Paid	100	50	150	50	-	350

S. No.	Name of Director	2022					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Audit Committee	HR Committee	RM Committee	ITSC	Total
		Rs. in '000'					
1	Mr. Shehzad Naqvi	-	-	-	-	-	-
2	Ms. Yasmeen Lari	-	-	-	-	-	-
3	Mr. Adnan Asdar Ali	-	-	-	-	-	-
4	Ms. Faiza Kapadia Raffay	350	250	300	150	50	1,100
	Total Amount Paid	350	250	300	150	50	1,100

32 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.

32.1 Fair value of financial assets

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

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

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

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

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

	2023			
	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	-	34,087,231	-	34,087,231
Listed Ordinary Shares	7,239	-	-	7,239
	7,239	34,087,231	-	34,094,470

	2022			
	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	-	15,753,002	-	15,753,002
Listed Ordinary Shares	4,873	-	-	4,873
	4,873	15,753,002	-	15,757,875

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

33 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:

	2023	2022
	Key management personnel	Key management personnel
	------- Rupees in '000 -------	
Advances		
Opening balance	**48,487**	55,439
Addition during the year	**22,809**	24,705
Repaid during the year	**(14,746)**	(22,425)
Transfer (out) / in - net	**(2,144)**	(9,232)
Closing balance	**54,406**	48,487
Income		
Mark-up/return/interest earned	**1,973**	1,681

34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	------- Rupees in '000 -------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	22,066,228	21,530,554
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	25,971,834	22,192,045
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	25,971,834	22,192,045
Eligible Tier 2 Capital	142,799	97,868
Total Eligible Capital (Tier 1 + Tier 2)	26,114,633	22,289,913
Risk Weighted Assets (RWAs):		
Credit risk	11,423,934	7,829,406
Market risk	-	2,108,625
Operational risk	10,228,404	6,332,458
Total	21,652,338	16,270,489
Common Equity Tier 1 Capital Adequacy ratio	119.95%	136.39%
Tier 1 Capital Adequacy Ratio	119.95%	136.39%
Total Capital Adequacy Ratio	120.61%	137.00%

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

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

S.No.	Ratio	2017	2018	2019	2020	2021	2022	2023
1	CET-1	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	TIER-1	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB	1.90%	2.50%	1.50%	1.50%	1.50%	1.50%	1.50%
6	Total Capital Plus CCB	11.90%	12.50%	11.50%	11.50%	11.50%	11.50%	11.50%

	2023	2022
	------- Rupees in '000 -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	25,971,834	22,192,045
Total exposures	55,640,945	38,074,202
Leverage ratio	46.68%	58.29%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	9,642,000	5,173,000
Total net cash outflow	1,150	4,000
Liquidity coverage ratio	838435%	129325%

	2023	2022
	------- Rupees in '000 -------	
Net Stable Funding Ratio (NSFR):		
Total available stable funding	**41,192,000**	24,468,000
Total required stable funding	**17,703,000**	15,668,000
Net stable funding ratio	233%	156%

34.1 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.

35 RISK MANAGEMENT

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

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

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

- The Company's risk exposure is within the limits established by the Board of Directors.

- Risk taking decisions are in line with the business strategy and objectives of the Company.

- The expected payoffs compensate the risks taken by the Company.

Risk profile of the Company

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

Risk Structures and Responsibilities

Organizational framework for Risk Management includes the following:

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

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

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

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

35.1 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.

35.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	Rupees in '000					
Public / Government	-	-	-	-	-	-
Private	**55,683**	55,683	**55,683**	55,683	**55,683**	55,683
	55,683	55,683	**55,683**	55,683	**55,683**	55,683

35.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	Rupees in '000					
Construction	**26,240**	26,240	**26,240**	26,240	**26,240**	26,240

	Gross investments		Non-performing investments		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	Rupees in '000					
Credit risk by public / private sector						
Public / Government	**34,087,231**	15,753,002	-	-	-	-
Private	**26,240**	26,240	**26,240**	26,240	**26,240**	26,240
	34,113,471	15,779,242	**26,240**	26,240	**26,240**	26,240

35.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	Rupees in '000					
Others	**17,097,255**	19,253,407	**2,752,957**	3,086,802	**2,584,744**	2,868,120

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	1,103	5,826	1,103	4,968	1,103	4,968
Private	17,096,152	19,247,581	2,751,854	3,081,834	2,583,641	2,863,152
	17,097,255	19,253,407	2,752,957	3,086,802	2,584,744	2,868,120

