

Unlocking Opportunities



Annual Report 2022

PMRC
PAKISTAN MORTGAGE REFINANCE
COMPANY LIMITED





Pakistan Mortgage Refinance Company PMRC consistently strives to enable people's dream of owning their own house. We take immense pride in announcing that with the Government of Pakistan, we have introduced Credit Guarantee Scheme.

With this scheme, more low-income people will be enabled to have seamless opportunity of unlocking the doors to their homes.

Corporate Information

Board of Directors

Mr. Rehmat Ali Hasnie	Chairman
Mr. Mudassir H. Khan	Managing Director / CEO
Mr. Farrakh Qayyum	Independent Director
Ms. Sonia Karim	Independent Director
Mr Osman Asghar Khan	Independent Director
Mr. Imran Sarwar	Director
Ms. Mehreen Ahmed	Director
Mr. Risha A. Mohyeddin	Director
Mr. Muhammad Aslam Ghauri	Director
Mr. Tayyeb Afzal	Director
Mr. Khurshid Zafar Qureshi	Director



Board Committees

Audit Committee

Mr. Osman Asghar Khan (Chairman, Independent Director)
Mr. Tayyeb Afzal (Member)
Mr. Muhammad Aslam Ghauri (Member)

Human Resource Committee

Mr. Farrakh Qayyum (Chairman, Independent Director)
Mr. Risha Mohyeddin (Member)
Ms. Sonia Karim (Member)

Risk Committee

Mr. Imran Sarwar (Chairman)
Ms. Mehreen Ahmed (Member)
Mr. Khurshid Zafar Qureshi (Member)

Corporate Governance & Nominations Committee

Mr. Farrakh Qayyum (Chairman, Independent Director)
Mr. Rehmat Ali Hasnie (Member)
Mr. Muhammad Aslam Ghauri (Member)
Mr. Mudassir H. Khan (Member)

CFO & Group Head Operations

Mr. Omair Farooqi, FCA

Company Secretary

Mr. Naved Hanif

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

M/s. Abdul Hayee Kureshi & Co.
HAIDERMOTA Advocates & Co.

Registered Office

Finance & Trade Center, 4th Floor, Block-A
Shahrah-e-Faisal, Karachi -74400, Pakistan

Website

www.pmrc.com.pk



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Overview

PMRC was formed with the aim to address the severe shortage of housing in the country not only by making housing finance available to primary mortgage lenders but also by increasing affordability through the provision of long-term liquidity and introduction of fixed rate financing.

We as a Company value the desire of all those individuals who can not afford to either build a house or move to a bigger one; better suited to their needs. PMRC envisions to make housing accessible and affordable, increasing financial inclusion for low and middle income segments, and providing investment opportunities to capital market participants by offering new asset products.





Vision

To be a leading catalyst for the development of housing finance and capital markets in Pakistan.

Mission

Promote expansion of affordable housing finance.

Establish high standards of mortgage practices for housing finance.

Provide innovative, viable and market-based financial products for the development of mortgage market in Pakistan.

Introduce new classes of conventional and Islamic assets to deepen and widen the local capital market.





Core Values

PMRC conducts its business to the highest standards and in doing so, will be guided by its core values in its interactions with the clients, stakeholders, investors, public and employees. Its core values are integrity, professionalism, responsibility, innovation, excellence, respect and teamwork.

Integrity and professionalism

We act with integrity and professionalism and build trust by always making the right choice.

Responsibility

We are a responsible organization with a commitment to deliver. We strive for excellence and take full responsibility of our decisions and actions.

Innovation

We continuously explore new approaches to business and open to opportunities that will create value for stakeholders.

Excellence

In the pursuit of excellence in our delivery, we continuously enhance the quality and performance of our service levels through collaboration, development and technology.

Respect

Respect and trust in the capabilities of our employees are our driving force.

Teamwork

We foster the spirit of one-team through encouraging collaborative efforts to achieve common goal.





Entity Rating & Instrument Rating

VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of PMRC as 'AAA/A-1+' (Triple A/A-One Plus). Outlook on assigned ratings is stable.

Long Term

AAA (Triple A)

The long-term rating of 'AAA' indicates highest credit quality.

Short Term

A-1+(A One Plus)

The short-term rating of 'A-1+' (A One Plus) signifies highest certainty of timely payment; Short-term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding and safety is just below risk free GoP's short term obligations.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term instrument rating of AAA to its Sukuk 1 issued during the year. Outlook on the assigned rating is stable.





Raza's determination to provide a better life for his loved ones is truly inspiring.



Muhammad Raza hails from Umerkot, Sindh, and is a proud government employee working as a Nutrition Assistant at the PPHI Health Department with a monthly salary of Rs 38,685. However, life wasn't always so comfortable for Raza. He and his wife lived in a cramped, one-room house until he made the brave decision to seek out a better life for his family.

That's when he discovered Thardeep Microfinance Foundation (TMF) and its housing loan program. With the help of a loan of Rs 300,000 based on PMRC's funding, Raza was able to extend his home and build an additional room. Now, his wife, who works as a private school teacher in Umerkot, can come home to a place of comfort and peace.

Raza's determination to provide a better life for his loved ones is truly inspiring. With the help of Thardeep Microfinance Foundation (TMF), he was able to turn his dreams of a bigger home into a reality, giving his family the space and security they deserve.



I am pleased to announce that in 2022, Pakistan Mortgage Refinance Company (PMRC) has delivered the highest refinancing in its history thus supporting the ever-important housing and construction sector.

Chairman's Statement

As Chairman of the Board of one of the fastest growing Development Financial Institution (DFI) of the country, I am pleased to announce that in 2022, Pakistan Mortgage Refinance Company (PMRC) has delivered the highest refinancing in its history thus supporting the ever-important housing and construction sector. I would like to thank our customer base, who continue to place their trust in PMRC, as the company progress in its journey towards building an institution that truly lives its core value of supporting mortgage financing and the numerous allied industries associated with it.

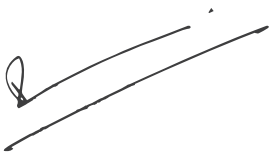
While the economic recovery continued during FY22, as Pakistan's posted a healthy 5.97% GDP growth, the year 2022 was unfortunate as almost one third of the country was hit with devastating floods, caused by melting glaciers and unprecedented rainfall. The floods while have a lasting impact on the economy, displaced more than 3 million families and resulted in more than 1500 people losing their lives. Our heart goes out to all the affectees and the displaced people. The company will closely work with various stakeholders in the future to explore avenues where it can contribute for the betterment of the affectees. However even before the floods, the economy witnessed highs and lows as political noise increased and the on-going Russia-Ukraine conflict caused severe global commodity disruption that led the Central Bank to adapt contractionary policies in order to slow demand pull inflation. I foresee a very challenging economic environment in 2023 as Pakistan continues to negotiate with IMF in order to tackle the delays in the agreement.

State Bank of Pakistan (SBP) allocated mandatory targets to banks for housing and construction sector in 2021, which continued in 2022 but was eventually put on hold. The mandatory targets set out witnessed an unprecedented growth in the sector, as banks actively participated and the sector grew by a massive PKR 71 Billion. We, however, foresee that the continuation of program will remain a challenge going forward as IMF has demanded more fiscal discipline and alignment of certain government stimulus program considering the need to taper off demand pull inflation.

Nevertheless, the year 2022 was another landmark year for PMRC as it became one of the largest DFI in the country in terms of advances. The company emerged as a key player in promoting housing finance in the country, as a public-private partnership with the investment and backing of its shareholder's, Government of Pakistan, the State Bank of Pakistan (SBP) and the World Bank Group. Despite various challenges of obtaining long term funding and rising interest rates, the Company recorded a significant 11 percent growth in total assets and maintained its 'AAA' entity rating. PMRC also continued to play an active role in the capital market space by issuing several debt instruments worth PKR 7 billion during the year as it maintained its position as the largest issuer of fixed rate debt instruments in the country. I am confident that with our vision, strategy, and plans, PMRC will continue the trajectory of growth even in a challenging environment.

In the last year we bid farewell to few of our key board members and welcomed new ones. I am pleased that the company adhered to the highest standards of corporate governance in line with regulatory guidelines and best practices. The Board has various sub-committees with a comprehensive oversight framework for governance across Risk Management, Audit, Human Resource and a dedicated Shariah Board necessary for achieving its strategic objectives. I would like to mention that the members carried out their responsibilities with the highest levels of competence, professionalism, proficiency and in accordance with their respective terms of reference. I would therefore take this opportunity to express my sincere gratitude to all my fellow past and present Board members for their invaluable contribution.

I would also like to thank all the regulatory authorities, State Bank of Pakistan, Ministry of Finance and SECP for their continued guidance and support towards PMRC. The company continues to work closely with the regulators and is actively participating in major initiatives to strengthen the housing and construction sector. For this I would like to acknowledge and appreciate the management as well as our company valuable staff who worked throughout with professionalism & dedication and without whose support none of these achievements would have been possible.



Rehmat Ali Hasnie
Chairman



Despite these challenges, the year 2022 was another landmark year for PMRC as it recorded highest ever refinancing.

CEO's Statement

Pakistan's economy continued its strong rebound in 1H'2022 from Covid with a GDP growth of 5.97% surpassing pre-pandemic levels with most demand indicators reflecting strong activity. The rapid growth however created macroeconomic imbalances with the twin deficits increasing sharply, necessitating contractionary policies with monetary and fiscal tightening. These imbalances were further exacerbated by currency devaluation and rise in oil prices pushing domestic inflation. In 2H'2022 Pakistan also suffered due to devastating floods, caused by melting glaciers and unprecedented rainfall as a result of climate inundating nearly one third of the country. The damage from the floods was estimated at around \$33 billion or 11% of GDP.

The State Bank of Pakistan (SBP) responded with further monetary tightening where it raised a cumulative 625 bps taking the policy rate from 9.75% to 16%, citing the need to cool economic activity and support the currency in the wake of multi-year high inflation and an exceptionally challenging and uncertain global environment.

Despite these challenges, the year 2022 was another landmark year for PMRC as it recorded highest ever refinancing. The company remained steadfast with its mission of supporting the mortgage market with the efforts & dedication of staff and management and the unwavering support of our board members. I am grateful to all our stakeholders, particularly Ministry of Finance, SBP and the World Bank Group. In these extraordinary times their proactive role allowed the company to keep promoting the housing and construction market whilst contributing to the country's economy.

During the year the company had many notable achievements in introducing new primary mortgage lenders into our fold, rejuvenating mortgage refinancing by introducing new products, being largest issuer of fixed rate debt instruments, only issuer of credit guarantee for low-cost housing as well as maintaining our coveted 'AAA' entity rating. I am delighted that PMRC continued to progress with the government and SBP's vision of improving access to housing finance particularly for the low income by recording its highest advances of PKR 33.6 billion, an impressive growth of 42 percent over the year 2021. Total Assets of the company recorded another milestone and closed at PKR 55.5 billion, recording a staggering 11 percent growth over the year 2021.

In the capital market space, the company issued another PKR 7 billion worth of debt securities, this time extending the tenor to up to 10 Years, a feat achieved by very few in the capital market space. The debt instruments issued by the company were heavily subscribed, which showcases the strong trust the investors carry in the company's potential and standing.

The company acting as a trustee of the Government's Risk Sharing Facility signed several new agreements and for the first time issued first-loss guarantees for low-income housing to Primary Mortgage Lenders (PML's). I am hopeful that PML's will continue their journey of providing innovative mortgage financing, supporting not only the growth of the housing market but more importantly of low-income housing.

While I am extremely proud of PMRC achievements towards promotion of the housing and construction sector, looking ahead I foresee a challenging economic environment in the year 2023 with rising inflation, high interest rates and continuing political uncertainty. Nonetheless we will continue our efforts for development of the housing finance market particularly for the low and middle income. Lastly, but certainly not the least, I express my deepest appreciation and gratitude to our employees for their hard work and dedication and to their families for extending their unwavering support.



Mudassir H. Khan
Managing Director & Chief Executive Officer



Standing Left to Right - Risha A Mohyeddin | Muhammad Aslam Ghauri | Tayyeb Afzal | Osman Asghar Khan
Sitting Left to Right - Sonia Karim | Farrakh Qayyum | Mudassir H. Khan | Mehreen Ahmed
Missing in the picture - Rehmat Ali Hasnie | Imran Sarwar | Khurshid Zafar Qureshi

Directors' Report

On behalf of the Board, we are pleased to submit the Directors' report along with the Annual Audited Financial Statements of Pakistan Mortgage Refinance Company Limited (PMRC) for the year ended December 31, 2022.

Performance Overview

The Company's strategy for enhanced borrowing at the right time turned out very successful and PMRC remains the largest bond issuer in Pakistan with issuance of fixed and floating rate bonds which now stands at Rs. 23 billion with tenor upto 10 years. These debt instruments were subscribed by the leading banks showcasing their continued confidence and trust in the company.

The Company has posted solid results with total assets exceeding Rs. 55.0 billion as on December 31, 2022 as against Rs. 50.2 billion as of December 31, 2021. Advances recorded a significant growth of 42 percent and stood at Rs. 33.6 billion as compared to Rs. 23.7 billion last year. The strong growth in assets translated in profit before tax of Rs. 1.6 billion as against Rs. 1.0 billion last year, consequently, Earnings Per Share (EPS) for the year 2022, increased to Rs. 2.53 per share as compared to Rs. 1.71 per share last year.

Financial Highlights	2022	2021
	Rs. In "000"	
Financial Position		
Shareholders' Equity	9,193,900	7,614,561
Total Assets	55,553,941	50,211,026
Subordinated Loan	7,050,716	7,050,716
Term finance certificates/Sukuk certificates	22,800,000	16,800,000
Borrowings	16,140,150	18,387,449
Advances	33,662,362	23,714,838
Investments	20,564,969	10,238,557
Financial Performance		
Net Interest Income	2,117,166	1,438,250
Profit after tax	1,579,217	1,066,433
Ratios		
EPS	2.53	1.71
Disbursements-Cumulative	43,150,000	28,600,000

Macroeconomic Review

Pakistan achieved a GDP growth of 5.97% in FY22 on account of 4.4% growth in Agriculture, 7.2% growth in the Industrial sector and 6.2% growth in the Services sector. The country's large-scale manufacturing (LSM) expanded by 11.7% during the previous fiscal year with almost all sectors witnessing positive growth. Consumer financing also continued to accelerate during the fiscal year 2022, and major impetus came from housing and automobile sector. House building sector witnessed an unprecedented growth of 64.3% as compared growth of 17.2% last year. The surge was primarily witnessed on the measures taken by the Government and the State Bank of Pakistan (SBP) to promote housing and construction finance in the country such as the Government Markup Subsidy Scheme (G-MSS) which enabled banks to provide financing for construction and purchase of houses at very low financing rates to low and middle income segments of the population. As a result, Financial Institutions' residential construction and housing finance portfolio grew from PKR 373 billion in Dec'21 to PKR 483 billion in Dec'22, an annual growth of 29% in the full year 2022.

The government has set a target of 5% growth for FY23. However, there are risks to economic growth in the form of reduced economic activity as a result of inflationary pressures on account of elevated international commodity prices, disruption caused by the floods and tightening of monetary policy. Majority of the targets in FY23 budget seem ambitious and the Government will find it difficult to achieve them under the prevailing global and domestic economic scenario.

In addition to this, rampant inflation fuelled by higher food and energy prices along with external and fiscal slippages forced the central bank to adopt a tight monetary stance since 2021, which continued throughout FY2022, where SBP raised benchmark rate by a cumulative 900bps from 7 % in Dec'21 to 16 % in Nov'22.

In the current fiscal year managing the external financing gap seems to be the biggest challenge for the economy. Out of a total external debt servicing obligation of USD 23bn in FY23, approximately USD 10bn has been repaid and rolled over to date. While the Government has received funding guarantees for the remaining amount, however these commitments are dependent on the IMF 9th review and delay may endanger these commitments. Most of the Government's efforts over the past few months have been focused on curtailing the large external deficit which closed at USD 17.4bn (4.6% of GDP) in FY22. A combination of tight fiscal and monetary policies has successfully curtailed aggregate demand. This together with administrative curbs on imports has managed to reduce the Current Account deficit to USD 3.67 billion during 2nd Half of 2022, down by 60% as compared to the same period last year. Although a key risk that has emerged on the current account in recent months is the declining trend in remittances which fell by over 10% during the same period.

CPI inflation increased to 24.5% in Dec'22 compared to 23.8% in Nov'22. Cost pressures, supply shocks, subsidy reversals, tariff hikes, and a weaker PKR have been the primary contributors to a surge in inflationary pressure in the economy the past few months. Average inflation for 5MFY22 clocked in at 25.1% compared to 9.32% for the same period last year. Given supply side disruptions, increase in utility and food prices during last few weeks, inflation in the near term and for the remaining fiscal year is expected to remain on the higher side.

Future Outlook

We expect headline inflation in the country to remain elevated in the remainder of FY23 (Jan'23-Jun'23), at an average of 24-26% range, mainly due to higher commodity prices, currency depreciation and an adjustment in utility prices. SBP is likely to continue maintaining a tight monetary policy with a likelihood that policy rate may further be increased by another 1-2% in 2HFY23. Fiscal tightening will continue as IMF program keeps policy makers in check with gas and petroleum price increase along with GST imposition on the cards. That said, given additional flood related expenditures and slower than targeted revenue growth, we expect fiscal deficit of 5.9% of GDP in FY23E.

The trade and current account deficits are expected to continue a declining trend, led by incentives for export-oriented sectors, and a slowdown in imports. On the export front, downside risks remain as global recession is likely to cause some dent in exports. While we do expect a gradual easing of the import for the remaining fiscal year, continued monetary and fiscal measures are likely to drive current account deficit to around 2% of GDP.

