

**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Statement of Financial Position**  
*As at March 31, 2021*

	(Un-Audited) March 31, 2021	(Audited) December 31, 2020
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 20,214	30,122
Balances with other banks	7 4,926,858	3,111,722
Lendings to financial institutions	-	-
Investments	8 9,206,398	10,202,696
Advances	9 17,412,703	14,967,077
Fixed assets	10 167,763	157,749
Intangible assets	11 6,405	6,882
Deferred tax assets	-	-
Other assets	12 286,980	359,126
	<b>32,027,321</b>	<b>28,835,374</b>
<b>LIABILITIES</b>		
Bills payable	-	-
Borrowings	13 17,626,730	15,248,741
Deposits and other accounts	-	-
Liabilities against assets subject to finance lease	-	-
Subordinated debt	14 7,050,716	7,050,716
Deferred tax liabilities	-	-
Other liabilities	15 481,234	397,554
	<b>25,158,680</b>	<b>22,697,011</b>
<b>NET ASSETS</b>	<b>6,868,641</b>	<b>6,138,363</b>
<b>REPRESENTED BY</b>		
Share capital	4,158,506	3,658,506
Reserves	536,817	478,643
Surplus on revaluation of assets	16 22,765	83,356
Unappropriated profit	2,150,553	1,917,858
	<b>6,868,641</b>	<b>6,138,363</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

 _____ Managing Director / Chief Executive Officer	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Profit and Loss Account (Un-Audited)**  
*For the period ended March 31, 2021*

	Note	Quarter Ended	
		January - March 2021	January - March 2020
(Rupees in '000)			
Mark-up / return / interest / profit earned	18	560,661	645,975
Mark-up / return / interest / profit expensed	19	183,179	160,752
Net Mark-up / interest income		<u>377,482</u>	<u>485,223</u>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income		-	-
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities		-	-
Other income		107	-
Total non-markup / interest income		<u>107</u>	<u>-</u>
Total income		<u>377,589</u>	<u>485,223</u>
<b>NON MARK-UP / INTEREST EXPENSE</b>			
Operating expenses	20	80,784	73,211
Workers' Welfare Fund		5,936	8,240
Other charges		-	-
Total non-markup / interest expenses		<u>86,720</u>	<u>81,451</u>
Profit before provisions		<u>290,869</u>	<u>403,772</u>
Provisions and write offs - net		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>290,869</u>	<u>403,772</u>
Taxation	21	-	-
<b>PROFIT AFTER TAXATION</b>		<u>290,869</u>	<u>403,772</u>
(Rupees)			
Basic and diluted earnings per share	22	<u>0.70</u>	<u>1.10</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

  
 Managing Director /  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director

**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the period ended March 31, 2021*

	<b>Quarter Ended</b>	
	<b>January - March 2021</b>	<b>January - March 2020</b>
	<b>(Rupees in '000)</b>	
Profit after taxation for the period	290,869	403,772
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to the profit and loss account in subsequent periods</b>		
Movement in (deficit) / surplus on revaluation of investments	(60,591)	121,084
<b>Total comprehensive income</b>	<b>230,278</b>	<b>524,856</b>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

  
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 Managing Director /  
 Chief Executive Officer

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

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
For the period ended March 31, 2021