35.1.4 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	Rupees in '000	
Individuals	91,606	339,178
Others	437,589	476,869
	529,195	816,047

35.1.5 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2023						
		Utilization					
	Disbursement	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit - Baltistan
	Rupees in '000						
Punjab	345,520	345,520	-	-	-	-	-
Sindh	113,885	-	113,885	-	-	-	-
KPK including FATA	53,235	-	-	53,235	-	-	-
Balochistan	1,552	-	-	-	1,552	-	-
Islamabad	37,716	-	-	-	-	37,716	-
AJK including Gilgit-Baltistan	85,477	-	-	-	-	-	85,477
Total	637,385	345,520	113,885	53,235	1,552	37,716	85,477

Province / Region	2022						
		Utilization					
	Disbursement	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit - Baltistan
	Rupees in '000						
Punjab	2,795,358	2,795,358	-	-	-	-	-
Sindh	981,505	-	981,505	-	-	-	-
KPK including FATA	652,130	-	-	652,130	-	-	-
Balochistan	29,394	-	-	-	29,394	-	-
Islamabad	218,427	-	-	-	-	218,427	-
AJK including Gilgit-Baltistan	426,272	-	-	-	-	-	426,272
Total	5,103,084	2,795,358	981,505	652,130	29,394	218,427	426,272

35.2 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:

35.2.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield / Interest rate	Total	2023 Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
			Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	14.50%-20.50%	16,717	16,717	-	-	-	-	-	-	-	-	-
Balances with other banks	15%	86,050	86,050	-	-	-	-	-	-	-	-	-
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	9.5%-21.82%	34,176,904	32,481,873	-	-	1,605,358	-	-	-	-	-	89,673
Advances		14,277,058	98,062	23,349	27,216	94,369	308,253	413,459	1,025,511	3,750,744	8,536,095	-
Deferred tax		393,262	-	-	-	-	-	-	-	-	-	393,262
Other assets		5,613,869	-	-	-	-	-	-	-	-	-	5,613,869
		54,563,860	32,682,702	23,349	27,216	1,699,727	308,253	413,459	1,025,511	3,750,744	8,536,095	6,096,804
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	22.04%-23%	26,278,206	24,462,347	-	-	-	-	1,735,699	76,928	-	3,232	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		320,422	20,046	20,046	20,046	100,229	60,137	60,137	39,781	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		1,995,478	-	-	-	-	-	-	-	-	-	1,995,478
		28,594,106	24,482,393	20,046	20,046	100,229	60,137	1,795,836	116,709	-	3,232	1,995,478
On-balance sheet gap		25,969,754	8,200,309	3,303	7,170	1,599,498	248,116	(1,382,377)	908,802	3,750,744	8,532,863	4,101,326
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
Commitments in respect of:												
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			8,200,309	3,303	7,170	1,599,498	248,116	(1,382,377)	908,802	3,750,744	8,532,863	4,101,326
Cumulative Yield/Interest Risk Sensitivity Gap			8,200,309	8,203,612	8,210,782	9,810,280	10,058,396	8,676,018	9,584,820	13,335,565	21,868,428	25,969,754

	2022											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
			Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		15,005	15,005	-	-	-	-	-	-	-	-	-
Balances with other banks	8.25%-14.50%	3,842	3,842	-	-	-	-	-	-	-	-	-
Lending to financial institutions	8.25%-14.51%	-	-	-	-	-	-	-	-	-	-	-
Investments		7,278,698	4,873	1,492,780	-	9,038,652	6,913,800	-	-	498,450	60,120	-
Advances	7.42%-16.70%	16,106,390	98,147	17,057	23,335	78,065	242,615	456,325	1,143,053	4,232,579	9,815,215	-
Deferred tax		1,389,432	-	-	-	-	-	-	-	-	-	1,389,432
Other assets		1,090,779	-	-	-	-	-	-	-	-	-	1,090,779
		25,884,146	121,867	1,509,837	23,335	9,116,717	7,156,415	456,325	1,143,053	4,731,029	9,875,335	2,480,211
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings		2,103,952	1,416,356	9,470,890	162,748	45,925	104,482	124,195	322,064	1,187,270	-	-
Deposits and other accounts	6.00%-16.50%	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		388,967	19,448	19,448	19,448	97,242	58,345	58,345	116,690	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		978,353	-	-	-	-	-	-	-	-	-	978,353
		3,471,272	1,435,804	9,490,338	182,196	143,167	162,827	182,540	438,754	1,187,270	-	978,353
On-balance sheet gap		22,412,874	(1,313,937)	(7,980,501)	(158,862)	8,973,549	6,993,588	273,785	704,300	3,543,759	9,875,335	1,501,858
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			(1,313,937)	(7,980,501)	(158,862)	8,973,549	6,993,588	273,785	704,300	3,543,759	9,875,335	1,501,858
Cumulative Yield/Interest Risk Sensitivity Gap			(1,313,937)	(9,294,438)	(9,453,299)	(479,750)	6,513,838	6,787,623	7,491,923	11,035,682	20,911,016	22,412,874