IMF program clearly stipulates a commitment to maintaining a market determined exchange rate to improve external imbalances and build-up of foreign exchange reserves. Going forward we expect SBP to gradually relax import curbs and administrative measures as the next IMF tranche and other bilateral and multilateral inflows start to materialize (likely in 1Q 2023). In this backdrop, we expect the official rate to converge towards the unofficial rates.

Human Resource (HR)

The Company is committed to manage the most valuable asset, its people, to ensure that they are working effectively and efficiently to achieve the company's goals. The Company ensures to provide employees with the necessary skills and knowledge to perform their jobs effectively. This includes identifying training needs, designing and delivering training programs, and evaluating the effectiveness of the training. In 2022, staff attended 34 workforce training events. These events helped to enhance core competencies and capacity building in their respective areas.

The Company is managing employee relations and maintaining a positive work environment. This involves dealing with employee grievances, managing conflicts and promoting diversity and inclusion. The Company is committed to provide equal opportunities and fair treatment in employment and do not accept unlawful discrimination in its recruitment or employment practices on any grounds including but not limited to gender, race, colour, nationality, ethnicity, disability and age.

Corporate Social Responsibility

The Company advocates Corporate Social Responsibility (CSR) to create a positive societal impact on local communities resulting in a more inclusive and caring society. PMRC regularly collaborates with its stakeholders to share its experience in the areas of mortgage financing, conventional and Islamic capital markets, Islamic finance and other areas relevant to the secondary mortgage market. In 2022, PMRC organized and participated in various industry conferences and roundtables organized by its stakeholders, both locally and abroad.

PMRC successfully conducted training for Partner Financial Institutions (PFIs) on “Environment & Social Standards for Housing Finance”. Participants from reputed banks, microfinance banks, development financial institutions and home financing companies attended the sessions physically and virtually.

To ensure effective CSR, PMRC donated Rs. 3 million for livelihood of people affected due to floods.

Movement in Reserves

Particulars	2022	2021
	Rs. In “000”	
Opening Balance	7,367,199	6,138,363
Unappropriated Profit	1,263,374	853,146
Transfer to Statutory Reserve	315,843	213,287
Issue of Share Capital	-	500,000
Other Comprehensive Income	(201,477)	(337,597)
Closing Balance	8,744,939	7,367,199

Risk Management Framework

To ensure risk management throughout the Company, PMRC implemented a risk management framework according to the company's operational complexity, size and nature of business with strong Board oversight, multi-tier management supervision, and efficient systems and controls.

As part of the governance structure, the Board Risk Management Committee (BRMC) monitors, assesses and manages risk profile of the Company on an ongoing basis. At senior management level, Risk Management Committee, is responsible for oversight and execution through clearly articulated policies and procedures.

A robust internal control system is a key component of an organization's comprehensive risk management framework. It includes procedures for risk assessment, control activities, information and communication, and monitoring. The Company has completed RCSA exercise to identify potential operational risks. A comprehensive risk assessment exercise was conducted by engaging all stakeholders. The identified risks were assessed to evaluate their potential impact on the Company. The adequacy of controls is then assessed to ascertain effectiveness of such controls to mitigate the identified risks.

Capital Ratios and MCR

The Company remained well-capitalised with a capital base well above regulatory benchmarks and Basel capital requirements. The Company's total Capital Adequacy Ratio was 65% against the requirement of 11.5%. Quality of the capital is evident from the Company's Common Equity Tier-1 (CET1) to total risk weighted assets ratio. PMRC's capital and related ratios remain well above the regulatory requirements and provide strong footing for its risk absorption capacity.

Dividend and appropriations

The Directors have recommended cash dividend of Rs. 0.75 per share (dividend pay-out: 29.62%) for the year ended 31st December, 2022, subject to approval of the shareholders in the upcoming Annual General Meeting. Additionally, the Board has approved an appropriation of Rs. 315.84 million from the current year's profit to the statutory reserve in compliance with the requirements of the Banking Companies Ordinance, 1962.

Credit Ratings

Based on PMRC's low exposure to credit & market risk, strong projected capitalization indicators, strong sponsors, experienced & professional management team and sound risk management controls, VIS Credit Rating Company Limited (VIS) has assigned entity ratings of "AAA/A-1" (Triple A/A-One Plus). Outlook on the assigned ratings is "Stable".

Statement of Internal Controls

The Board is pleased to endorse the statement made by the management relating to internal controls. The statement on Internal Controls is included in the annual report.

While concerted efforts were made to follow SBP Guidelines on Internal Controls, identification, evaluation and management of risks within each of the DFI's activities; and evaluation and change of procedures remains an ongoing process.

Corporate Governance

The Board of Directors has adopted, the Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan (SECP) on voluntary basis as the Board is committed to ensuring the best Governance practices.

The Directors are pleased to report that:

- The financial statements, prepared by the management of the company, present fairly the state of affairs of the company, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, except for the changes in accounting policies as described in Note 4 to the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to company in Pakistan, have been followed in preparation of financial statements.
- The system of internal control in the company is sound in design and is effectively implemented and monitored.
- There are no significant doubts regarding PMRC's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance except for those as explained in the Statement of Compliance.
- Profit amounting to Rs. 315.84 million has been transferred to Statutory Reserve for the year 2022.
- The current Board of Directors consists of eight (8) male (excluding Chief Executive Office) and two (2) female members. The detailed composition of the Board is given in the Statement of Compliance with the Code of Corporate Governance.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Company engaged Pakistan Institute of Corporate Governance (PICG) to carry out its Board evaluation for 2022 under self-assessment which is in process. PICG has also carried out the evaluation for 2021, covering the three basic components as required by the Listed Companies (Corporate Governance) regulations and (for banks) SBP's Guidelines on Performance Evaluation of Board of Directors, which are; Board as a whole, Board Committees and Individual members of the Board. The Board self-assessment was carried out through an online portal-based questionnaire. The entire process ensured the anonymity of responses received. The deliverables of the assessment process were:
 - a) Board Assessment Report including Board Committees
 - b) Individual Board Member Evaluation Report
 - c) Analysis of Results Report

Change in Directorship

Mr. Muhammad Aslam Ghauri has been nominated as a director on the Board by the Ministry of Finance. Mr. Tayyeb Afzal has been nominated as a director on the Board by International Finance Corporation. Mr. Khurshid Zafar Qureshi and Ms. Sonia Karim have been elected as directors on the Board in the EOGM dated October 4, 2022.

Mr. Abid Naqvi, Mr. Naveed Nasim and Syed Taha Afzal have resigned as directors on the Board during the current year.

Composition of the Board and Board Committees

The composition of the Board and its Committees, names of members of Board Committees are given in the Statement of Compliance with the Code of Corporate Governance.

Composition of the Shari'ah Board

The Company's Shariah Board comprises of two members:

Sr. No.	Name	Designation
1.	Mufti Ehsan Waquar	Chairman Shari'ah Board
2.	Dr. Mufti Muhammad Yunas Ali	Resident Shari'ah Board Member

Meetings of the Board

Below are the details of number of Board and Committee Meetings held **(H)** and attended **(A)** during the year 2022:

Sr. No	Name	Board Meetings		BRC Meetings		BHRC Meetings		BAC Meetings		Corporate Governance & Nominations		Details
		(H)	(A)	(H)	(A)	(H)	(A)	(H)	(A)	(H)	(A)	
1	Rehmat Ali Hasnie	5	5							2	2	
2	Abid Naqvi	5	3					5	3			- Left BoD and BAC in October 2022
3	Farrakh Qayyum	5	5			2	2			2	2	
4	Imran Sarwar	5	3	4	4							
5	Khurshid Zafar Qureshi	5	2	4	1							- Joined BoD & BRC in Aug 2022
6	Mehreen Ahmed	5	5					5	3			
7	Mudassir H. Khan	5	5	4	2	2	2			2	2	
8	Muhammad Aslam Ghauri	5	3	4	1			5	2	2	1	- Joined BoD & BAC in April 2022. - Joined BRC & CGN Comm. in June 2022 - Left BRC in August 2022
9	Naveed Nasim	5	2	4	2							- Left BoD and BRC in May 2022
10	Osman Asghar Khan	5	0									- Joined BoD & BAC in November 2022
11	Risha A Mohyeddin	5	5			2	1	5	1	2	1	- Left BAC & joined CGN Comm. in June 2022
12	Sonia Karim	5	1									- Joined BoD & BHRC in October 2022
13	Syed Taha Afzal	5	2			2	1					- Left BoD and BHRC in July 2022
14	Tayyeb Afzal	5	3					5	3			- Joined BoD in May 2022 - Joined BAC in June 2022

Meetings of the Shariah Board

Sr. No.	Name	Held	Attended
1.	Mufti Ehsan Waquar	4	4
2.	Dr. Mufti Muhammad Yunas Ali	4	4

Value of Investments in Employee Retirement Benefits Funds

The table below shows the value of the investments of the provident and gratuity funds maintained by the Company, based on their financial statements as at December 31, 2022.

Name of Retirement Fund	Rs. In "000"
Staff Provident Fund	52,036
Staff Gratuity Fund	29,142

Pattern of Shareholding

Sr. No	Name	No. of Shares held of PKR 10 each	% Holding	PKR
1	Ministry of Finance - Islamic Republic of Pakistan	180,000,000	28.86%	1,800,000,000
2	National Bank of Pakistan	90,000,000	14.43%	900,000,000
3	Habib Bank Limited	75,000,000	12.02%	750,000,000
4	United Bank Limited	75,000,000	12.02%	750,000,000
5	International Finance Corporation	75,000,000	12.02%	750,000,000
6	Askari Bank Limited	45,000,000	7.21%	450,000,000
7	Bank Alfalah Limited	45,000,000	7.21%	450,000,000
8	Allied Bank Limited	30,000,000	4.81%	300,000,000
9	Bank Al Habib Limited	7,500,000	1.20%	75,000,000
10	House Building Finance Company Limited	1,001,250	0.16%	10,012,500
11	Summit Bank Limited	274,500	0.04%	2,745,000
12	Directors / Individual	150	0.00%	1,500
		623,775,900	100.00%	6,237,759,000

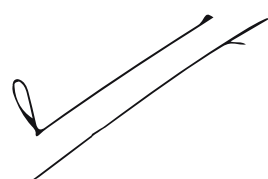
Auditors

The present auditors M/s. A.F.Ferguson & Company, Chartered Accountants, retired and being eligible offer themselves for re-appointment in the forthcoming Annual General Meeting. Accordingly, on the recommendation of the Audit Committee, the Board of Directors recommends the shareholders to appoint M/s. A.F.Ferguson & Company Chartered Accountants as the statutory auditors of the company for the next term at a fee of Rs. 1,812,644/- for statutory assignments without out-of-pocket expenses and taxes to be paid at actuals.

Appreciation and Acknowledgement

On behalf of the Board and the Management, we would like to express our gratitude to our Shareholders for placing their trust in PMRC; SBP, SECP and other regulatory bodies for their support, guidance and oversight as well as the World Bank Group. We would also like to extend our appreciation to our colleagues for the diligent work towards meeting customer expectations and their dedication towards achieving the goals and objectives.

For and on behalf of the Board of Directors.



Rehmat Ali Hasnie
Chairman



Mudassir H. Khan
Managing Director /
Chief Executive Officer

Date: March 01, 2023

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنی رپورٹ اور پاکستان مارگج ری فنانس کمپنی لمیٹڈ PMRC کے مالیاتی گوشوارے برائے سال مختتمہ 31 دسمبر 2022 پیش کرتے ہوئے خوشی محسوس کرتے ہیں

کارکردگی کا جائزہ

کمپنی کے درست وقت پر قرض لینے کی حکمت عملی بہت کامیاب ثابت ہوئی اور PMRC پاکستان میں فیکسڈ اور فلوئنگ ریٹ بانڈز جاری کرنے والے اداروں میں سب سے بڑا ادارہ ثابت ہوا۔ جن کی مالیت 23 ارب روپے اور مدت 10 سال تک کی ہے۔ ان بانڈز میں صف اول کے بینکوں نے سرمایہ کاری کی جو PMRC پر ان اداروں کا مسلسل اعتماد اور اعتبار ظاہر کرتا ہے۔ PMRC نے سال مختتمہ 2022 کے محسوس نتائج شائع کیے ہیں اور کمپنی کے اثاثے جو 31 دسمبر 2021 تک 50.2 بلین روپے کے تھے وہ 31 دسمبر 2022 تک 55.0 بلین روپے تک پہنچ چکے ہیں۔ ایڈوانسز کی شرح نمونہ 42 فیصد سامنے آئی چنانچہ پچھلے سال 23.7 بلین روپے ایڈوانسز کے مقابلے میں اس سال 33.6 ارب روپے رہے۔ مجموعی اثاثوں میں زبردست اضافہ دیکھنے میں آیا جس کی وجہ سے جس کی وجہ سے کمپنی نے قبل از ٹیکس منافع پچھلے سال کے 1.0 بلین روپے کے مقابلے میں اس سال 1.6 ارب روپے کا منافع کمایا۔ نتیجتاً، پچھلے سال 1.71 روپے فی شیئر کے مقابلے میں سال 2022 کے لیے فی شیئر آمدنی بڑھ کر 2.53 روپے فی شیئر ہو گئی۔

2021	2022	مالیاتی جھلکیاں
Rs. In "000"		
		مالیاتی پوزیشن
7,614,561	9,193,900	حصص یافتگان کا سرمایہ
50,211,026	55,553,941	مجموعی اثاثے
7,050,716	7,050,716	ذیلی قرضے
16,800,000	22,800,000	پرائیوٹ بانڈز صکوک
18,387,449	16,140,150	قرضے
23,714,838	33,662,362	ایڈوانسز
10,238,557	20,564,969	سرمایہ کاری
		مالی کارکردگی
1,438,250	2,117,166	خالص سودی آمدن
1,066,433	1,579,217	ٹیکس بعد از نفع
		ریشوز
1.71	2.53	ای پی ایس
28,600,000	43,150,000	ڈیبر ٹرمینٹس - مجموعی

میکرو اکنامک جائزہ

پاکستان نے مالی سال 22 میں 5.97 فیصد جی ڈی پی کی شرح نمو حاصل کی جس کی وجہ زراعت میں 4.40 فیصد، صنعتی شعبے میں 7.19 فیصد اور خدمات کے شعبے میں 6.19 فیصد نمو ہے۔ پچھلے مالی سال کے دوران ملک کی بڑے پیمانے پر بیرونی فیکچرنگ (LSM) میں 11.7 فیصد کا اضافہ ہوا جس کے ساتھ تقریباً تمام شعبوں میں مثبت نمو دیکھنے میں آئی۔ مالی سال 2022 کے دوران کنزیومر فنانسنگ میں بھی تیزی آتی رہی اور بڑا محرک ہاؤسنگ اور آٹوموبائل سیکٹر سے آیا۔ ہاؤسنگ سیکٹر میں گزشتہ سال 17.2 فیصد کی ترقی کے مقابلے میں 64.3 فیصد کی ترقی دیکھی گئی۔ یہ اضافہ بنیادی طور پر حکومت اور اسٹیٹ بینک کی جانب سے ملک میں ہاؤسنگ اور کنسٹرکشن فنانسنگ کو فروغ دینے کے لیے اٹھائے گئے اقدامات کی وجہ سے دیکھا گیا جیسا کہ گورنمنٹ مارک اپ سبسڈی اسکیم (G-MSS) جس نے بینکوں کو بہت کم قیمت پر مکانات کی تعمیر اور خریداری کے لیے فنانسنگ فراہم کرنے کے قابل بنایا۔ آبادی کے کم آمدنی (Low Income) سے درمیانی آمدنی (Middle Income) والے طبقات کے لیے فنانسنگ کی شرح اور اس کے نتیجے میں، مالیاتی اداروں کا رہائشی تعمیرات اور ہاؤسنگ فنانس پورٹ فولیو دسمبر 21 میں 373 PKR بلین سے بڑھ کر دسمبر 22 میں 483 PKR بلین ہو گیا جس میں 29 فیصد سالانہ اضافہ ہوا۔

حکومت نے مالی سال 23 کے لیے 5 فیصد شرح نمو کا ہدف مقرر کیا ہے۔ تاہم، بین الاقوامی اجناس کی قیمتوں میں اضافے، سیلاب کی وجہ سے ہونے والی رکاوٹ اور مائیکرو پالیسی میں سخت اقدامات کی وجہ سے افراط زر کے دباؤ کے نتیجے میں اقتصادی سرگرمیوں میں کمی کی صورت میں اقتصادی ترقی کے خطرات موجود ہیں۔ مالی سال 23 کے بجٹ میں زیادہ تر اہداف ترقی کی جانب بڑھتے ہوئے نظر آتے ہیں اور حکومت کو موجودہ عالمی اور ملکی اقتصادی منظر نامے میں انہیں حاصل کرنا مشکل ہو گا۔

اس کے علاوہ خوراک اور توانائی کی قیمتوں میں اضافے کے ساتھ ساتھ بیرونی اور مالیاتی اتار چڑھاؤ کی وجہ سے بڑھتے ہوئے افراط زر نے مرکزی بینک کو 2021 سے سخت مالیاتی موقف اپنانے پر مجبور کیا

جو پورے مالی سال 2022 میں جاری رہا، جہاں اسٹیٹ بینک آف پاکستان (SBP) نے مجموعی طور پر 900 bps بچھ مارک کی شرح میں اضافہ کیا۔ دسمبر 21 میں 7% تک تنخواہ نمبر 22 میں 16% تک بچھ گیا۔