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of investments	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at December 31, 2019	3,658,506	191,375	80,244	766,147	4,696,272
Profit after taxation for the three months ended March 31, 2020	-	-	-	403,772	403,772
<b>Other comprehensive income</b>					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments	-	-	121,084	-	121,084
<b>Total comprehensive income for the three months ended March 31, 2020</b>	-	-	121,084	-	121,084
Transfer to statutory reserve	-	80,754	-	(80,754)	-
<b>Balance as at March 31, 2020</b>	<b>3,658,506</b>	<b>272,129</b>	<b>201,328</b>	<b>1,089,165</b>	<b>5,221,128</b>
Profit after taxation for the nine months ended December 31, 2020	-	-	-	1,032,566	1,032,566
<b>Other comprehensive income</b>					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	2,641	2,641
- Movement in surplus / (deficit) on revaluation of investments	-	-	(117,972)	-	(117,972)
<b>Total comprehensive income for the nine months ended December 31, 2020</b>	-	-	(117,972)	2,641	(115,331)
Transfer to statutory reserve	-	206,514	-	(206,514)	-
<b>Balance as at December 31, 2020</b>	<b>3,658,506</b>	<b>478,643</b>	<b>83,356</b>	<b>1,917,858</b>	<b>6,138,363</b>
Profit after taxation for the three months ended March 31, 2021	-	-	-	290,869	290,869
<b>Other comprehensive income</b>					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments	-	-	(60,591)	-	(60,591)
<b>Total comprehensive income for the three months ended March 31, 2021</b>	-	-	(60,591)	-	(60,591)
Transfer to statutory reserve	-	58,174	-	(58,174)	-
Issue of share capital	500,000	-	-	-	500,000
<b>Balance as at March 31, 2021</b>	<b>4,158,506</b>	<b>536,817</b>	<b>22,765</b>	<b>2,150,553</b>	<b>6,868,641</b>


The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

  
**Managing Director /  
Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

  
**Director**

  
**Director**

**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the period ended March 31, 2021*

	March 31, 2021	March 31, 2020
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	290,869	403,772
<b>Adjustments:</b>		
Depreciation	8,374	6,200
Amortization	1,122	722
Gain on sale of Fixed Assets	(1)	-
Interest expense - lease liability against right-of-use assets	2,425	836
	11,920	7,758
	<b>302,789</b>	<b>411,530</b>
<b>Increase in operating assets</b>		
Advances	(2,445,626)	(3,094,060)
Others assets (excluding advance taxation)	71,615	117,908
	<b>(2,374,011)</b>	<b>(2,976,152)</b>
<b>Increase in operating liabilities</b>		
Borrowings from financial institutions	(722,011)	6,914,765
Other liabilities	81,255	86,277
	<b>(640,756)</b>	<b>7,001,042</b>
Income tax paid	(5)	(5)
<b>Net cash flows generated from operating activities</b>	<b>(2,711,983)</b>	<b>4,436,415</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	940,671	(4,312,084)
Net investments in held-to-maturity securities	(4,964)	(948,026)
Investments in operating fixed assets and intangible assets	(18,497)	(1,120)
Proceeds from sale of fixed assets	1	-
<b>Net cash flows from / (used) in investing activities</b>	<b>917,211</b>	<b>(5,261,230)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital	500,000	-
Receipts from issuance of SUKUK	3,100,000	-
<b>Net cash flows from financing activities</b>	<b>3,600,000</b>	<b>-</b>
Increase / (decrease) in cash and cash equivalents	1,805,228	(824,815)
Cash and cash equivalents at beginning of the period	3,141,844	2,433,421
Cash and cash equivalents at end of the period	<b>4,947,072</b>	<b>1,608,606</b>


The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

  
 Managing Director /  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director

# Pakistan Mortgage Refinance Company Limited

## Notes to the Condensed Interim Financial Statements (Un-Audited)

For the period ended March 31, 2021

### 1. STATUS AND NATURE OF BUSINESS

Pakistan Mortgage Refinance Company Limited (PMRC), "the Company" is an unlisted public limited company incorporated in Pakistan on May 14, 2015 under repealed Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution (DFI) by the Finance Division - Government of Pakistan on October 27, 2017. The State Bank of Pakistan (SBP) issued Certificate of Business Commencement on June 12, 2018.

The Company is engaged in promoting, developing and improving the housing finance market of Pakistan, to provide refinance facilities to banks and financial institutions against their conventional and Islamic housing finance portfolios and to develop and promote the capital market in Pakistan. Its registered office and principal office is situated at Finance and Trade Center Shakra-e-Faisal, Karachi.