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

	31 December 2023	31 December 2022
	-------- (Rupees in '000) --------	
Total financial assets	25,969,754	22,412,874
Operating fixed assets and intangibles assets	670,129	692,022
Total assets	26,639,883	23,104,896
Total financial liabilities	28,594,106	3,471,272

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.

35.3 Operational Risk

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

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

35.4 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.

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

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

	2023									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 0 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	16,717	16,717	-	-	-	-	-	-	-	-
Balances with other banks	86,050	86,050	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	34,176,904	4,049,949	-	-	8,179,078	21,375,593	-	489,850	-	82,434
Advances	14,277,058	98,062	23,349	27,216	94,369	308,253	413,459	1,025,511	3,750,744	8,536,095
Fixed assets	606,883	32,698	46,873	48,052	50,897	115,144	117,017	148,934	47,267	-
Intangible assets	63,246	1,327	1,292	1,615	48,352	5,330	5,330	-	-	-
Deferred tax assets	393,262	-	-	-	80,263	80,263	80,263	152,474	-	-
Other assets	5,613,869	2,502,313	202,227	332,604	490,519	549,849	396,793	793,586	363,896	-
	55,233,989	6,787,116	273,741	409,487	8,943,477	22,434,432	1,012,862	2,610,355	4,161,907	8,618,529
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	26,278,206	24,474,377	25,893	27,928	58,026	132,283	155,358	396,762	1,007,574	4
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	320,422	20,046	20,046	20,046	100,229	60,137	60,137	39,781	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,995,478	675,668	219,105	150,342	218,987	133,045	149,044	298,088	151,199	-
	28,594,106	25,170,090	265,044	198,316	377,242	325,466	364,540	734,631	1,158,773	4
Net assets	26,639,883	(18,382,974)	8,696	211,171	8,566,234	22,108,966	648,322	1,875,724	3,003,134	8,618,526

Share capital	19,365,000
Reserves	2,817,774
Accumulated loss	4,573,655
Deficit on revaluation of assets	(116,546)
	26,639,883

	2022									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	15,005	15,005	-	-	-	-	-	-	-	-
Balances with other banks	3,842	3,842	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	7,278,698	4,873	1,492,780	-	9,036,652	6,913,800	-	-	498,450	60,120
Advances	16,106,390	98,147	17,057	23,335	78,065	242,615	456,325	1,143,053	4,232,579	9,815,215
Intangible assets	630,254	31,445	46,720	47,761	49,982	111,129	111,819	142,759	59,393	29,246
Operating Fixed assets	61,768	1,588	1,640	2,050	42,959	6,765	6,765	-	-	-
Deferred tax assets	1,389,432	-	-	-	277,886	277,886	277,886	555,773	-	-
Other assets	1,090,779	764,398	42,278	66,532	144,776	72,795	-	-	-	-
	26,576,168	919,299	1,600,475	139,678	9,632,320	7,624,990	852,796	1,841,585	4,790,422	9,904,580
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	2,103,952	1,416,356	9,470,890	162,748	45,925	104,482	124,195	322,064	1,187,270	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	388,967	19,448	19,448	19,448	97,242	58,345	58,345	116,690	-	-
Subordinated debt										
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	978,353	634,186	84,079	68,409	112,639	34,666	11,093	22,186	11,093	-
	3,471,272	2,069,990	9,574,417	250,605	255,806	197,493	193,633	460,940	1,198,363	-
Net assets	23,104,896	(1,150,692)	(7,973,942)	(110,927)	9,376,513	7,427,498	659,162	1,380,645	3,592,059	9,904,580

Share capital	19,365,000
Reserves	2,365,416
Accumulated loss	1,574,341
Surplus on revaluation of assets	(199,862)
	23,104,896

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

37 GENERAL

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

38 DATE OF AUTHORIZATION

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

President / Chief Executive Officer	Chief Financial Officer	Director	Director	Director