دوران مالی سال میں بیرونی فنڈنگ گپ کو سنبھالنا معیشت کے لیے سب سے بڑا چیلنج دکھائی دے رہا ہے۔ مالی سال 23 میں 23 بلین یو ایس ڈالر کے کل بیرونی قرضوں کی ادائیگی میں تقریباً 10 بلین یو ایس ڈالر میں سے بعض ادا کر دیے گئے ہیں اور بعض رول (Roll Over) کیے جا چکے ہیں۔ جبکہ حکومت کو باقی رقم کے لیے فنڈنگ کی ضمانتیں مل چکی ہیں۔ تاہم یہ وعدے آئی ایم ایف کے نوویں جائزے پر منحصر ہیں اور تاہم ان وعدوں کو خطرے میں ڈال سکتی ہے۔ گزشتہ چند ماہ کے دوران حکومت کی زیادہ تر کوششیں بڑے بیرونی خسارے کو کم کرنے پر مرکوز رہیں جو مالی سال 22 میں 17.4 بلین یو ایس ڈالر یعنی (GDP کا 4.6%) پر بند ہوئیں۔

نخت فیکل اور مانیٹری پالیسیوں کے امتزاج نے مجموعی طلب کو کامیابی سے کم کیا ہے۔ یہ اقدام درآمدات پر انتظامی پابندیوں کے ساتھ مل کر 2022 کی دوسری سہ ماہی کے دوران کرنٹ اکاؤنٹ خسارے کو 3.67 بلین امریکی ڈالر تک کم کرنے میں کامیاب ہوا ہے، جو پچھلے سال کی اسی مدت کے مقابلے میں 60 فیصد کم ہے۔ اگرچہ حالیہ مہینوں میں کرنٹ اکاؤنٹ پر سامنے آنے والا ایک اہم خطرہ تزیلات زر میں کمی کا رجحان ہے جس میں اسی مدت کے دوران 10 فیصد سے زیادہ کمی واقع ہوئی ہے۔

نومبر 2022 میں 23.8 فیصد کے مقابلے میں دسمبر 2022 میں کنزیومر پرائس انڈیکس (CPI) افراط زر بڑھ کر 24.5 فیصد ہو گیا۔ لاگت کا دباؤ، سپلائی کے جھٹکے، سبسڈی میں ردوبدل، ٹیرف میں اضافہ، اور روپے کی قدر میں کمی، معیشت میں افراط زر کے دباؤ میں اضافے میں بنیادی معاون رہے ہیں۔ 2022 کے گزشتہ پانچ ماہ میں اوسط مہنگائی گزشتہ سال کی اسی مدت کے 9.32 فیصد کے مقابلے میں 25.1 فیصد پر پہنچ گئی۔ گزشتہ چند ہفتوں کے دوران سپلائی سائیڈ میں رکاوٹوں، یوٹیلیٹی کی قیمتوں میں اضافے اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے پیش نظر، مستقبل قریب میں یا بقیہ مالی سال کے لیے افراط زر کی شرح بند رہنے کی توقع ہے۔

مستقبل کا آؤٹ لک

یاد رہے مطابق مالی سال 23 (جنوری 23 تا جون 23) کے بقیہ حصے میں ملک میں افراط زر اوسطاً 24.00-26.00% کی حد میں بند رہے گا، جس کی بنیادی وجہ اجناس کی اونچی قیمتوں، کرنسی کی قدر میں کمی اور یوٹیلیٹی بڑکی قیمتوں میں ایڈجسٹمنٹ ہے۔ SBP ایک سخت مالیاتی پالیسی برقرار رکھ سکتا ہے اور ایسا لگتا ہے کہ دوسری سہ ماہی میں پالیسی کی شرح میں مزید 1-2% اضافہ ہو سکتا ہے۔ مالیاتی سختی جاری رہے گی کیونکہ آئی ایم ایف پروگرام پالیسی سازوں کو گیس کی قیمتوں، پیٹرولیم کی قیمتوں میں اضافے کے ساتھ ساتھ کارڈز پر جی ایس ٹی کے نفاذ پر نظر رکھتا ہے۔ جیسا کہ ذکر کیا جا چکا کہ سیلاب سے متعلق اضافی اخراجات اور مطلوبہ آمدنی میں اضافے کے بجائے کمی کی وجہ سے ہماری دانست میں سال کے آخر تک مالی خسارہ جی ڈی پی (GDP) کا 5.9% تک ممکن ہے۔

تجارتی اور کرنٹ اکاؤنٹ خسارے میں کمی کا رجحان جاری رہنے کی توقع ہے، جس کی وجہ برآمدات پر مبنی شعبوں کے لیے مراعات اور درآمدات میں سست روی ہے۔ برآمدات کے حماز پر متنی پہلو کا خطرہ برقرار ہے کیونکہ عالمی کساد بازاری سے برآمدات میں کچھ کمی آنے کا امکان ہے۔ جب کہ ہم بقیہ مالی سال کے لیے درآمدات میں بتدریج نرمی کی توقع کرتے ہیں، جاری مانیٹری اور مالیاتی اقدامات سے مالی سال 23 کے لیے کرنٹ اکاؤنٹ خسارے کو GDP کے تقریباً 2% تک لے جانے کا امکان ہے۔

جبکہ IMF پروگرام واضح طور پر بیرونی عدم توازن کو بہتر بنانے اور زرمبادلہ کے ذخائر میں اضافے کے لیے مارکیٹ کے متعین کردہ مبادلہ کو برقرار رکھنے کے عزم کو واضح کرتا ہے۔ حکام انتظامی اقدامات کر رہے ہیں جیسے ایل سی کھولنے کی حد، بعض مصنوعات کی درآمد پر پابندی، ڈالر کی واپسی پر پابندی وغیرہ۔ آگے بڑھتے ہوئے ہم توقع کرتے ہیں کہ اسٹیٹ بینک بتدریج IMF کی اگلی قسط کے طور پر انتظامی اقدامات میں نرمی کرے گا جس کے بعد دوطرفہ اور کثیر الجہتی معاہدوں کی صورت میں ڈالر کا انفلو (Inflow) شروع (مکمل طور پر 2023 کی پہلی سہ ماہی میں شروع) ہو جائے گا۔ اس پس منظر میں، ہم توقع کرتے ہیں کہ سرکاری شرح غیر سرکاری نرخوں کے قریب ہو جائے گی۔

انسانی وسائل

کمپنی اس بات کو یقینی بنانے کے لیے کہ وہ کمپنی کے اہداف کو حاصل کرنے کے لیے موثر اور بہتر طریقے سے کام کر رہی ہے چنانچہ اس ضمن میں اپنے سب سے قیمتی اثاثے یعنی اپنے ورکرز کی اسٹاف پیشہ وارانہ تربیت کے لیے پر عزم ہے۔ کمپنی ملازمین کو اپنے کام کو موثر طریقے سے انجام دینے کے لیے ضروری مہارت اور علم فراہم کرنا یقینی بناتی ہے۔ اس میں تربیت کی ضروریات کی نشاندہی کرنا، تربیتی پروگراموں کی ڈیزائننگ اور فراہمی، اور تربیت کی تاثیر کا جائزہ لینا شامل ہے۔ 2022 میں، عملے نے 32 افرادی قوت کی تربیتی تقریبات میں شرکت کی۔ ان تربیتی تقریبات نے اپنے اپنے ایریا میں بنیادی صلاحیتوں اور قابلیت کے بڑھانے میں مدد کی۔

کمپنی ملازمین کے تعلقات کو بہتر بنانے میں کوشاں رہتی ہے اور کام کے لیے مثبت ماحول کو برقرار رکھتی ہے۔ اس میں ملازمین کی شکایات سے نمٹنا، تنازعات کو حل کرنا اور تنوع اور شمولیت کو فروغ دینا شامل ہے۔ کمپنی ملازمت میں مساوی مواقع اور منصفانہ سلوک فراہم کرنے کے لیے پر عزم ہے اور کسی بھی بنیاد پر بھرتی کرنے یا ملازمت کے طریقوں میں غیر قانونی امتیاز کو قبول نہیں کرتی ہے جس میں صنف، نسل، رنگ، قومیت، نسل، معذوری، عمر شامل ہیں لیکن یہ منصفانہ سلوک فقط (ان اوپر ذکر کی گئیں باتوں) تک محدود نہیں ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کارپوریٹ سماجی ذمہ داری (CSR) کی وکالت کرتی ہے تاکہ مقامی کمیونٹیز پر ایک مثبت سماجی اثر پیدا کیا جاسکے جس کے نتیجے میں ایک زیادہ جامع اور خیال رکھنے والا معاشرہ بنتا ہے۔ PMRC

اپنے اسٹیک ہولڈرز کے ساتھ باقاعدگی سے رہن کی فنائنگ، روایتی اور اسلامی کینیٹل مارکیٹس، اسلامک فنانس اور ثانوی رہن کی مارکیٹ سے متعلقہ دیگر شعبوں میں اپنے تجربے کا اشتراک کرتا ہے۔ 2022 میں، پی ایم آر سی نے مقامی اور بیرون ملک اپنے اسٹیک ہولڈرز کے ذریعے مختلف صنعتی کانفرنسوں اور گول میزوں کا اہتمام کیا اور ان میں شرکت کی۔

PMRC نے شراکت دار مالیاتی اداروں (PFIs) کے لیے "ماحولیات اور سماجی معیار برائے ہاؤسنگ فنانس" پر کامیابی کے ساتھ ٹریڈنگ سیشن کا انعقاد کیا۔ معروف بینکوں، مائیکرو فنانس بینکوں، ترقیاتی مالیاتی اداروں اور ہوم فنانس کمپنیوں کے 35 سے زائد شرکاء نے فرسٹی اور عملی طور پر سیشن میں شرکت کی۔

سی ایس آر (CSR) کی کارکردگی کو یقینی بناتے ہوئے پی ایم آر سی نے سیلاب سے متاثرہ علاقوں کے لوگوں کے لیے سٹیزن فاؤنڈیشن، خدمت فاؤنڈیشن پاکستان اور اعوت فاؤنڈیشن کو 10 لاکھ روپے کا عطیہ دیا۔

ریزرو میں نقل و حرکت

2021	2022	تفصیلات
Rs. In "000"		
6,138,363	7,367,199	ابتدائی حساب
853,146	1,263,374	غیر منقسم نفع
213,287	315,843	قانونی ریزرو میں منتقلی
500,000	-	حصص کا اجراء
(337,597)	(201,477)	دوسری مجموعی اکم
7,367,199	8,744,939	باقی رہ جانے والا بیلنس / حساب

رسک مینجمنٹ فریم ورک

پوری کمپنی میں رسک مینجمنٹ کو یقینی بنانے کے لیے، PMRC نے کمپنی کی آپریشنل پیچیدگی، سائز اور کاروبار کی نوعیت کے مطابق بورڈ کی مضبوط نگرانی، کثیر درجے کی انتظامی نگرانی، اور موثر نظام اور کنٹرول کے ساتھ رسک مینجمنٹ فریم ورک کو نافذ کیا۔

گورنس ڈھانچے کے حصے کے طور پر، بورڈ رسک مینجمنٹ کمیٹی (BRMC) مسلسل بنیادوں پر کمپنی کے رسک پروفائل کی نگرانی، جائزہ اور انتظام کرتی ہے۔ سینئر مینجمنٹ کی سطح پر، رسک مینجمنٹ کمیٹی، واضح طور پر بیان کردہ پالیسیوں اور طریقہ کار کے ذریعے نگرانی اور عملدرآمد کے لیے ذمہ دار ہے۔

ایک مضبوط اندرونی کنٹرول سسٹم کسی تنظیم کے جامع رسک مینجمنٹ فریم ورک کا کلیدی جزو ہے۔ اس میں خطرے کی تشخیص، کنٹرول کی سرگرمیاں، معلومات اور مواصلات، اور نگرانی کے طریقہ کار شامل ہیں۔ کمپنی نے کمپنی میں موجود ممکنہ خطرات کی نشاندہی کرنے کے لیے RCSA (خطرہ اور کنٹرول کی بذات خود تشخیص) مکمل کر لی ہے۔ تمام اسٹیک ہولڈرز کو شامل کر کے ایک جامع خطرے کی تشخیص کی مشق کی گئی۔ اس کے بعد شناخت شدہ خطرات کا اندازہ لگایا گیا تاکہ کمپنی پر ان کے ممکنہ اثرات کا اندازہ لگایا جاسکے۔ اس کے بعد کنٹرول کی مناسبت کا جائزہ لیا جاتا ہے تاکہ یہ معلوم کیا جاسکے کہ آیا کنٹرول موجود ہیں اور شناخت شدہ خطرات کو کم کرنے کے لیے اس طرح کے کنٹرول کی تاثیر کارگر ہے۔

سرمائے کا تناسب اور MCR

کمپنی ریگولیٹری بیچ مارکس اور بازل کینیٹل کی ضروریات سے اوپر کینیٹل بیس کے ساتھ اچھی طرح سے سرمایہ دار رہی۔ کمپنی کا کل کینیٹل ایڈیکویٹی ریٹو 11.50% کی ضرورت کے مقابلے میں 65.13% ہے۔ سرمائے کا معیار کمپنی کے کامن ایلیٹیٹی ٹیسٹ 1-CET1 سے کل رسک ویڈ انٹاؤں کے تناسب سے ظاہر ہوتا ہے۔ کمپنی کے کینیٹل بیس میں کافی کش ہے۔ PMRC کا سرمایہ اور متعلقہ تناسب ریگولیٹری تقاضوں سے بہت اوپر رہتا ہے جو اس کی رسک جذب کرنے کی صلاحیت کے لیے مضبوط بنیادوں کا معیار فراہم کرتا ہے۔

ڈیویڈنڈ اور مختصات

ڈائریکٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 0.75 فی شیئر (ڈیویڈنڈ کی ادائیگی: 29.62%) روپے کے نقد منافع کی سٹارٹ کی ہے جو آئندہ اجلاس نام میں حصص یافتگان کی منظوری سے مشروط ہے۔ مزید برآں، بورڈ نے بینکنگ کمپنیز آرڈیننس 1962 کے تقاضوں کے مطابق 315.84 ملین روپے موجودہ سال کے منافع سے قانونی ریزرو میں رکھنے کی منظوری دی ہے۔

کریڈٹ ریٹنگ

PMRC کے کافی حد تک کریڈٹ اور مارکیٹ رسک سے محفوظ ہونے، مضبوط منظم کپیٹلائزیشن انڈیکسٹرز، مضبوط اسپانسرز، تجربہ کار اور پیشہ ورانہ انتظامی ٹیم اور سائڈ رسک مینجمنٹ کنٹرولز کی بنیاد پر VIS کریڈٹ ریٹنگ کمپنی لیٹڈ (VIS) نے A-1/AAA (ٹرپل اے/اے-ون پلس) کی درجہ بندی تفویض کی ہے۔ تفویض کردہ درجہ بندی پر آؤٹ لک "مستحکم" ہے۔

اندرونی کنٹرول کا بیان

بورڈ، انتظامیہ کے اندرونی کنٹرول سے متعلق بیان کی توثیق کرنے پر خوش ہے۔ اندرونی کنٹرول پر بیان سالانہ رپورٹ میں شامل ہے۔

داخلی کنٹرول، شناخت، تفتیش اور DFI کی سرگرمیوں میں سے ہر ایک کے اندر خطرات کے انتظام سے متعلق SBP کے رہنما خطوط پر عمل کرنے کے لیے ٹھوس کوششیں کی گئیں۔ اور طریقہ کار کی تفتیش اور تبدیلی ایک جاری عمل ہے۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے رضاکارانہ بنیادوں پر جاری کردہ کارپوریٹ گورننس کوڈ کو اپنایا ہے کیونکہ بورڈ بہترین گورننس کے طریقوں کو یقینی بنانے کے لیے پرعزم ہے۔ ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ:

- کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالیاتی بیانات، کمپنی کے معاملات، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو صاف شفاف انداز میں پیش کرتے ہیں۔
- کھاتوں کی مناسب کتابیں تیار کی گئی ہیں۔
- مناسب اکاؤنٹنگ پالیسیوں کو مالیاتی بیانات کی تیاری میں مسلسل لاگو کیا گیا ہے، سوائے اکاؤنٹنگ پالیسیوں میں تبدیلیوں کے جیسا کہ نوٹ 4 میں مالی بیانات میں بیان کیا گیا ہے۔ اکاؤنٹنگ تخمینے معقول اور دائمندانہ فیصلے پر مبنی ہوتے ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں کمپنی پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں، ان کی پیروی کی گئی ہے۔
- کمپنی میں اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے درست ہے اور اسے مؤثر طریقے سے لاگو کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔
- PMRC کے ایک گورننگ کنسرن (بزنس کے لیے سازگار خود کنٹرول) ادارے کے طور پر جاری رہنے میں کوئی ابہام یا شک کی گنجائش نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی پہلو تہی نہیں کی گئی ہے سوائے ان کے جن کا بیان اسٹیٹمنٹ آف کمپلائنس میں وضاحت سے بیان کیا جا چکا۔
- 315.84 ملین روپے کا منافع سال 2022 کے لیے میٹروٹری ریزرو میں منتقل کیا گیا ہے۔
- موجودہ بورڈ آف ڈائریکٹرز آف (8 مرد) (جیف ایگزیکٹو آفس کو چھوڑ کر) اور دو (2) خواتین اراکین پر مشتمل ہے۔ بورڈ کی تفسیلی ساخت کوڈ آف کارپوریٹ گورننس میں کمپلائنس اسٹیٹمنٹ کے ساتھ ذکر کیا گیا ہے۔
- ڈائریکٹرز کے تربیتی پروگراموں کی تفصیلات کوڈ آف کارپوریٹ گورننس میں کمپلائنس اسٹیٹمنٹ کے ساتھ بیان کی گئیں ہیں۔
- کمپنی نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کو 2022 کے لیے اپنے بورڈ کی تفتیش سیلف ایسٹمنٹ (Self-assessment) کے تحت انجام دینے کے لیے منسلک کیا، جوئی الوقت پر سبس میں ہے۔ PICG نے 2021 کے لیے تفتیش بھی کی ہے، جس میں لسٹڈ کمپنیوں (کارپوریٹ گورننس) کے ضوابط اور (بینکوں کے لیے) بورڈ آف ڈائریکٹرز کی کارکردگی کی تفتیش سے متعلق SBP کے رہنما اصولوں کے مطابق تین بنیادی اجراء کا احاطہ کیا گیا ہے، جو یہ ہیں؛ بورڈ بحیثیت مجموعی، بورڈ کمیٹیاں اور بورڈ کے انفرادی اراکین۔ بورڈ کی تفتیش آن لائن پورٹل پر مبنی سوانامی کے ذریعے کی گئی۔ پورے عمل (Process) نے موصول ہونے والے جوابات کی گمنامی کو یقینی بنایا۔ تفتیش کے عمل کی فراہمی یہ تھی:

- (a) بورڈ کی تفتیش کی رپورٹ بشمول بورڈ کمیٹیاں
- (b) بورڈ ممبران کی انفرادی تفتیش کی رپورٹ
- (c) نتائج کی رپورٹ کا تجزیہ

ڈائریکٹرشپ میں تبدیلی

جناب محمد الم غوری کو وزارت خزانہ نے بورڈ میں بطور ڈائریکٹر نامزد کیا ہے۔ جناب طیب افضل کو انٹرنیشنل فنانس کارپوریشن نے بورڈ میں بطور ڈائریکٹر نامزد کیا ہے۔ جناب عورشید ظفر قریشی اور محترمہ سونیا کریم کو 4 اکتوبر 2022 کو ہونے والے ای او جی ایم میں بورڈ میں بطور ڈائریکٹر منتخب کیا گیا ہے۔ جناب عابد نقوی، جناب نوید نسیم اور سید طلحہ افضل نے رواں سال کے دوران بورڈ کے ڈائریکٹرز کے عہدے سے استعفیٰ دے دیا ہے۔

بورڈ اور بورڈ کمیٹیوں کی تشکیل

بورڈ اور اس کی کمیٹیوں کی تشکیل، بورڈ کمیٹیوں کے اراکین کے نام کوڈ آف کارپوریٹ گورننس کے ساتھ کمپلائنس اسٹیٹمنٹ میں بیان کر دیا گیا ہے۔

شریعیہ بورڈ کی تشکیل
کمپنی کا شریعی بورڈ دو ارکان پر مشتمل ہے

سیریل نمبر	نام	عہدہ
۱	منقح احسان وقار	چیئرمین شریعیہ بورڈ
۲	ڈاکٹر منقح محمد یونس علی	ریزیڈنٹ شریعیہ بورڈ ممبر

بورڈ کے اجلاس

سال 2022 کے دوران منعقدہ اور ان میں شرکت کرنے والے بورڈ اور کمیٹی کے اجلاسوں کی تعداد کی تفصیلات ذیل میں ہے۔

سیریل نمبر	نام	بورڈ میٹنگز		بی آئی سی (BRC)		بی ایچ آئی سی (BHRC)		کارپوریٹ گورننس اینڈ ڈیٹا کمیٹی		تفصیلات
		حاضر	اجلاس کی تعداد	حاضر	اجلاس کی تعداد	حاضر	اجلاس کی تعداد	حاضر	اجلاس کی تعداد	
۱	رحمت علی حسنی	5	5					2	2	
۲	ماہد نقوی	3	5	3	5					- اکتوبر 2022 میں BoD اور BAC کو چھوڑ دیا۔
۳	فرخ قیوم	5	5			2	2	2	2	
۴	عمران سرور	3	5							
۵	خورشید ظفر قریشی	2	5	1	4					- اگست 2022 میں BoD اور BRC میں شمولیت اختیار کی۔
۶	مہرین احمد	5	5	3	5					
۷	مدثر ایچ خان	5	5			2	2	2	2	
۸	محمد الم غوری	3	5	1	4			1	2	- اپریل 2022 میں BoD اور BAC میں شمولیت اختیار کی۔ - جون 2022 میں BRC اور CGN کمیٹی میں شمولیت اختیار کی۔ - اگست 2022 میں BRC کو چھوڑ دیا۔
۹	نوید نسیم	2	5							- مئی 2022 میں BoD اور BRC کو چھوڑ دیا۔
۱۰	عثمان اصغر خان	0	5							- نومبر 2022 میں BoD اور BAC میں شمولیت اختیار کی۔
۱۱	رشا اے مئی الدین	5	5	1	5	1	2	1	2	- BAC چھوڑ دیا اور جون 22 میں CGN کمیٹی میں شمولیت اختیار کی۔
۱۲	سونیا کریم	1	5							- اکتوبر 2022 میں BoD اور BHRC میں شمولیت اختیار کی۔
۱۳	سید طہ فضل	2	5			1	2			- جولائی 2022 میں BoD اور BHRC کو چھوڑ دیا۔
۱۴	طیب فضل	3	5					3	5	- مئی 2022 میں BoD میں شمولیت اختیار کی۔ - جون 2022 میں BAC میں شمولیت اختیار کی۔

شریعیہ بورڈ کے اجلاس

سیریل نمبر	نام	حاضر	میٹنگز کی تعداد
۱	منقح احسان وقار	4	4
۲	ڈاکٹر منقح محمد یونس علی	4	4

ایمپلائمنٹ ریٹائرمنٹ بینیفٹس فنڈز میں سرمایہ کاری کی قدر

بچنے دی گئی جدول 31 دسمبر 2022 کے مالیاتی بیانات کی بنیاد پر کمپنی کے زیر انتظام پروویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کی قدر کو ظاہر کرتی ہے۔

ریٹائرمنٹ فنڈ کا نام	”000“ روپے میں
اسٹاف پروویڈنٹ فنڈ	52,036
اسٹاف کریجویٹی فنڈ	29,142

شینئر ہولڈنگ کا نمونہ

سیریل نمبر	نام	حصص کی تعداد ہر حصہ کی قیمت دس روپے ہے	% ہولڈنگ	پاکستانی روپے
۱	منسٹری آف فنانس اسلامی جمہوریہ پاکستان	180,000,000	28.86%	1,800,000,000
۲	نیشنل بینک آف پاکستان	90,000,000	14.43%	900,000,000
۳	حبیب بینک لمیٹڈ	75,000,000	12.02%	750,000,000
۴	یونائیٹڈ بینک لمیٹڈ	75,000,000	12.02%	750,000,000
۵	انٹرنیشنل فنانس کارپوریشن	75,000,000	12.02%	750,000,000
۶	عسکری بینک لمیٹڈ	45,000,000	7.21%	450,000,000
۷	بینک الافلاح لمیٹڈ	45,000,000	7.21%	450,000,000
۸	الائیڈ بینک لمیٹڈ	30,000,000	4.81%	300,000,000
۹	بینک الحبیب لمیٹڈ	7,500,000	1.20%	75,000,000
۱۰	پاؤس بلڈنگ فنانس کمپنی لمیٹڈ	1,001,250	0.16%	10,012,500
۱۱	سمت بینک لمیٹڈ	274,500	0.04%	2,745,000
۱۲	ڈائریکٹر / انفرادی	150	0.00%	1,500
		623,775,900	100.00%	6,237,759,000

آڈیٹرز

موجودہ آڈیٹرز میسرز، اے ایف فرکون اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور دوبارہ تقرری کے اہل ہونے کی وجہ سے آئندہ سالانہ اجلاس نام میں دوبارہ تقرری کے لیے خود کو پیش کر رہے ہیں۔ بورڈ آف ڈائریکٹرز نے بورڈ آف ڈائریکٹرز کی تجویز پر میسرز اے ایف فرکون اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو کمپنی کے قانونی آڈیٹرز کے طور پر اگلی مدت کے لیے 1,812,644 روپے کی فیس پر (دیگر اخراجات اور ٹیکس حقیقی بنیاد پر ادا کیے جائیں گے) تقرری کی سفارش کی ہے۔

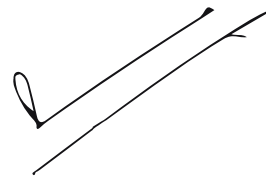
تعریف اور اعتراف

بورڈ اور انتظامیہ کی جانب سے، ہم PMRC پر اعتماد کرنے پر اپنے حصص یافتگان کا، ایس بی پی، ایس ای سی پی اور دیگر ریگولیٹری اداروں کا ان کی مدد، رہنمائی اور نگرانی کرنے اور ساتھ ورلڈ بینک گروپ کا بھی شکریہ ادا کرنا چاہیں گے۔ ہم کابو کی توقعات کو پورا کرنے اور اہداف اور مقاصد کے حصول کے لیے اپنے ساتھیوں کی محنت اور لگن کے ساتھ کام سر انجام دینے پر ان کی تعریف بھی کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے۔



مدثر ایچ خان
میجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر



رحمت علی حسنی
چیئر مین

تاریخ: یکم مارچ ۲۰۲۳

Profiles of the Board of Directors



Mr. Rehmat Ali Hasnie
Chairman

Chief Executive Officer & President (Acting) - NBP

Mr. Hasnie has been a member of the Board of PMRC since May 2015 and the Chairman of the Board of Directors since April 2017. He is a financial markets professional with a MA in Development Banking from The American University (USA) and presently serving at National Bank of Pakistan (NBP) in the capacity of Chief Executive Officer & President (Acting). NBP is Pakistan's largest and most profitable public sector banks and is a listed company on the Pakistan Stock Exchange. Mr. Hasnie has held various senior management level positions during his years at NBP including the Group Chief of the Investment Banking Group, the Group Chief of the Inclusive Development Group (IDG) as well as the Acting Group Chief of the Corporate & Investment Group. He has over 26 years of work experience in the financial sector including stints in economics research, capital markets, investment banking, treasury and credit markets at various institutions in Pakistan. He has served on numerous Boards as a nominee Director of NBP including of Pakistan Mercantile Exchange Limited, Fauji Akbar Portia Marine Terminals Limited, Agritech Limited, First Credit Investment Bank Limited and First National Bank Modaraba.



Mr. Risha A. Mohyeddin
Director

Mr. Risha A. Mohyeddin is the Global Treasurer for HBL, responsible for Sales & Trading businesses (covering Fixed Income, FX, Derivatives & Structured Products, Equities) and Treasury/Balance Sheet Management activities, for the Bank's global franchise. Previously he has served as Regional Treasurer for Barclays Bank in Dubai and headed businesses in National Bank of Pakistan and United Bank Ltd., Pakistan. Previously he worked at Citibank as Country Treasurer for Pakistan, and Regional Head of Structuring, based in Bahrain. During his career, Mr. Mohyeddin has worked closely with market bodies and regulatory agencies to help advance the regulatory structure of markets in several countries in the region, including Pakistan, Egypt and the UAE.

He has an MBA from Melbourne Business School, Australia and a Masters in Finance from Boston College, US.



Mr. Imran Sarwar
Director

Mr. Imran Sarwar serves as the Group Executive, Risk and Credit Policy and Group Chief Risk Officer at United Bank Limited. Mr. Sarwar holds degrees in Business & Accounting from Ohio Wesleyan University and LLB from Punjab University. With over 27 years of diversified banking experience covering Corporate, Institutional, Investment Banking and Risk, he has worked in Pakistan, Australia, UK and UAE. Before joining UBL, he was Head of Corporate and Institutional Banking UAE for Standard Chartered Bank. He joined UBL in August 2017.



Ms. Mehreen Ahmed
Director

Ms. Mehreen Ahmed currently serves as the Group Head - Retail Banking at Bank Alfalah. In this role, she is responsible for managing the Bank's Retail, Commercial, SME & Consumer businesses across the country. Her operational network comprises over 525 branches and she leads the banks sales effort for one of the widest product suites in the market. She is also managing high-impact new businesses including Wealth Management, Premier Banking, and Payroll Banking alongside, Marketing, Communications, and Deposit Products. She joined Bank Alfalah in 2012 as the Group Head for Consumer Business and New Initiatives.

Her banking career spans over 25 years across Pakistan's leading financial institutions including Standard Chartered, MCB, and Soneri Bank Limited. She holds an MBA in Finance and Marketing from the Institute of Business Administration (IBA), University of Karachi. Ms. Mehreen Ahmed represents Bank Alfalah on the board of the Pakistan Mortgage Refinance Company (PMRC), and is also a member on the Client Councils of leading international payment schemes.



Tayyeb Afzal
Nominee Director of IFC

Mr. Tayyeb Afzal is a Nominee Director, representing International Finance Corporation (IFC) on the Board of PMRC. Mr. Tayyeb is a seasoned C-level executive with over 45 years of international experience in both industry (Financial services, manufacturing) and professional services (Big 4). He is an independent board director, business advisor, executive coach, mentors and provides coaching to young entrepreneurs. Awarded first in Pakistan DCRO Institute in Certificate in Risk Governance – Certificate in Risk Governance® <https://dcroi.org/certificate-program>

Mr. Tayyeb is established and recognized in Pakistan for board level participation and contribution for leading listed and private companies, especially in the areas of leadership of audit committees, optimization of financial accounting & systems, management and governance systems, strategic planning, IPO planning, M&A, and due diligence initiatives. He possesses expertise in external and internal auditing, wholesale and corporate banking, equipment leasing and skill set of adaptability and business knowledge of different industry sectors and diverse functional roles providing the ability to quickly add value while dealing with individuals at all levels and across all disciplines. He has strong business and functional acumen to execute a wide range of delivery and solution strategies. A creative and analytical thinker who can lead and manage changing businesses.

Mr. Tayyeb is a Fellow Member (FCA) of the Institute of Chartered Accountants of England & Wales (ICAEW) and Fellow Member (FCCA) of The Association of Chartered Certified Accountants of the UK having professionally worked in the U.K., Canada, Middle East (Dubai, Muscat, Kuwait and Bahrain) and Pakistan.



Mr. Osman Asghar Khan
Independent Director

Osman Asghar Khan completed his articles with Ernst & Young LLP in the US. In 1996, he moved to Data General in an internal audit role growing to lead the department. In 1999 Data General was acquired by EMC in Pakistan where he continued to have a number of senior roles in Finance and Operations. In 2007 he moved back to Pakistan and established EMC's operations within Pakistan, growing that business until it was acquired by Dell in 2016. Osman also has remained as Country Head of SAP in Pakistan. Currently, Osman is leading Afiniti in Pakistan, a leading AI unicorn, and is also serving on the board of a number of Pakistani companies and is the Honorary Consul of Ireland in Pakistan.

He is a Certified Public Accountant (CPA) from Massachusetts, USA as well as a Chartered Accountant (CA) from Canada & Pakistan. He has done his Bachelors from Brown University in Providence, Rhode Island in Economics, and I.R. He has also completed his MBA in Accounting from Boston University.



Mr. Farrakh Qayyum

Independent Director

Mr. Farrakh Qayyum retired as Secretary to Government of Pakistan. He served as Secretary Economic Affairs Division, Finance, Petroleum and Natural Resources, Telecommunications and Information Technology, Privatization, and Science and Technology. Mr. Qayyum has extensive experience in policy and strategy formation and implementation, institutional development, economic and financial evaluation, in managing multi-disciplinary teams for financial and development projects, and in working closely with commercial banks and multilateral and bilateral donor agencies. Mr. Qayyum has played an instrumental role in the government's financial sector and telecommunications sector reforms and successful privatization of PTCL and some of Pakistan's key financial institutions, and negotiated and signed the Pak-Iran Gas Supply Agreement. He has also served as Trade and Economic Minister at the Embassy of Pakistan in Washington DC, Special Assistant to the Finance Minister, and Additional Secretary (Econ) at the Prime Minister's Secretariat.

Mr. Qayyum holds a Master Degree in Economics with a major in International Trade and Finance from the University of San Francisco, USA. He has received certifications from the Kennedy School of Government, Harvard University, the Overseas Economic Cooperation Fund and several other prestigious organizations.

He has represented Pakistan as Alternate Governor World Bank and Asian Development Bank in their annual meetings. He also served as Executive Director on the Board of Islamic Development Bank. Mr. Qayyum represented the Government on the Boards of Directors of State Bank of Pakistan, National Bank of Pakistan, and Pakistan International Airlines. He has also been on the Boards of Directors of Allied Bank Ltd., Pak China Investment Company, and PAIR Investment Company Ltd. He was a Member of the Economic Advisory Committee, constituted by the Ministry of Finance.

Mr. Qayyum is, presently, the Chief Executive Officer of GEI Pakistan (Pvt) Ltd., an affiliate company of Saif Group, and focused on delivering affordable and clean energy and power solutions for Pakistan.



Mr. Mudassir H. Khan

MD/ Chief Executive Officer

Mr. Mudassir H. Khan is the Managing Director/CEO of Pakistan Mortgage Refinance Company (PMRC). Mr. Khan holds an Executive Masters in Business Administration (update) from Stern School of Business, New York, USA and a Masters in Finance from St. John's University, New York, USA. He is also an Electrical Engineer from University of Oklahoma, USA. With over 30 years of diversified banking experience primarily covering Retail, Corporate & Investment Banking, Operations, Risk and Development Banking. Before joining PMRC, Mr. Khan worked with National Bank of Pakistan for four years as SEVP/Group Chief Retail & Commercial Banking and as Group Chief Payments & Digital Banking. Prior to that, he was with HBL for nine years, holding different portfolios as SEVP Group Head Global Operations, CIO, CCO and Head of Basel and Operational Risk. He also worked with the World Bank for more than fourteen years in the area of Financial Sector, South Asia Region, based in Pakistan and also worked in Afghanistan, Bangladesh, Nepal, Maldives; as well as in the Africa Region in Ghana, Uganda, Kenya and Sierra Leone. Before joining the World Bank, he worked in the field of Corporate and Investment Banking with Citibank, N.A and Bear Stearns in Pakistan and in USA.