The SBP has allowed the Company to operate with an Initial Paid Up Capital (net of losses) - Minimum Capital Requirement (MCR) level of at least Rs. 3.5 billion subject to MCR compliance with applicable paid up capital requirement within a period of five years from the commencement of its operations / business. Furthermore, during the forbearance period of five years, the Company will not be allowed to declare and make any cash dividend payment to its shareholders.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Accounting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No.10 dated 26 August 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(1) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**2.2** These condensed interim financial statements of the Company have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated March 22, 2019, International Accounting Standard (IAS) 34, 'Interim Financial Reporting', and do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

**2.3 Amendments to approved accounting standards that are effective in the current period**

The IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement and includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss (ECL) model for calculating impairment on financial assets. The detailed guidelines are awaited on implementation of this standard and accordingly, its impacts have not been incorporated in these financial statements and being reported to the SBP in pro-forma financial statements with complete disclosures of changes in accounting policies, provision calculated based on ECL model and its related impacts on financial statements and Regulatory capital requirements.

In addition, there are certain amendments to existing accounting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2021. These are considered either not to be relevant or not to have any significant impact on the Company's financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2020.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2020.

**5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements for the year ended December 31, 2020. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 does not have a direct impact on the risk profile of the Company and its overall risk management policies however risk committee is continuously monitoring the impact on the Company.

6. CASH AND BALANCES WITH TREASURY BANKS

	(Un-Audited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
With State Bank of Pakistan in Local currency current account	20,175	30,087
With National Bank of Pakistan in Local currency current accounts Local currency deposit account - NIDA	31 8 39	31 4 35
	<u>20,214</u>	<u>30,122</u>

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	16	16
In deposit accounts	4,926,842	3,111,706
	<u>4,926,858</u>	<u>3,111,722</u>

8. INVESTMENTS

8.1 Investments by type:

	(Un-Audited) March 31, 2021			(Audited) December 31, 2020			Carrying value
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	
(Rupees in '000)							
<b>Available-for-sale securities</b>							
<b>Federal Government Securities</b>							
- Market Treasury Bills	1,980,561	-	113	1,980,674	-	10,025	2,988,382
- Pakistan Investment Bonds	6,235,656	-	22,852	6,258,308	-	73,331	6,271,882
	<u>8,216,217</u>	<u>-</u>	<u>22,765</u>	<u>8,238,982</u>	<u>-</u>	<u>83,356</u>	<u>9,240,244</u>
<b>Held-to-maturity securities</b>							
<b>Federal Government Securities</b>							
- Pakistan Investment Bonds	967,416	-	-	967,416	-	-	982,452
	<u>967,416</u>	<u>-</u>	<u>-</u>	<u>967,416</u>	<u>-</u>	<u>-</u>	<u>982,452</u>
<b>Total Investments</b>	<u>9,183,633</u>	<u>-</u>	<u>22,765</u>	<u>9,206,398</u>	<u>-</u>	<u>83,356</u>	<u>10,202,696</u>

8.2 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 1,010 million (December 31, 2020: Rs. 1,017 million).

	(Un-Audited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
<b>8.3 Investments given as collateral</b>		
Market Treasury Bills	639,463	-
Pakistan Investment Bonds	2,446,305	3,695,385
	<u>3,085,768</u>	<u>3,695,385</u>

The market value of securities given as collateral is Rs. 3,251 million (2020: Rs. 3,989 million).

9. ADVANCES

	Performing		Non-Performing		Total	
	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
(Rupees in '000)						
Loans, cash credits, running finances, etc.	17,412,703	14,967,077	-	-	17,412,703	14,967,077
Advances - gross	<u>17,412,703</u>	<u>14,967,077</u>	<u>-</u>	<u>-</u>	<u>17,412,703</u>	<u>14,967,077</u>
Provision against advances						
- Specific	-	-	-	-	-	-
- General	-	-	-	-	-	-
Advances - net of provision	<u>17,412,703</u>	<u>14,967,077</u>	<u>-</u>	<u>-</u>	<u>17,412,703</u>	<u>14,967,077</u>



	Note	(Un-Audited) March 31, 2021	(Audited) December 31, 2020
<b>9.1 Particulars of advances (Gross)</b>			
In local currency	9.1.1	<u>17,412,703</u>	<u>14,967,077</u>

9.1.1 This includes Islamic refinancing under Musharakah Facility amounting to Rs. 3,500 million and Modaraba Facility amounting to Rs. 412 million. The period of these financing facilities varies from 3 to 13 years with profit rates ranging from 5.33% to 11.21% per annum.