Mr. Khan had been a speaker at many conferences locally and internationally related to housing finance, banking & digital transformation, banking operations and reforms and risk management. He had also served in many Boards as Director and was the Chairman of NBP Fullerton Asset Management (NAFA) and First Women Bank Limited (FWBL). He is currently MD/CEO of PMRC and member of the Board of Pakistan Microfinance Network as Independent, Non-Executive Director.



Mr. Muhammad Aslam Ghauri

Director

Mr. Muhammad Aslam Ghauri is a Nominee Director, representing Ministry of Finance, Government of Pakistan on the Board of PMRC. Presently he is serving as Senior Joint Secretary, Internal Finance Wing, Ministry of Finance, Government of Pakistan. He is also a Nominee Director of the Ministry of Finance on the Board of Zarai Taraqati Bank Limited.

Mr. Aslam has over 29 years of extensive experience in public sector with the Federal and the Provincial Governments as well as in Pakistan's Mission abroad. He has previously served as Secretary to the Government of Sindh in various provincial departments such as Environment, Climate Change & Coastal Development Department, Information Department and the Training Management & Research Wing of Services and General Administration Department.

Mr. Aslam holds Masters of Sciences (M.Sc.) in Social Policy and Planning in Developing Countries from the London School of Economics and Political Science, United Kingdom. He also holds M.B.A. (Information Technology), Gold Medallist, from Shaheed Zulfikar Ali Bhutto Institute of Science and Technology, (SZABIST) Karachi as well as Bachelor of Engineering in Electronics from NED University of Engineering and Technology, Karachi.



Mr. Khurshid Zafar Qureshi

Director

Mr. Khurshid Zafar has more than 30 years of banking experience in the field of Corporate, Investment and Retail Banking. Over the course of his experience, he has worked for several banks in senior level roles.

He is currently holding the position of Chief Operating Officer at Askari Bank Ltd. and held key positions of Group Head Corporate & Investment Banking, Group Head Commercial Banking and General Manager South. Mr. Khurshid Zafar is also serving on the Board of National Clearing Company Pakistan Limited as an Independent Director since April 2021.

He holds Master degree in Business Administration from Quaid e Azam University, Islamabad and has also attended various local and International training courses.



Ms. Sonia Karim

Independent Director

Sonia Karim is the Managing Director for Nishat Chunian Group's Power Division, comprising a 200 MW IPP and a 46 MW captive power plant. A senior business leader, with over 20 years of work experience in textile and energy sectors, she has worked in various roles, including marketing, sales, product development and production optimization in textiles; supply chain development, project finance, corporate finance, contract negotiation, policy making, operational optimization and performance measurement in the energy sector. She is currently leading a team of 300+ employees.

Sonia did her Bachelors in Electronics Engineering from the Ghulam Ishaq Khan Institute of Engineering Science & Technology and MBA from the Lahore University of Management Sciences. She has done executive courses from AOTS Japan, the London Business School and National University of Singapore.

Shariah Board Members



Mufti Ehsan Waqar Ahmad
Chairman Shari'ah Board of PMRC

Mufti Ehsan has a diversified cross-functional management experience in Islamic Finance, Business Management and Operation, Project Management and Administration for more than two decades. He has hands-on experience of people and projects management, with a rich experience of working with board of directors and senior management of banks, regulators, auditors and legal counsels.

Alhamdulillah, he exclusively serves Islamic Financial Industry with institutions like World Bank-IFC, National Bank of Pakistan, ABL, Soneri Bank, NAFA, Askari General Insurance Company Takaful Window (AGICO), Emirates Global Islamic Bank, Al Baraka Bank Pakistan, UBL, Yasaar Ltd.-UAE & UK, Minhaj Advisory-UAE, Arif Habib for more than a decade now. He also serves as Member Shariah Advisory Committee (SAC) at Security Exchange Commission of Pakistan (SECP). He has structured several Sukuk including the largest Sukuk in Pakistan; a hundred billion Sukuk for Neelum Jhelum Hydro Power, Fatima Fertilizer, Fauji Fertilizer, Sitara Energy, Sitara Peroxide and IBL.

He also served as member of the Technical Committee for Developing Accounting & Auditing Standard for Islamic Financial Institution at Institute of Chartered Accountants of Pakistan (ICAP). As member of SAF at State Bank of Pakistan (SBP), he worked actively with SBP in matters pertaining to Islamic Banks including drafting of Shariah Standard on Shirkat-ul-Milk usually used for Housing Finance, Tawarruq, Commodity Murabahah, Treasury, Trade Finance and Agricultural Financing Products. At ESAAC (Ehsan Shariah Advisors and Consultants Private Limited), where he is the Chief Executive Officer and has the privilege to work on a project of World Bank-IFC for developing Islamic Re-Mortgage Finance. He has also worked with SECP team on Takaful Rules 2012 with its insurance division.

He possesses a unique combination of religious and contemporary education that is very relevant to Islamic Banking. He has strong communication skills combined with knowledge of several languages. He graduated and accomplished Masters in Business Administration (MBA) with specialization in Finance and Masters in Economics (MA) from IoBM and University of Karachi respectively. He also completed traditional Islamic studies and graduated as a Mufti, achieving Masters in Islamic Studies (MA) and specializing in Islamic Jurisprudence (PGD-Mufti) from a leading Islamic School in Pakistan, Jamia-Tur-Rasheed. He has also accomplished Bachelors in Law and Legislation (LLB). This unique blend of educational combination gives him an edge upon many others to understand, correlate and align modern day banking practices with Shariah principles. Beside this, he conducts courses and sessions on Islamic Banking, Capital Markets, Derivatives, Takaful and Risk Management in renowned Business schools like CBM, IBA and KUBS.



Dr. Mufti Muhammad Yunas Ali
Resident Shari'ah Board Member & Head Shari'ah Compliance

Dr. Mufti Muhammad Yunas Ali is a seasoned Shari'ah Scholar in the Islamic Banking & Finance industry. He joined Pakistan Mortgage Refinance Company Limited (PMRC) in 2018 and currently serves as Resident Shari'ah Board Member (RSBM) and Head Shari'ah Compliance Department (HSCD). He has over 18 years of banking and non-banking experience particularly in the field of Research and Ifta (fatwa writing) wherein, he has written various Books and research papers (in HEC approved and international journals).

Recently, the Book is written by him on Elimination of Riba in the light of Verdict announced by Federal Shari'at Court of Pakistan on April 28, 2022. The book is titled by "فیڈرل شریعت کورٹ کے فیصلے کی روشنی میں حرمت سود، نکلت علی، ضروری اقدامات اور جاری ذمہ داریاں". This book was the first of its kind on the above-mentioned verdict. He also conducts courses and sessions on Islamic Banking and Finance, Takaful and Shariah Non-compliance Risk Management in renowned Universities and Institutions like UOK, NIBAF, SZIC, Daar-ul-Uloom Naeemia, Karachi, Daar-ul-Uloom Memon and Saylani Business & Islamic leadership School.

He holds a PHD degree in Islamic Banking & Finance from University of Karachi, Pakistan. He already possesses a Master's degree in Islamic Banking & Finance from Sheikh Zayed Islamic Centre, University of Karachi. He has completed Takhassus-fil-Fiqh wal-Ifta (Specialization in Islamic Jurisprudence and Fatwa Writing) and completed Al-Shahadul Aalamiyyah (Equivalent to Masters in Arabic and Islamic Sciences) from Tanzeem-ul-Madaris Ahle-Sunnat Pakistan and got 3rd. position in all Pakistan. He is also serving as a Shari'ah Board Member of Salaam Takaful Limited and visiting lecturer in Al. Manaar Islamic Research Centre and in School of Islamic Economics, Finance and Banking at Jamiah Dar-ul-Uloom Memon, MA Jinnah Road, Karachi, Pakistan.

Our Team



Standing Left to Right

Naved Hanif – Company Secretary
Farrukh Zaheer – Head Treasury & FIs

Sitting Left to Right

Shahzad Khan – Head Business & Products
Mudassir Husain Khan – Managing Director & CEO
Iffat Hina – Head HR & Admin
Omais Yousuf Farooqi – CFO & Group Head Operations



Standing Left to Right

Shahzad Khan – Head Business & Products
Jamil Akhtar – Head Products
Badar Munir – Head IT
Naved Hanif – Company Secretary
Farrukh Zaheer – Head Treasury & FIs
Waseem Ahmed Hashmi – Head Internal Audit
Zahid Hussain Gokal – Head Compliance
Hasan Junaid Nasir – Head Islamic Business

Sitting Left to Right

Farheen Amjad – Head Finance
Mudassir Husain Khan – Managing Director & CEO
Omais Yousuf Farooqi – CFO & Group Head Operations
Iffat Hina – Head HR & Admin

Employee Engagement

Donation/Contribution made for flood affected people of Pakistan

Last year, due to heavy rainfall on record; vast swaths of Pakistan were inundated. Hundreds and thousands of people became homeless as most of the villages/houses were washed away along with schools, colleges and livestock. With more than one-third of Pakistan, affected by flooding, millions of people were in need of food, shelter and medical care. Many international aid agencies and local organizations provided assistance along with the Government to these homeless people of the Country.

PMRC being a socially responsible Company have been donating through the NGOs to the underprivileged in the past. Last year as well, below mentioned three NGOs approached the Company to contribute and help the poor and needy people of the Country who were severely affected due to devastation:

1. The Citizen Foundation
2. Al-Khidmat Foundation Pakistan
3. Akhuwat Foundation

PMRC donated one million each in order to support the underprivileged of the Country in their testing times.

During the year, PMRC donated Rs. 500,000 to SOS Children's village; a social welfare organization which provides homes to orphans and abandoned children.



International Women's Day Celebrations

To recognize and celebrate the achievements of female staff, PMRC organized a Women's Day celebration on Tuesday, 8th March 2022. The event entailed Hi-Tea party, cake cutting and giveaways for all the female employees.



Sports & Family Gala

PMRC held its Sports and Family Gala to provide employees an occasion to break away from their work routine. The gala helped employees come together as a single family to engage in sports and fun activities and make cherishable memories. The gala had sports and fun activities designed for employees and family members for all ages. Cricket Tournament was the highlight of the gala, which were actively contested by different teams from different departments. The Sports and Family Gala was followed by scrumptious dinner and giveaways to employees and their families. Mr. Mudassir Khan, MD & CEO distributed the trophies and memorabilia to the winners and runners-ups.



Independence Day Celebrations

PMRC celebrated 75th Independence Day with traditional fervour and enthusiasm. To show national solidarity, employees clad in traditional clothes.

On this occasion, PMRC initiated a drive for pollution free, greener Pakistan by distributing planters to its employees to remind their role towards creating a healthier environment. The event was followed by cake cutting ceremony and prayers for Pakistan.



Annual Dinner - Eid Get Together

An Eid Get Together was arranged for the employees after the holy month of Ramadan to wish each other "Eid Mubarak". Employees joined the occasion by wearing their Eid dresses. They greeted & wished each other with blessings. Eid Celebrations were followed by scrumptious Dinner and cake cutting ceremony.



No Tobacco Day Awareness Session



Tobacco kills over 8 million people every year. Throughout its lifecycle from cultivation, production, distribution, consumption and post-consumer waste, it pollutes the planet, damages our fragile ecosystem and health of human beings.

To support NO TOBACCO campaign with WHO and for the wellbeing of the employees of Pakistan Mortgage Refinance Company, an awareness session was organized on 21st June'22 with collaboration of Shaukat Khanam Memorial Cancer Hospital and Research Center. The session was conducted by Dr. Ayesha Hassan from SKMCH & RC.



The session was well attended by staff members which was followed by question-and-answer session.



Events Highlights

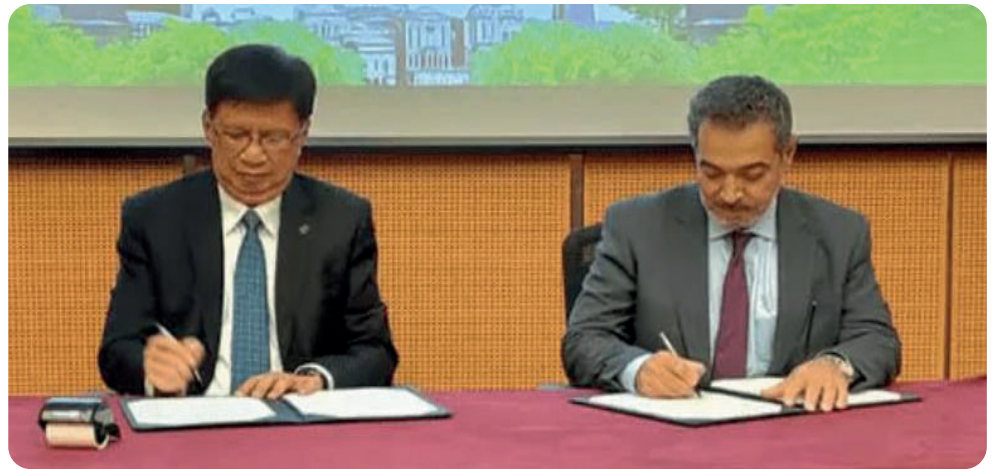
First International Housing Expo 2022

PMRC delegates participated in International Housing Expo 2022, held at Jinnah Convention Centre, Islamabad from 8th to 11th December 2022. Expo was organized by The Ministry of Housing & Works with an objectives of promotion of urban regeneration schemes, gentrification of federal government land, management of rapid urbanization, providing common platform to resolve intricate urban and national issues, development of national urban infrastructure to support urban and regional development, and promotion of affordable green housing for all.



8th Asian Mortgage Market Association (ASMMA)

PMRC participated in 8th Asian Mortgage Market Association (ASMMA) meeting held on 22 September 2022 in Malaysia. The meeting was organized to update milestones achieved by members of ASMMA (Members) during the year and to exchange ideas and experiences with a view to promote housing finance market in respective countries.



Annual Microfinance Conference (AMC-6)

Mudassir H. Khan moderating session on The Future of Microfinance: Converting Crisis into Opportunities - Housing, MSE, Education, Digital Banks & Nano Credit at Annual Microfinance Conference(AMC-6) at SERENA Hotel, ISB.



The primary objective of the conference is to unveil the performance and achievement of the microfinance sector in the last 20 years and the crucial role it plays in financial inclusion poverty reduction and sustainable development of local communities.

Awareness Session on Credit Guarantee Scheme Phase

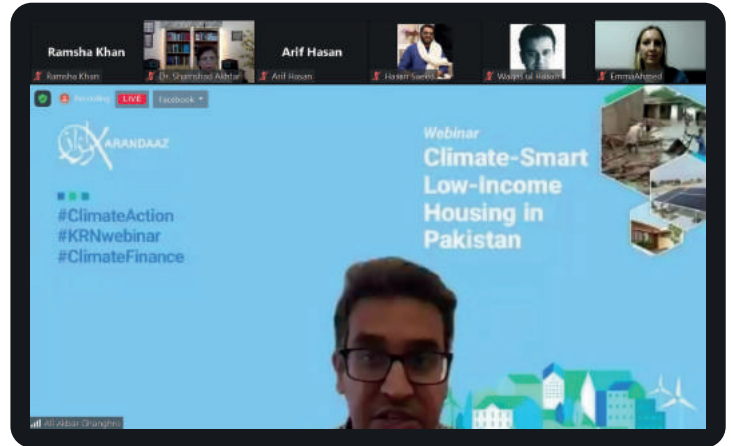
Mudassir H. Khan moderating session on The Future of Microfinance: Converting Crisis into Opportunities - Housing, MSE, Education, Digital Banks & Nano Credit at Annual Microfinance Conference(AMC-6) at SERENA Hotel, ISB.

The primary objective of the conference is to unveil the performance and achievement of the microfinance sector in the last 20 years and the crucial role it plays in financial inclusion poverty reduction and sustainable development of local communities.



Climate Smart Webinar

Pakistan Mortgage Refinance Company (PMRC) has participated in a webinar on Climate-Smart, Low-Income Housing in Pakistan organized by Karandaz Pakistan. Muhammad Shahzad Khan, Head Business & Products of PMRC being a panelist in the conference. He expressed his views on likelihood of issuing Mortgage Backed Securities by PMRC and bankable financing structure of pre-fabricated houses.



Meezan Bank Signing Ceremony

Pakistan Mortgage Refinance Company (PMRC) and Meezan Bank join hands to promote Islamic housing finance in Pakistan. The signing ceremony was held on Monday, November 14, 2022 at Meezan House, Karachi to ink the arrangement by virtue of which PMRC will provide medium term fixed-rate facility to Meezan Bank for increasing affordable housing finance and home ownership especially for middle income group. Mudassir H. Khan - Managing Director & CEO, PMRC while speaking at the occasion said, "It is indeed a milestone for both the institutions as we recognize the importance of mutual coordination between financial institutions for the growth and support of housing sector in the country."



The Middle East and North Africa (MENA) Housing Forum 2022

Mudassir H Khan (MD/CEO) PMRC participated as a speaker in The Middle East and North Africa (MENA) Housing Forum 2022 held in Cairo, Egypt from November 21 to 23. The MENA Housing Forum is part of a global series of Housing Forums organized by Habitat for Humanity in collaboration with partner organizations in different regions of the world. Speaking at the forum Mr. Khan represented Pakistan and shared his views on challenges and lessons of sustainable finance for resilient low cost and affordable housing. He also shared PMRC's experience and contribution in growth of Pakistan's housing finance market.



SAFCO Ceremony

PMRC and SAFCO has signed a Master Refinance Agreement to promote housing finance in Pakistan with special focus on housing needs of low income segment. Signing ceremony was held at PMRC Office on August 3, 2022. This agreement will enable SAFCO to enter into housing finance market space and promote affordable housing for low income individuals. PMRC is also providing capacity building support to SAFCO in designing housing finance product and trainings to its staff.

On this occasion Mudassir H. Khan (CEO PMRC) acknowledged efforts of SAFCO to provide financial ease to lower segment of society and appreciated SAFCO initiative to cater housing needs of this sector.



World Islamic Finance Forum

PMRC was invited by IBA to present Islamic products at the World Islamic Finance Forum held on 31st May 2022 in Karachi. The participants shown keen interest in the innovative structures of PMRCs refinancing product as well as Risk Sharing Facility and Sukuk. The participants appreciated the role of PMRC for the development of low cost mortgage market and fixed rate capital market.





Ms. Shahana
Akhtar's new home,
a satisfied Bank
Alfalah Ghar Asaan
customer.



Ms. Shahana Akhtar is associated with Pak Navy and is working as an Upper Division Clerk. She was living in a rented house with her daughter. Prior to availing Home Finance facility, she had a dream of owning her own home but being a single parent, it was very challenging and difficult for her to manage financing and property related formalities and documentation.

With Bank Alfalah she experienced end to end personalized advisory and processing services at every stage. Now she has fulfilled her dream of owning her own apartment by availing Alfalah Ghar Asaan facility of Rs.1,800,000 under Mera Pakistan Mera Ghar initiative.

For Ms. Shahana, owning an apartment was a testament of significant accomplishment that she had worked hard to achieve. It provided her with a stable and secure living, a sense of pride and a supportive partner in life. Her success story is a source of inspiration for financial inclusion and empowering women to own their dream home.

Growth at a Glance

Balance Sheet (Rs. In '000')	2018	2019	2020	2021	2022
Investments	1,009,632	8,821,820	10,202,696	10,238,557	20,564,969
Advances	1,200,000	7,729,232	14,967,077	23,714,838	33,662,362
Total Assets	3,749,678	19,576,545	28,835,374	50,211,026	55,553,941
Borrowings	-	7,565,788	15,248,741	35,187,449	38,940,150
Share Capital	3,658,506	3,658,506	3,658,506	6,237,759	6,237,759
Total Equity (Excluding Revaluation of Assets)	3,713,090	4,616,028	6,055,007	7,614,561	9,193,900

Operating Results (Rs. In '000')					
Net Interest Income	223,605	1,192,579	1,793,691	1,438,250	2,117,166
Operating Expenditure	166,877	272,060	315,170	352,922	417,442
Profit After Tax	55,037	901,842	1,436,338	1,066,433	1,579,217

Ratios					
Return on Assets	2.17%	7.73%	5.93%	2.70%	2.99%
Return on Equity (Excluding Revaluation of Assets)	2.94%	21.66%	26.92%	15.60%	18.79%
Cost to Income Ratio	74.62%	22.80%	17.54%	24.49%	19.66%
Dividend Payout Ratio	0.00%	0.00%	0.00%	*19.50%	29.62%
Earnings Per Share	0.22	2.46	2.5	1.71	2.5

* This represents Bonus Shares issued.

Capital Adequacy					
CET1 to RWA	541.98%	203.39%	141.67%	53.10%	64.43%
Tier 1 Capital to RWA	541.98%	203.39%	141.67%	53.10%	64.43%
Total Capital to RWA	541.98%	206.93%	143.62%	53.10%	65.13%

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Pakistan Mortgage Refinance Company Limited****Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Mortgage Refinance Company Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.



A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 7, 2023
UDIN: CR2022100684cnX9KpQk

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Annual Statement of Internal Controls

A robust internal control system is a key component of an organization's comprehensive risk management framework. It includes procedures for risk assessment, control activities, information and communication, and monitoring. Thus, the main objective of an effective Internal Control System is to ensure the effectiveness and efficiency of operations; reliability of financial reporting; safeguarding of assets; and compliance with applicable laws and regulations. In this context, it is the primary responsibility of the management of Pakistan Mortgage Refinance Company Limited (PMRC) to establish an internal control system which maintains an effective internal control environment and helps in ensuring the financial health and longevity of the business.

The management has implemented a system of internal controls, approved by the Board of Directors (the Board), to ensure that an organization's financial and operational objectives are met and that no compromise is made in implementing desired procedures and maintaining a suitable control environment in general. Nonetheless, all internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable but not absolute assurance regarding the effectiveness of controls and the reliability of financial reporting.

The PMRC's internal control structure comprises of various strategies, which includes different levels of monitoring activities, Organizational Structure, Policies, Procedure, and other measures. The Board through its sub-committees has ultimate responsibility for evaluating and ensuring an adequate and effective Internal Control System exists in the company. In this connection, PMRC follows "Three Lines of Defence" model, which is intended to ensure that risks are timely identified, assessed, mitigated, and monitored and that any potential gaps are quickly addressed.

Three lines of the Defence model of PMRC comprises of the following:

1. The first line comprising of Business / Primary Process Owners, and are primarily responsible for managing risk 'inherent' in their day-today activities, processes and systems.
2. The second line being Compliance, Risk and other control functions, is responsible for assisting Business/Primary Process Owners in designing and implementing adequate controls to manage risks of non-compliance. The Compliance and Risk Function closely coordinate with each other and has also completed a regulatory Risk & Control Self-Assessment (RCSA) exercise in the year 2022. Additionally, at the end of every quarter a regulatory repository is being shared with Senior Management for monitoring compliance with regulatory instructions.
3. Internal Audit, as the third line of defense, has full and unrestricted access to the Board Audit Committee (BAC), and provides independent assurance by conducting risk-based audits of activities and processes to evaluate the adequacy and effectiveness of the control environment. All material observations and weaknesses identified by the auditors, both internal and external, are reported to the BAC with agreed Management action plan and timelines. The BAC actively monitors implementations of agreed action plan by the Management to safeguard the interest of the Company while the Management has also taken necessary steps to rectify identified observations and suggestions for improvement and ensures that non-repetition of those exceptions to maximum possible level.

PMRC strictly follows State Bank of Pakistan's (SBP) instructions on Internal Controls over Financial Reporting (ICFR) and has completed SBP's stage wise implementation roadmap. As part of this exercise, PMRC has documented a comprehensive ICFR Framework, which ensures effectiveness over internal control over financial reporting through timely review and updation of pertinent policies / procedures, establishing relevant control procedures and testing of internal controls. PMRC's external auditors are engaged annually to provide a Long Form Report (LFR) on ICFR which is presented to the BAC along with the progress on rectification of issues identified in the previous LFR. Based on the results achieved from the ongoing testing of internal controls, and audits conducted during the year 2022, the management considers that the PMRC's internal controls over financial reporting are sound in design and have been effectively implemented and monitored.

The Board endorses the management's evaluation including effectiveness of ICFR and efforts of the management to comply with SBP's guidelines on Internal Controls and internationally accepted standards to improve controls, processes and to ensure effective risk management.

Dated: March 01, 2023



Head of Compliance



W. A. Hossain
Head of Internal Audit



Chief Financial Officer



Managing Director /
Chief Executive Officer

Code of Corporate Governance

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Pakistan Mortgage Refinance Company Limited Year ended: December 31, 2022

The Company is an unlisted public company and has been notified as a Development Financial Institution (DFI) by the Finance Division - Government of Pakistan. SBP vide its BPRD circular 14 of 2016 dated October 20, 2016 has clarified that the "Code of Corporate Governance" issued by Securities & Exchange Commission of Pakistan (SECP) shall no longer be applicable on DFIs.

For the purpose of better governance, the Board of Directors has however, adopted, the Code of Corporate Governance issued by SECP on voluntary basis, except for the matters as specified in the Shareholders' Agreement dated July 2, 2020 (the agreement), such as the appointment of directors including independent directors will be dealt in accordance with the Agreement. The Company has complied with the requirements of the Regulations in the following manner.

The Directors are elected as per agreement dated July 2, 2020 entered into between the Shareholders.

Composition of the Board according to the Agreement

As per the agreement the number of Directors comprising the Board shall be ten (10) (excluding the Chief Executive Officer of the Company). The Company shall have at least three (3) Independent Directors. No more than two (2) Directors shall be Public Sector Nominee Directors. International Finance Corporation (IFC) shall have the right to nominate one (1) Director (the "IFC Nominee Director") and the Company and Other Shareholder Parties shall, in accordance with the agreement, ensure that such nominee is promptly appointed as a Director subject to fit and proper clearance under Applicable Law.

The company has complied with the requirements of the Regulations in the following manner.

1. The present total number of directors elected are Ten (10), excluding Chief Executive Officer / Managing Director, as per the following.

a	Male	8
b	Female	2

2. The composition of the present Board, excluding Chief Executive Officer is as follows:

i	Independent directors	3
ii	Non-executive directors	7
iii	Executive directors	0
iv	Female directors	2

The Board has fixed the number of independent directors at three as per the shareholders agreement as mentioned above.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. During the year, the Board has arranged Directors' Training program for following Directors and Executive.
 - i. Mr. Khurshid Zafar Qureshi, Non-Executive Director
 - ii. Ms. Sonia Karim, Non-Executive, Independent Director
 - iii. Ms. Iffat Hina, Head of HR and Admin

Six (6) of the Directors on Board, including the Chief Executive, and Three (3) of the Executives have already completed Directors Training Program earlier, offered by the institutes that meet criteria specified by the Commission. One (1) Director is exempted from the directors training program under the Code. Detail of persons who have completed directors' trainings is as under.

Directors

- iv. Mr. Rehmat Ali Hasnie, Chairman/Non-Executive Director
- v. Mr. Imran Sarwar, Non-Executive Director
- vi. Mr. Risha A. Mohyeddin, Non-Executive Director
- vii. Mr. Tayyeb Afzal, Non-Executive Director
- viii. Mr. Osman Asghar Khan, Non-Executive, Independent Director
- ix. Mr. Khurshid Zafar Qureshi, Non-Executive Director (training arranged by the Company)
- x. Ms. Sonia Karim, Non-Executive, Independent Director (training arranged by the Company)
- xi. Mr. Mudassir H. Khan, Managing Director/ Chief Executive (training arranged by the Company)

Executives (training arranged by the Company)

- i. Mr. Omair Yousuf Farooqi, Chief Financial Officer and Group Head Operations.
 - ii. Mr. Naved Hanif, Company Secretary
 - iii. Mr. Farrukh Zaheer, Head of Treasury & FIs
 - iv. Ms. Iffat Hina, Head of HR and Admin
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
 12. The Board has formed committees comprising of members given below.

a	Audit Committee
	Mr. Osman Asghar Khan (Chairman, Independent Director)
	Mr. Tayyeb Afzal (Member)
	Mr. Muhammad Aslam Ghauri (Member)
b	HR Committee
	Mr. Farrakh Qayyum (Chairman, Independent Director)
	Mr. Risha Mohyeddin (Member)
	Ms. Sonia Karim (Member)
c	Risk Committee
	Mr. Imran Sarwar (Chairman)
	Ms. Mehreen Ahmed (Member)
	Mr. Khurshid Zafar Qureshi (Member)

d Corporate Governance & Nominations Committee	
	Mr. Farrakh Qayyum (Chairman, Independent Director)
	Mr. Rehmat Ali Hasnie (Member)
	Mr. Muhammad Aslam Ghauri (Member)
	Mr. Mudassir H. Khan (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committee were as per following.

a	Audit Committee	Quarterly
b	Human Resource Committee	Half Yearly
c	Risk Committee	Quarterly
d	Corporate Governance & Nomination Committee	Once a year and otherwise as required

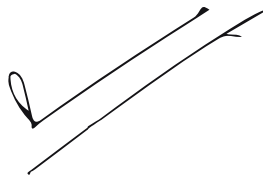
15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and was conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm z involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors.



Rehmat Ali Hasnie
Chairman



Mudassir H. Khan
Managing Director / Chief Executive Officer

Dated: March 01, 2023



Financials



Advertisement for LAPCOMP featuring the text "LAPCOMP" and "NICI ECAI BCI".

Advertisement for Berlitz celebrating "140 years" with the Berlitz logo.

Advertisement for PAK BRITISH.

Advertisement for TREND featuring a woman's face and the text "TREND BEAUTY SALON & SPA & MAKEUP STUDIO".

Advertisement for COMPUTER ZONE.

Advertisement for ON.

Advertisement for EXCELLENCY FITNESS CLUB.

Advertisement for Excellency Fitness Club.

Advertisement for GERMAN ED.

Advertisement for PAK QATAR.

Advertisement for Civic.

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Mortgage Refinance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Mortgage Refinance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive loss, 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 Reports Thereon

Management is responsible for the other information. The 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 of this other information, we are required to report that fact. We have nothing to report in this regard.



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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the 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 **Shahbaz Akbar**.



A. F. Ferguson & Co.
Chartered Accountants
Dated: March 7, 2023
Karachi
UDIN: AR202210068Z3zXwkWhf

Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	4,588	4,057
Balances with other banks	6	221,515	15,486,065
Lendings to financial institutions		-	-
Investments	7	20,564,969	10,238,557
Advances	8	33,662,362	23,714,838
Fixed assets	9	146,817	183,072
Intangible assets	10	38,634	23,643
Deferred tax assets		-	-
Other assets	11	915,056	560,794
		55,553,941	50,211,026
LIABILITIES			
Bills payable		-	-
Borrowings	12	38,940,150	35,187,449
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt	13	7,050,716	7,050,716
Deferred tax liabilities		-	-
Other liabilities	14	818,136	605,662
		46,809,002	42,843,827
NET ASSETS		8,744,939	7,367,199
REPRESENTED BY			
Share capital	15	6,237,759	6,237,759
Reserves		1,007,773	691,930
Deficit on revaluation of assets	16	(448,961)	(247,362)
Unappropriated profit		1,948,368	684,872
		8,744,939	7,367,199
CONTINGENCIES AND COMMITMENTS	17		

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



Managing Director /
Chief Executive Officer



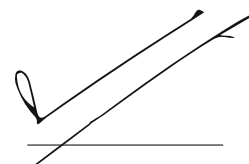
Chief Financial Officer



Director



Director



Director

Profit and Loss Account

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees in '000)	
Mark-up / return / profit / interest earned	18	5,015,891	2,843,953
Mark-up / return / profit / interest expensed	19	2,898,725	1,405,703
Net mark-up / return / profit / interest income		2,117,166	1,438,250
Non mark-up / interest income			
Fee and commission income	20	-	2,318
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities	21	4,901	118
Other income	22	1,323	113
Total non-markup / interest income		6,224	2,549
Total income		2,123,390	1,440,799
Non mark-up / interest expenses			
Operating expenses	23	417,442	352,922
Workers' Welfare Fund	24	32,229	21,444
Other charges		-	-
Total non-markup / interest expenses		449,671	374,366
Profit before provisions		1,673,719	1,066,433
Provisions and write offs - net	8.3	94,502	-
Extraordinary / unusual items		-	-
Profit before taxation		1,579,217	1,066,433
Taxation	25	-	-
Profit after taxation		1,579,217	1,066,433
		(Rupees)	
		(Restated)	
Basic and diluted earnings per share	26	2.53	1.71

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



Managing Director /
Chief Executive Officer



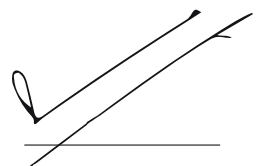
Chief Financial Officer



Director



Director



Director

Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022 (Rupees in '000)	2021
Profit after taxation for the year		1,579,217	1,066,433
Other comprehensive (loss) / income			
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>			
Movement in deficit on revaluation of investments		(201,599)	(330,718)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>			
Remeasurement gain / (loss) on defined benefit plan	29.8.2	122	(6,879)
Total comprehensive income for the year		1,377,740	728,836

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



Managing Director /
Chief Executive Officer



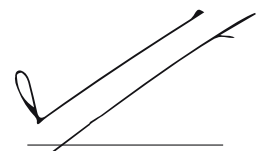
Chief Financial Officer



Director



Director



Director

Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of assets (Rupees in '000)	Unappropriated profit	Total
Balance as at January 01, 2021	3,658,506	478,643	83,356	1,917,858	6,138,363
Total comprehensive income for the year					
Profit after taxation for the year ended December 31, 2021	-	-	-	1,066,433	1,066,433
Other comprehensive loss					
Remeasurement loss on defined benefit plan	-	-	-	(6,879)	(6,879)
Movement in deficit on revaluation of assets	-	-	(330,718)	-	(330,718)
Total comprehensive income for the year ended December 31, 2021	-	-	(330,718)	1,059,554	728,836
Transfer to statutory reserve	-	213,287	-	(213,287)	-
Transactions with owners recorded directly in equity					
Issue of share capital	500,000	-	-	-	500,000
Issue of bonus shares	2,079,253	-	-	(2,079,253)	-
Balance as at December 31, 2021	6,237,759	691,930	(247,362)	684,872	7,367,199
Total comprehensive income for the year					
Profit after taxation for the year ended December 31, 2022	-	-	-	1,579,217	1,579,217
Other comprehensive income / (loss)					
Remeasurement gain on defined benefit plan	-	-	-	122	122
Movement in deficit on revaluation of assets	-	-	(201,599)	-	(201,599)
Total comprehensive income for the year ended December 31, 2022	-	-	(201,599)	1,579,339	1,377,740
Transfer to statutory reserve	-	315,843	-	(315,843)	-
Balance as at December 31, 2022	<u>6,237,759</u>	<u>1,007,773</u>	<u>(448,961)</u>	<u>1,948,368</u>	<u>8,744,939</u>