		(Un-Audited) March 31, 2021	(Audited) December 31, 2020
<b>10. FIXED ASSETS</b>			
Capital work-in-progress	10.1	33,705	16,852
Property and equipment	10.2	<u>134,058</u>	<u>140,897</u>
		<u>167,763</u>	<u>157,749</u>

**10.1 Capital work-in-progress**

Advances to contractor		<u>33,705</u>	<u>16,852</u>
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Capital work-in-progress is stated at cost. It represents civil work and fixture in Head Office.

10.2 This includes right-of-use asset amounting to Rs. 109.20 million (December 31, 2020: Rs. 115.06 million).

**10.3 Additions to fixed assets**

The following additions have been made to fixed assets during the period:

	(Un-Audited) March 31, 2021	(Un-Audited) March 31, 2020
<b>Property and equipment</b>		
Furniture and fixture	852	997
Electrical office and computer equipment	<u>2,193</u>	<u>1,023</u>
	3,045	2,020
<b>Total</b>	<u>3,045</u>	<u>2,020</u>

**11. INTANGIBLE ASSETS**

	<u>6,405</u>	<u>6,882</u>
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**11.1 Additions to intangible assets**

The following additions have been made to intangible assets during the period:

Directly purchased - Software	<u>108</u>	-
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	Note	(Un-Audited) March 31, 2021	(Audited) December 31, 2020
<b>12. OTHER ASSETS</b>			
Mark-up / return / interest / profit accrued in local currency	12.1	237,345	316,095
Advances, deposits, advance rent and other prepayments		23,003	16,404
Advance taxation (payments less provisions)		<u>26,632</u>	<u>26,627</u>
		286,980	359,126
Less: Provision held against other assets		-	-
Other assets - net of provision		<u>286,980</u>	<u>359,126</u>

12.1 This includes markup-up accrued in local currency on Islamic refinancing amounting to Rs. 19.58 million under musharakah agreement and Rs. 4.2 million under Modaraba agreement and Islamic TDR amounting to Rs. 6.57 million.

13. BORROWINGS	Note	(Un-Audited)	(Audited)
		March 31, 2021	December 31, 2020
		(Rupees in '000)	
<b>Secured</b>			
- Term Finance Certificate	13.1	1,000,000	1,000,000
- SUKUK	13.2	3,100,000	-
- Repurchase agreement borrowings		3,237,989	3,960,000
Total secured		7,337,989	4,960,000
<b>Unsecured</b>			
	13.3	10,288,741	10,288,741
		17,626,730	15,248,741

13.1 The Company has issued Term Finance Certificate amounting to Rs. 1,000 million with maturity of two years at a fixed rate of 8.2% per annum.

13.2 The Company has issued redeemable capital under the Islamic Mode of Musharakah (Shirkat-ul-Aqd), in the form of Shariah Compliant SUKUK certificates amounting to Rs. 3,100 million at desired profit rate of 8.25% per annum by way of private placement, pursuant to the provisions of section 66 of the Companies Act, 2017.

13.3 It represents borrowings from Government of Pakistan under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum.

#### 14. SUBORDINATED DEBT

On February 22, 2019, the Government of Pakistan on-lent Rs. 7,051 million under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum. This has been disbursed in one tranche as a Sub-ordinated Loan, and if needed, can be converted into non-participatory Additional Tier 1 Capital.

	(Un-Audited) March 31, 2021	(Audited) December 31, 2020
(Rupees in '000)		
Issue amount	7,050,716	7,050,716
Issue date	February 22, 2019	February 22, 2019
Maturity date	February 21, 2049	February 21, 2049
Rating	N/A	N/A
Security	Unsecured	Unsecured
Profit payment frequency	Semi Annual	Semi Annual
Redemption	N/A	N/A
Mark-up	3%	3%

#### 15. OTHER LIABILITIES

Mark-up / return / interest / profit payable in local currency	260,829	136,390
Provision for employees' benefit	19,529	63,512
Provision for Government levies	55,132	49,196
Accrued expenses	23,986	31,572
Lease liability against right-of-use assets	107,064	111,231
Payable against Advisory Fees	10,568	-
Payable to defined benefit plan	2,376	4,339
Payable to defined contribution plan	1,576	10
Payable against purchase of fixed assets	174	1,304
	481,234	397,554

#### 16. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of Available for sale securities	8.1	22,765	83,356
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#### 17. CONTINGENCIES AND COMMITMENTS

There are no contingent assets, contingencies and commitments as at March 31, 2021 (December 31, 2020: nil).

		(Un-Audited)	
		Quarter Ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
<b>18. MARK-UP / RETURN / INTEREST / PROFIT EARNED</b>			
On:			
Loans and advances	18.1	294,809	193,803
Investment		239,640	382,178
Lendings to financial institutions		1,687	5,996
Balances with banks	18.2	24,625	63,998
		<u>660,661</u>	<u>645,975</u>

18.1 This includes profit earned in local currency on Islamic refinancing under musharakah agreement amounting to Rs. 61.4 million and modaraba agreement amounting to Rs. 6 million.

18.2 This includes markup-up earned in local currency on Islamic balances with banks amounting to Rs. 11.2 million.

		(Un-Audited)	
		Quarter Ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
<b>19. MARK-UP / RETURN / INTEREST / PROFIT EXPENSED</b>			
On:			
Borrowings		77,166	68,373
Subordinated debt		62,880	52,591
Repo Borrowing		20,281	34,794
Term Finance Certificate		20,219	4,158
SUKUK	19.1	10,208	-
Lease liability against right-of-use assets		2,425	836
		<u>183,179</u>	<u>160,752</u>

19.1 This includes amortization of SUKUK issuance cost amounting Rs. 0.39 million.

## 20. OPERATING EXPENSES

Total compensation expense	68,958	57,249
<b>Property expense</b>		
Rent	1,374	-
Insurance	121	102
Utilities cost	462	327
Security	146	145
Repair and maintenance	13	279
Depreciation	5,851	3,393
	7,966	4,246
<b>Information technology expenses</b>		
Software maintenance	1,205	8
Rent-Disaster Recovery Site	212	-
Hardware maintenance	28	57
Depreciation	1,762	1,350
Amortisation	586	584
Network charges	413	344
	4,196	2,343
<b>Other operating expenses</b>		
Directors' fees and allowances	3,466	2,010
Legal and professional charges	664	2,072
Outsourced services costs	1,020	974
Travelling and conveyance	464	690
Depreciation	771	1,457
Training and development	1,074	7
Postage and courier charges	13	15
Communication	166	122
Printing and stationery	237	153
Marketing, advertisement and publicity	196	77
Auditors' remuneration	398	625
Insurance	409	299
Vehicle repair and maintenance	211	28
Entertainment	177	132
Others	410	712
	<u>9,664</u>	<u>9,373</u>
	<u>80,784</u>	<u>73,211</u>

**21. TAXATION**

The Company has been exempted from Income Tax through Finance Act, 2018.

**22. BASIC AND DILUTED EARNINGS PER SHARE**

	(Un-Audited)	
	Quarter Ended	
	March 31, 2021	March 31, 2020
	(Rupees in '000)	
Profit for the period	<u>290,869</u>	<u>403,772</u>
	(Number in '000)	
Weighted average number of ordinary shares	<u>413,628</u>	<u>365,651</u>
	(Rupees)	
Basic and diluted earnings per share	<u>0.70</u>	<u>1.10</u>

**23. FAIR VALUE MEASUREMENTS**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV rates
Non Government Debt Securities	Market prices

Fair value of fixed term advances of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets.

**23.1 Fair value of financial assets**

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

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

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

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

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

	(Un-Audited)			
	March 31, 2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	8,238,982	-	8,238,982
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	1,010,000	-	1,010,000
	(Audited)			
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	9,240,244	-	9,240,244
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	1,017,000	-	1,017,000

## 24. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise of major shareholders, directors, retirement benefit funds and key management personnel and their close family members.

Transactions with related parties of the Company are carried out on contractual basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Company are carried out in accordance with the terms of their employment.