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



Managing Director /
Chief Executive Officer



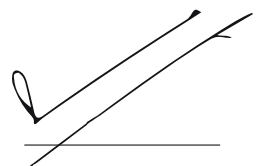
Chief Financial Officer



Director



Director



Director

Cash Flow Statement

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		1,579,217	1,066,433
Adjustment for:			
Depreciation	23	47,501	39,495
Amortisation of intangible assets	23	3,923	2,368
Amortisation of transaction cost		18,600	25,782
Provision for Workers' Welfare Fund	24	32,229	21,444
Gain on sale of fixed assets		(11)	(7)
Gain on sale of securities		(4,901)	(118)
Interest expense on lease liability against right-of-use assets	19	7,608	9,198
Provisions and write offs - net	8.3	94,502	-
		<u>199,451</u>	<u>98,162</u>
		1,778,668	1,164,595
Increase in operating assets			
Advances		(10,042,026)	(8,747,761)
Others assets (excluding advance taxation)		(372,774)	(227,108)
		<u>(10,414,800)</u>	<u>(8,974,869)</u>
(Decrease) / increase in operating liabilities			
Borrowings		(2,247,299)	4,138,708
Other liabilities (excluding lease liability)		199,125	196,954
		<u>(2,048,174)</u>	<u>4,335,662</u>
Income tax paid		(88)	(342)
Net cash used in operating activities		<u>(10,684,394)</u>	<u>(3,474,954)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(11,506,655)	(345,368)
Net investments in held-to-maturity securities		983,545	(21,093)
Investments in operating fixed assets		(11,414)	(70,240)
Investments in intangible assets		(18,914)	(19,129)
Proceeds from sale of fixed assets		179	5,429
Net cash used in investing activities		<u>(10,553,259)</u>	<u>(450,401)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	500,000
Lease rentals paid against right-of-use assets		(26,366)	(26,367)
Receipts from issuance of term finance certificates		7,000,000	11,700,000
Payments on maturity of term finance certificates		(1,000,000)	-
Receipts from issuance of sukuk certificates		-	4,100,000
Net cash generated from financing activities		<u>5,973,634</u>	<u>16,273,633</u>
Net (decrease) / increase in cash and cash equivalents		<u>(15,264,019)</u>	<u>12,348,278</u>
Cash and cash equivalents at the beginning of the year		15,490,122	3,141,844
Cash and cash equivalents at the end of the year	27	<u>226,103</u>	<u>15,490,122</u>

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



Managing Director /
Chief Executive Officer



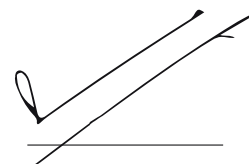
Chief Financial Officer



Director



Director



Director

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Mortgage Refinance Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on May 14, 2015 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company has been notified as a Development Financial Institution (DFI) by the Finance Division of Government of Pakistan on October 27, 2017. The State Bank of Pakistan (SBP) granted the certificate for commencement of business with effect from June 12, 2018.

The Company's objectives inter alia include promoting, developing and improving the housing finance market of Pakistan by providing pre-finance / re-finance facilities to banks and financial institutions against their conventional and Islamic housing finance portfolios and other eligible securities and promote the development of capital markets in Pakistan. The Company is also engaged in providing Trustee services to the Government owned Credit Guarantee Scheme for housing finance. The registered office of the Company is situated at Finance and Trade Center, Block-A, Shahrah-e-Faisal, Karachi.

2 BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BPRD Circular No. 2 dated January 25, 2018.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 and the Securities and Exchange Commission of Pakistan (SECP);
- Provisions of and directives issued under the Banking Companies Ordinance, 1962; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017.

Wherever the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 or the directives issued by the SBP and the SECP differ with the requirements of IFRSs, the requirements of the Companies Act, 2017, the 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 / DFIs in Pakistan through BSD Circular Letter No.10 dated August 26, 2002, till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures', through S.R.O 411(1) / 2008 dated April 28, 2008. 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 Standards, interpretations and amendments to the accounting and reporting standards that are effective in the current year

There are certain new standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and, therefore, have not been detailed in these financial statements.

2.3 Standards, interpretations and amendments to the accounting and reporting standards that are not yet effective

2.3.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards that would be effective from the dates mentioned below against the respective standards, interpretations or amendments:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2023
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the financial statements of the Company except for IFRS 9, the impact of which is as follows:

The SBP vide its BPRD Circular Letter No. 3 dated July 5, 2022 notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2023 for all DFIs. SBP via the same Circular has finalised the instructions on IFRS 9 for ensuring smooth and consistent implementation of the standard in the Banks / DFIs.

During the current year, the management of the Company has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions and the impacts have been reported to the SBP through proforma financial statements as required in the said instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company at the time of finalising the impact for initial application of IFRS 9. In addition, the Company will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet Solely the Payments of Principal and Interest (SPPI) criteria are measured at Fair Value Through Profit or Loss (FVTPL) regardless of the business model in which they are held. 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 FVTPL. The Company has analysed the impact of initial application of IFRS 9 on its financial assets as follows:

Debt securities

Debt securities currently classified as Available-For-Sale (AFS) and those passes SPPI test, are expected to be measured at fair value through Other Comprehensive Income (OCI) under IFRS 9 as the Company's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as Held To Maturity (HTM) and those passes SPPI test are expected to be measured at amortised 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). 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 ('12-month ECL'). In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

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 Significant Increase In Credit Risk ('SICR'), Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Company expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

- a) Stage 1 - Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Company shall recognise an allowance based on the 12-month ECL.
- b) Stage 2 - Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Company shall recognise an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) Stage 3 - Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Company shall recognise ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential Regulations (PR).

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of PR issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

Presentation and disclosure

IFRS 9 also 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.

SBP has issued a revised format for financial statements of the Banks / DFIs for the accounting periods starting from January 1, 2023, which shall include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The Company will adopt IFRS 9 in its entirety effective January 1, 2023 with modified retrospective approach for restatement.

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 December 31, 2022 and based on this assessment, the Company does not expect any material effect on the Capital Adequacy Ratio (CAR) and equity as of December 31, 2022.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates 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.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) classification, valuation and provisioning of investments (notes 4.3 and 7);
- ii) classification and provisioning of loans and advances (notes 4.7 and 8);
- iii) provision for defined benefit plan (notes 4.10 and 29);
- iv) lease liability and right-of-use assets (notes 4.5.2 and 9);
- v) other provisions (note 4.12); and
- vi) estimation of useful lives of operating fixed assets and intangible assets (notes 4.5.1, 4.6, 9 and 10).

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for the following:

- Obligation in respect of staff retirement benefit is carried at present value of defined benefit obligation; and
- Investments classified as available-for-sale are carried at fair value.

3.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent balances with treasury banks and balances with other banks in current and deposit accounts.

4.2 Lendings to / borrowings from financial and other institutions

The Company enters into Repurchase Agreements (Repo) and Reverse Repurchase Agreements (Reverse Repo) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the financial statements and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective interest method.

(b) Purchase of securities under resale agreements

Securities purchased with a corresponding commitment to resell at a specified future date (Reverse Repo) are not recognised in the financial statements as the Company does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the (Reverse Repo) using effective interest method.

Clean lending

Clean lendings with financial institutions are stated net of provision. Return on such lending is accrued to the profit and loss account on a time proportion basis except for mark-up on impaired / delinquent lendings, which are recognised on receipt basis.

4.3 Investments

4.3.1 Classification

The Company classifies its investment portfolio into the following categories:

Held-to-maturity

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

Available-for-sale

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

4.3.2 Initial recognition and measurement

All purchases and sale of investments that require delivery within the time frame established by regulations or market conventions are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

An investment shall be measured at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the investment.

4.3.3 Subsequent measurement

Held-to-maturity

These are carried at amortised cost using the effective interest method, less any impairment recognised to reflect irrecoverable amounts.

Available-for-sale

Securities classified as available-for-sale are subsequently measured at fair values. Any surplus or deficit arising thereon is taken to 'statement of comprehensive income' and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

4.3.4 Reclassification

Reclassification of investments from one category to another shall be made in accordance with the regulatory requirements.

4.4 Impairment

4.4.1 Impairment of investments

In case of debt securities, provision for diminution in the value are made as per the time-based criteria prescribed under the PR issued by the SBP.

When investments classified as HTM are considered to be impaired, the impairment charge is directly charged to the profit and loss account. If, in a subsequent period, the fair value of the investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account.

When investments classified as AFS considered to be impaired, the cumulative loss that has been recognised directly in surplus / deficit on revaluation of securities is removed therefrom and recognised in the profit and loss account. If in a subsequent period, the fair value of debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the loss will be reversed through profit and loss account. The amount of the cumulative loss that is reversed shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that investment previously recognised in the profit and loss account.

4.4.2 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists and where the carrying value exceeds the estimated recoverable amounts, assets are written down to their recoverable amounts and any resultant impairment losses are recognised immediately in the profit and loss account.

Impairment losses are reversed if there has been a change in the estimate used to determine the recoverable amounts. Such reversals are only made to the extent that the assets' carrying amounts do not exceed the amounts that would have been determined had no impairment loss been recognised.

4.5 Fixed assets and depreciation

4.5.1 Tangible assets - owned

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the profit and loss account using the straight line method at the rates stated in note 9.1 after taking into account residual values, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged from the month when the asset is available for use while no depreciation is charged in the month the asset is disposed of.

Subsequent costs are included in the asset's carrying amount or recognised 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 reliably measured. All other repair and maintenance expenditure are charged to the profit and loss account as and when incurred. The asset, or part thereof, is derecognised when the asset is sold or written off at its carrying amount on the date of derecognition. Gain / loss on disposal of fixed assets is recognised in the profit and loss account in the period in which disposal is made.

4.5.2 Lease liability and right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during the installation and construction / development period is carried under this head. These are transferred to the relevant categories of assets as and when assets become available for use.

4.6 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight line method at the rate stated in note 10.1. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while no amortisation is charged in the month the asset is disposed of.

Subsequent costs are included in the asset's carrying amounts or recognised 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.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which these arise.

4.7 Advances

Advances are stated net of provision for non-performing advances. Provision for non-performing advances is determined in accordance with the requirements of the PR issued by the SBP and is charged to the profit and loss account. Advances are written-off where there are no realistic prospects of recovery.

4.7.1 Islamic financing and related assets

Under Musharakah mortgage finance / facility, the Company enters into the housing / mortgage finance with the customer (Islamic Banking Institution / Islamic Financial Institution) based on Shirkat-ul-'Aqd (Business Partnership). Initially, the Company shall purchase the units at face value or on an agreed price as well as customer will commingle its share. The Profit-Sharing Ratio (PSR) will be pro-rata or any other ratio agreed at the time of signing the contract. The Company and customer have agreed that if the profit realised is above the desired ceiling, the profit in excess of such a ceiling will be distributed at mutually agreed rate. Profit on musharakah mortgage finance is booked on an accrual basis.

4.8 Borrowings

Borrowings are recorded at the amount of proceeds received plus transaction costs that are directly attributable to the issue of the financial liability. The cost of borrowings is recognised as an expense in the period in which it is incurred. Any difference between the proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

4.9 Subordinated debt

Subordinated debt is recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is charged to the profit and loss account over the period on an accrual basis.

4.10 Staff retirement benefits

Defined benefit plan - staff gratuity fund

The Company operates a funded gratuity scheme for its employees as per the policy of the Company. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation as at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for actuarial valuations. Valuations are conducted by an independent actuary with the last valuation conducted as at December 31, 2022.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period and recognised as an expense to the profit and loss account. Past service cost is the change in the present value

of defined benefit obligation resulting from a plan amendment or curtailment and is recognised as an expense in the profit and loss account when the plan amendment or curtailment occurs. Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the profit and loss account.

Defined contribution plan - staff provident fund

The Company operates a provident fund scheme for its employees. Equal monthly contributions are made into the Fund both by the Company and the employees at the rate of 10% of basic salary.

Employees compensated absences

The Company accounts for all accumulated compensated absences as employees render service as per the policy of the Company.

4.11 Financial instruments

Financial assets and liabilities 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 payables. Financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised in the profit and loss account in the period in which these are derecognised. The particular recognition and subsequent measurement methods for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Offsetting

Financial assets and financial liabilities are set-off and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off and the Company intends either to settle on a net basis, or to realise 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.

4.12 Other provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13 Commitments

Commitments contracted for but not incurred are disclosed in the financial statements at committed amounts.

4.14 Taxation

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

4.15 Revenue recognition

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

- Mark-up / return / interest income on advances and investments is recognised on a time proportion basis taking into account effective yield on the instruments except in case of advances and investments classified as non-performing under the SBP's PR on which mark-up / return / interest is recognised on a receipt basis.
- Fee and commission income and remuneration for trustee and advisory services are recognised as services are rendered.
- Premium or discount on debt securities is amortised using the effective interest method.
- Gains and losses on disposal of assets are recognised in the period in which these arise.
- Return on bank deposits is recognised on a time proportion basis using the effective interest method.

4.16 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss 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 or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.17 Statutory reserve

Every DFI incorporated in Pakistan is required to transfer 20% of its profit to a statutory reserve until the reserve equals share capital. Thereafter, 10% of the profit of the DFI is to be transferred to this reserve.

4.18 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing product or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4.18.1 Business segments

Mortgage financing

Mortgage financing includes providing pre-financing / re-financing facilities to banks and financial institutions against their existing housing finance portfolios, government securities and other eligible securities for collateral.

4.18.2 Geographical segments

The operations of the Company are currently based only in Pakistan.

	Note	2022	2021
(Rupees in '000)			
5 CASH AND BALANCES WITH TREASURY BANKS			
With State Bank of Pakistan in:			
Local currency current account	5.1	4,548	4,017
With National Bank of Pakistan in:			
Local currency current account		31	31
Local currency deposit account	5.2	9	9
		40	40
		<u>4,588</u>	<u>4,057</u>

5.1 This represents the minimum cash reserve required to be maintained with SBP in accordance with the requirements of BSD Circular No. 4 dated May 22, 2004.

5.2 This represents deposit account maintained with National Bank of Pakistan. This carries mark-up at the rate of 13.50% (2021: 7.50%) per annum.

	Note	2022	2021
(Rupees in '000)			
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		910	16
In deposit account	6.1	220,605	15,486,049
		<u>221,515</u>	<u>15,486,065</u>

6.1 This represents deposit accounts in local currency maintained with other banks. These carry mark-up at rates ranging from 11.00% to 16.00% (2021: 5.75% to 11.00%) per annum. The comparative figures also include term deposit receipts (TDRs) amounting to Rs. 11,617 million that carry mark-up at rates ranging from 12% to 12.25% per annum

7 INVESTMENTS

7.1 Investments by type

Note	2022				2021				
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
	(Rupees in '000)								
Available-for-sale securities									
Federal government securities	7.3	20,714,050	-	(452,255)	20,261,795	9,202,374	-	(247,362)	8,955,012
Non-government debt securities		299,880	-	3,294	303,174	300,000	-	-	300,000
		21,013,930	-	(448,961)	20,564,969	9,502,374	-	(247,362)	9,255,012
Held-to-maturity securities									
Federal government securities	7.4	-	-	-	-	983,545	-	-	983,545
Non-government debt securities		-	-	-	-	-	-	-	-
		-	-	-	-	983,545	-	-	983,545
Total investments		21,013,930	-	(448,961)	20,564,969	10,485,919	-	(247,362)	10,238,557

7.2 Investments by segments

Federal government securities									
Market Treasury Bills		9,406,843	-	9,237	9,416,080	-	-	-	-
Pakistan Investment Bonds		11,307,207	-	(461,492)	10,845,715	10,185,919	-	(247,362)	9,938,557
		20,714,050	-	(452,255)	20,261,795	10,185,919	-	(247,362)	9,938,557
Non-government debt securities									
Unlisted		299,880	-	3,294	303,174	300,000	-	-	300,000
Total investments		21,013,930	-	(448,961)	20,564,969	10,485,919	-	(247,362)	10,238,557

7.3 Quality of available-for-sale securities

Details regarding quality of available-for-sale (AFS) securities are as follows:

Federal government securities - Government guaranteed

	2022	2021
	Cost	
	(Rupees in '000)	
Market Treasury Bills	9,406,843	-
Pakistan Investment Bonds	11,307,207	9,202,374
	20,714,050	9,202,374

Non-government debt securities

Unlisted		
- A+	299,880	300,000

7.4 Particulars relating to held-to-maturity securities are as follows:

Federal government securities - Government guaranteed

Pakistan Investment Bonds	-	983,545
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7.4.1 The market value of securities classified as held-to-maturity as at December 31, 2022 is Nil (2021: Rs. 984.123 million).