Transactions with related parties, other than those disclosed elsewhere in these financial statements, are summarised as follows:

	(Un-Audited) March 31, 2021			(Audited) December 31, 2020		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees In '000)						
<b>Statement of financial position</b>						
<b>Balances with banks</b>						
In current accounts	-	-	47	-	-	47
In deposit accounts	-	-	3,400,101	-	-	1,000,056
	-	-	3,400,148	-	-	1,000,103
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	650,000	-	-	4,975,119
Repaid during the period	-	-	(650,000)	-	-	(4,975,119)
Closing balance	-	-	-	-	-	-
<b>Advances</b>						
Opening balance	-	89,624	4,627,769	-	722	2,466,672
Addition during the period	-	-	500,000	-	91,824	3,600,000
Repaid during the period	-	(1,728)	(372,143)	-	(2,922)	(1,438,903)
Closing balance	-	87,896	4,755,626	-	89,624	4,627,769
<b>Other Assets</b>						
Mark-up / return / interest / profit accrued	-	-	45,963	-	-	53,862
<b>Borrowings</b>						
Opening balance	-	-	2,960,000	-	-	-
Borrowings during the period	-	-	12,032,306	-	-	59,795,266
Settled during the period	-	-	(11,754,317)	-	-	(56,835,266)
Closing balance	-	-	3,237,989	-	-	2,960,000
<b>Other Liabilities</b>						
Interest / mark-up payable	-	-	4,508	-	-	2,034
Payable to staff retirement fund	-	-	3,952	-	-	4,349
	-	-	8,460	-	-	6,383

	(Un-Audited) March 31, 2021			(Un-Audited) March 31, 2020		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees In '000)						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / interest / profit earned	-	876	115,533	-	68	71,968
<b>Expense</b>						
Mark-up / return / interest / profit paid	-	-	19,533	-	-	962
Operating expenses	3,465	72,367	4,377	2,010	64,455	4,547

The Company has sub-ordinated loan and borrowings amounting to Rs. 7,050 million and Rs. 10,290 million respectively from Ministry of Finance.

The Company has provided refinancing facility to House Building Finance Corporation with outstanding amount of Rs. 2,900 million.

**25. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	(Un-Audited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	<u>4,158,506</u>	<u>3,658,506</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>6,839,471</u>	<u>6,048,125</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>6,839,471</u>	<u>6,048,125</u>
Eligible Tier 2 Capital	<u>22,765</u>	<u>83,356</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,862,236</u>	<u>6,131,481</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>2,769,133</u>	<u>2,291,292</u>
Market Risk	<u>-</u>	<u>-</u>
Operational Risk	<u>1,977,938</u>	<u>1,977,938</u>
Total	<u>4,747,071</u>	<u>4,269,230</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>144.08%</u>	<u>141.67%</u>
Tier 1 Capital Adequacy Ratio (%)	<u>144.08%</u>	<u>141.67%</u>
Total Capital Adequacy Ratio (%)	<u>144.56%</u>	<u>143.62%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>6,839,471</u>	<u>6,048,125</u>
Total Exposure	<u>27,812,682</u>	<u>26,604,850</u>
Leverage Ratio (%)	<u>24.59%</u>	<u>22.73%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>7,617,667</u>	<u>5,300,836</u>
Total Net Cash Outflow	<u>31,470</u>	<u>3,857</u>
Liquidity Coverage Ratio (%)	<u>24206%</u>	<u>137429%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>27,778,928</u>	<u>24,387,582</u>
Total Required Stable Funding	<u>18,411,476</u>	<u>16,186,841</u>
Net Stable Funding Ratio (%)	<u>150.88%</u>	<u>150.66%</u>

**26. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

There were no non-adjusting events after balance sheet date.

**27. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised on 28 APRIL 2021 by the Board of Directors of the Company.

**28. GENERAL**

28.1 These condensed interim financial statements have been prepared in accordance with the revised format for financial statements issued by the SBP through BPRD Circular Letter No. 05 dated March 22, 2019 and related clarifications / modifications.

28.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

 _____ Managing Director / Chief Executive Officer	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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