7.5 Investments given as collateral

	2022			2021		
	Cost / amortised cost	Deficit	Carrying Value	Cost / amortised cost	Deficit	Carrying Value
	(Rupees in '000)					
Pakistan Investment Bonds	5,961,204	(204,773)	5,756,431	8,323,472	(195,387)	8,128,085

8 ADVANCES

Note	Performing		Non-Performing		Total	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	19,556,776	18,386,280	-	-	19,556,776	18,386,280
Islamic financing and related assets	14,200,088	5,328,558	-	-	14,200,088	5,328,558
Advances - gross	33,756,864	23,714,838	-	-	33,756,864	23,714,838
Provision against advances						
- Specific	-	-	-	-	-	-
- General	94,502	-	-	-	94,502	-
	94,502	-	-	-	94,502	-
Advances - net of provision	33,662,362	23,714,838	-	-	33,662,362	23,714,838

8.1 Particulars of advances (gross)	2022	2021
	(Rupees in '000)	
In local currency	33,756,864	23,714,838

8.2 The information related to Islamic financing and related assets is given in annexure to these financial statements.

8.3 Particulars of provision against advances

	December 31, 2022			December 31, 2021		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	-	-	-	-	-
Charged for the year	-	94,502	94,502	-	-	-
Reversals during the year	-	-	-	-	-	-
Amounts written off						
Closing balance	-	94,502	94,502	-	-	-

8.3.1 The Company's financing activities largely belongs to the banking industry which includes Banks, DFIs, Micro Finance Banks, whose financial health by and large is dependent upon the smooth and timely recovery of loans from their customer. Any adverse implication on the recovery of loans extended by financial institutions may impact the timely recovery of the Company's loans as well. Besides financing banking institutions, the Company has also initiated its financial services to Non-Banking Financial Institutions including Housing Financing Companies and Micro Finance Institutions. Generally, these institutions have low / middle income targeted borrowers who are more prone to macroeconomic challenges and may be adversely affected to fulfil their obligations. Considering the aforesaid issues, a general provision reserve has been created so that any unforeseen losses can be addressed through this reserve.

9 FIXED ASSETS	Note	2022	2021
		(Rupees in '000)	
Property and equipment	9.1	146,817	183,072

9.1 Property and Equipment

		2022				
Note	Right-of-use asset	Leasehold Improvement	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
(Rupees in '000)						
At January 01, 2022						
Cost	117,010	31,493	17,246	32,273	37,857	235,879
Accumulated depreciation	(25,352)	(3,674)	(2,851)	(17,705)	(3,225)	(52,807)
Net book value	<u>91,658</u>	<u>27,819</u>	<u>14,395</u>	<u>14,568</u>	<u>34,632</u>	<u>183,072</u>
Year ended December 31, 2022						
Opening net book value	91,658	27,819	14,395	14,568	34,632	183,072
Additions	-	-	348	11,066	-	11,414
Disposals						
Cost	-	-	-	(1,532)	-	(1,532)
Accumulated depreciation	-	-	-	1,364	-	1,364
9.1.1	-	-	-	(168)	-	(168)
Depreciation charge	(23,402)	(6,296)	(3,077)	(7,318)	(7,408)	(47,501)
Closing net book value	<u>68,256</u>	<u>21,523</u>	<u>11,666</u>	<u>18,148</u>	<u>27,224</u>	<u>146,817</u>
At December 31, 2022						
Cost	117,010	31,493	17,594	41,807	37,857	245,761
Accumulated depreciation	(48,754)	(9,970)	(5,928)	(23,659)	(10,633)	(98,944)
Net book value	<u>68,256</u>	<u>21,523</u>	<u>11,666</u>	<u>18,148</u>	<u>27,224</u>	<u>146,817</u>
Rate of depreciation (% per annum)	<u>20%</u>	<u>20%</u>	<u>10% - 20%</u>	<u>20% - 50%</u>	<u>20%</u>	
		2021				
Note	Right-of-use asset	Leasehold Improvement	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
(Rupees in '000)						
At January 01, 2021						
Cost	117,010	-	27,461	28,695	13,505	186,671
Accumulated depreciation	(1,950)	-	(25,082)	(11,622)	(7,120)	(45,774)
Net book value	<u>115,060</u>	<u>-</u>	<u>2,379</u>	<u>17,073</u>	<u>6,385</u>	<u>140,897</u>
Year ended December 31, 2021						
Opening net book value	115,060	-	2,379	17,073	6,385	140,897
Additions	-	31,493	15,374	4,814	35,411	87,092
Disposals						
Cost	-	-	(25,589)	(1,236)	(11,059)	(37,884)
Accumulated depreciation	-	-	8,572	809	7,379	16,760
9.1.1	-	-	(17,017)	(427)	(3,680)	(21,124)
Depreciation charge	(23,402)	(3,674)	(1,908)	(7,027)	(3,484)	(39,495)
Reversal of impairment loss recognised in the profit and loss account - net	-	-	11,422	135	-	11,557
Reversal of write off - net	-	-	4,145	-	-	4,145
Closing net book value	<u>91,658</u>	<u>27,819</u>	<u>14,395</u>	<u>14,568</u>	<u>34,632</u>	<u>183,072</u>
At December 31, 2021						
Cost	117,010	31,493	17,246	32,273	37,857	235,879
Accumulated depreciation	(25,352)	(3,674)	(2,851)	(17,705)	(3,225)	(52,807)
Net book value	<u>91,658</u>	<u>27,819</u>	<u>14,395</u>	<u>14,568</u>	<u>34,632</u>	<u>183,072</u>
Rate of depreciation (% per annum)	<u>20%</u>	<u>20%</u>	<u>10% - 20%</u>	<u>20% - 50%</u>	<u>20%</u>	

9.1.1 Details of disposal made to related parties during the year

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of the purchaser
(Rupees in '000)					
Electrical, office and computer equipment					
Laptop	143	143	2	Sale to Employee	Mr. Muhammad Shahzad Khan
Laptop	105	105	2	Sale to Employee	Mr. Naved Hanif
Laptop	145	145	1	Sale to Employee	Mr. Muhammad Omair Farooqi
Laptop	141	141	1	Sale to Employee	Mr. Farrukh Zaheer
Cell Phone	50	40	10	Sale to Ex-Employee	Ms. Anam Murtaza
Cell Phone	44	44	-	Sale to Employee	Mr. Zahid Hussain Gokal
Cell Phone	60	60	1	Sale to Employee	Mr. Muhammad Omair Farooqi
Cell Phone	50	50	1	Sale to Employee	Mr. Badar Munir
Total	738	728	18		

9.1.2 The cost of fully depreciated fixed assets that are still in the Company's use is as follows:

	Note	2022	2021
(Rupees in '000)			
Electrical, office and computer equipment		7,902	3,653
Vehicles		2,393	-
		<u>10,295</u>	<u>3,653</u>
10 INTANGIBLE ASSETS			
Intangible assets	10.1	29,494	4,730
Capital work-in-progress	10.2	9,140	18,913
		<u>38,634</u>	<u>23,643</u>
10.1 Intangible assets			
Computer software			
At January 01			
Cost		11,903	11,687
Accumulated amortisation		(7,173)	(4,805)
Net book value		<u>4,730</u>	<u>6,882</u>
Year ended December 31			
Opening net book value		4,730	6,882
Additions		28,687	216
Amortisation charge		(3,923)	(2,368)
Closing net book value		<u>29,494</u>	<u>4,730</u>
At December 31			
Cost		40,590	11,903
Accumulated amortisation		(11,096)	(7,173)
Net book value		<u>29,494</u>	<u>4,730</u>
Rate of amortisation (% per annum)		20%	20%
Useful life		5 years	5 years

10.2 This represents advance paid to AutoSoft Dynamics (Private) Limited against deployment of MIS and Risk system.

	2022	2021
(Rupees in '000)		
11 OTHER ASSETS		
Mark-up / return / profit / interest accrued in local currency	793,935	456,313
Advances, deposits, advance rent and other prepayments	94,064	77,512
Advance taxation (payments less provisions)	27,057	26,969
	<u>915,056</u>	<u>560,794</u>
Less: Provision held against other assets	-	-
	<u>915,056</u>	<u>560,794</u>

12	BORROWINGS	Note	2022 (Rupees in '000)	2021
	Secured			
	Term finance certificates	12.2	18,700,000	12,700,000
	Sukuk certificates	12.3	4,100,000	4,100,000
	Repurchase agreement borrowings	12.4	5,851,409	8,098,708
	Total secured		<u>28,651,409</u>	<u>24,898,708</u>
	Unsecured			
	Borrowings from Government of Pakistan under World Bank - Housing Finance Project	12.5	10,288,741	10,288,741
			<u>38,940,150</u>	<u>35,187,449</u>
12.1	Particulars of borrowings with respect to currencies			
	In local currency		<u>38,940,150</u>	<u>35,187,449</u>

12.2 The Company has issued term finance certificates amounting to Rs. 7,000 million (2021: Rs. 11,700 million) during the year. These certificates have maturity of three to ten years and carry rate of interest ranging from 8.25% to 14.33% (2021: 8.41% to 9.94%) per annum. The principal is payable at maturity whereas interest is payable semi-annually. Further, term finance certificates amounting to Rs. 1,000 million matured during the year on March 17, 2022.

12.3 These sukuk certificates have a maturity of three years and carry fixed rate of profit ranging from 8.25% to 8.63% (2021: 8.25% to 8.63%) per annum. The principal is payable at maturity whereas profit is payable semi-annually.

12.4 These represent borrowings from various financial institutions at mark-up rates ranging from 9.40% to 15.50% (2021: 10.10% to 10.50%) per annum and are due to mature latest by January 20, 2023. The market value of securities given as collateral against these borrowings is given in note 7.5 to these financial statements.

12.5 This represents borrowing from Government of Pakistan under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum. The interest is payable semi-annually and the principal will be payable semi-annually commencing from April 15, 2023 in fifty equal installments.

13 SUBORDINATED DEBT

On February 22, 2019, the Government of Pakistan lent Rs. 7,051 million under World Bank - Housing Finance Project with principal repayment starting from April 15, 2023 and maturing on October 15, 2047, at a fixed rate of 3% per annum. This has been disbursed as a sub-ordinated loan, and if needed, can be converted into non-participatory Additional Tier 1 Capital.

	2022	2021
Issue amount (Rupees in '000)	7,050,716	7,050,716
Issue date	February 22, 2019	February 22, 2019
Maturity date	February 21, 2047	February 21, 2047
Rating	Not applicable	Not applicable
Security	Unsecured	Unsecured
Profit payment frequency	Semi-annually	Semi-annually
Redemption	Not applicable	Not applicable
Mark-up	3% per annum	3% per annum

14	OTHER LIABILITIES	Note	2022 (Rupees in '000)	2021
	Mark-up / return / interest payable in local currency		481,058	306,123
	Accrued expenses		63,165	38,277
	Provision for government levies		102,895	70,640
	Lease liability against right-of-use assets		75,304	94,062
	Payable against transaction cost for term finance / sukuk certificates		-	22,478
	Payable to defined benefit plan	29.4	11,445	9,901
	Payable against purchase of fixed assets		-	2,907
	Provision for employees' benefit		84,269	61,274
			<u>818,136</u>	<u>605,662</u>

15 SHARE CAPITAL**15.1 Authorised capital**

2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000</u>	<u>10,000,000</u>

2022
(Number of shares)

15.2 Issued, subscribed and paid up capital

<u>623,775,900</u>	<u>623,775,900</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>6,237,759</u>	<u>6,237,759</u>
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15.2.1 List of shareholders as at December 31, 2022 and December 31, 2021 is as follows:

Names of Shareholders	2022		2021	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Ministry of Finance – Islamic Republic of Pakistan	180,000,000	28.86%	180,000,000	28.86%
National Bank of Pakistan	90,000,000	14.43%	90,000,000	14.43%
Habib Bank Limited	75,000,000	12.02%	75,000,000	12.02%
United Bank Limited	75,000,000	12.02%	75,000,000	12.02%
International Finance Corporation	75,000,000	12.02%	75,000,000	12.02%
Askari Bank Limited	45,000,000	7.22%	45,000,000	7.22%
Bank Alfalah Limited	45,000,000	7.22%	45,000,000	7.22%
Allied Bank Limited	30,000,000	4.81%	30,000,000	4.81%
Bank Al Habib Limited	7,500,000	1.20%	7,500,000	1.20%
House Building Finance Company Limited	1,001,250	0.16%	1,001,250	0.16%
Summit Bank Limited	274,500	0.04%	274,500	0.04%
Directors*	150	-	150	-

* Nil figures due to rounding off.

16 SURPLUS ON REVALUATION OF ASSETS

	2022	2021
	(Rupees in '000)	
Surplus on revaluation of:		
Available-for-sale securities	<u>(448,961)</u>	<u>(247,362)</u>

17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and December 31, 2021.

18 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	2022	2021
	(Rupees in '000)	
On:		
Loans and advances	2,296,280	1,450,144
Investments	1,817,406	961,086
Lendings to financial institutions	205,445	13,262
Balances with banks	696,760	419,461
	<u>5,015,891</u>	<u>2,843,953</u>

19	MARK-UP / RETURN / INTEREST EXPENSED		2022	2021
	On:		(Rupees in '000)	
	Borrowings from Government of Pakistan under Housing Finance Project		308,663	308,663
	Repurchase agreement borrowings		406,799	219,756
	Clean borrowings		-	2,081
	Term finance certificates		1,615,991	371,336
	Sukuk certificates		348,143	283,148
			2,679,596	1,184,984
	Subordinated debt		211,521	211,521
	Lease liability against right-of-use assets		7,608	9,198
			<u>2,898,725</u>	<u>1,405,703</u>
20	FEE AND COMMISSION INCOME	Note		
	Participation fee		-	2,318
21	GAIN ON SECURITIES			
	Realised - net	21.1	<u>4,901</u>	<u>118</u>
21.1	Realised gain on:			
	Federal government securities		<u>4,901</u>	<u>118</u>
22	OTHER INCOME			
	Gain on sale of fixed assets - net		11	7
	Others		1,312	106
			<u>1,323</u>	<u>113</u>
23	OPERATING EXPENSES			
	Total compensation expense	23.1	284,297	233,524
	Property expense			
	Rent and taxes		-	1,374
	Insurance		772	577
	Utilities cost		2,880	2,204
	Security		581	581
	Repairs and maintenance		3,243	657
	Depreciation	9.1	29,698	27,076
			37,174	32,469
	Information technology expenses			
	Software maintenance		8,461	5,375
	Rent-disaster recovery site		876	848
	Website maintenance		3,069	2,314
	Hardware maintenance		244	337
	Network charges		2,034	1,706
	Depreciation	9.1	7,318	7,027
	Amortisation	10.1	3,923	2,368
			25,925	19,975
	Other operating expenses			
	Directors' fees and allowances	31.2	14,890	11,100
	Director's evaluation expense		800	678
	Legal and professional charges		11,436	15,164
	Fees and subscription		3,387	5,822
	Outsourced services costs	28.1	5,074	4,615
	Travelling and conveyance		5,388	2,291
	Depreciation	9.1	10,485	5,392
	Training and development		240	3,772
	Postage and courier charges		173	117
	Communication		1,499	1,407
	Stationery and printing		1,552	2,585
	Marketing, advertisement and publicity		1,244	1,713
	Auditors' remuneration	23.2	2,671	3,752
	Insurance		4,808	2,930
	Donations	23.3	3,500	2,500
	Vehicle repair and maintenance		227	567
	Entertainment		11	483
	Staff engagement		368	152
	Others		2,293	1,914
			70,046	66,954
			<u>417,442</u>	<u>352,922</u>

	Note	2022	2021
		(Rupees in '000)	
23.1 Total compensation expense			
Managerial remuneration			
Fixed		176,402	149,090
Other benefits			
Provision for cash bonus / awards		80,000	60,000
Charge for defined benefit plan		11,567	9,502
Contribution to defined contribution plan		9,557	7,989
Medical		455	675
Conveyance		83	98
Compensated absences		5,958	5,738
Others		275	432
		<u>284,297</u>	<u>233,524</u>
23.2 Auditors' remuneration			
Audit fee for annual financial statements		533	468
Half yearly review fee		196	175
Special certifications and sundry advisory services		1,650	2,977
Out-of-pocket expenses		292	132
		<u>2,671</u>	<u>3,752</u>
23.3 Detail of donations made during the year			
Donations individually exceeding Rs 100,000			
The Citizens Foundation		1,000	500
Alkhidmat Foundation Pakistan		1,000	-
Akhuwat Foundation		1,000	-
SOS Children's Villages of Pakistan		500	-
Indus Hospital and Health Network		-	500
The Hunar Foundation		-	500
Dar ul Sukun		-	500
Shaukat Khanum Memorial Trust		-	500
		<u>3,500</u>	<u>2,500</u>
24 WORKERS' WELFARE FUND			
Provision for Workers' Welfare Fund	24.1	<u>32,229</u>	<u>21,444</u>

24.1 Sindh Workers' Welfare Fund Act (SWWF) had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs. 0.50 million, is required to pay SWWF in respect of that year a sum equal to two percent of such income. Accordingly, as a result of abundant caution, the management has maintained a provision for SWWF in the financial statements amounting to Rs. 102.869 million which includes a provision of Rs. 32.229 million of the current year.

25 TAXATION

The income of the Company is exempt from income tax under Clause 66 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 whereby the entities are placed in two tables, namely Table I and Table II. The entities placed in Table I are granted unconditional exemption whereas entities placed in Table II are granted conditional exemption from income tax. The Company is placed under Table I, whereby the Company has been granted unconditional exemption.

26 BASIC EARNINGS PER SHARE	2022 (Rupees in '000)	2021 (Restated)
Profit for the year	1,579,217	1,066,433
	(Number of shares)	
Weighted average number of ordinary shares	623,775,900	623,227,955
	(Rupees) (Restated)	
Basic earnings per share	2.53	1.71

26.1 Diluted earnings per share

Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue as at December 31, 2022.

27 CASH AND CASH EQUIVALENTS	Note	2022 (Rupees in '000)	2021
Cash and balance with treasury banks	5	4,588	4,057
Balance with other banks	6	221,515	15,486,065
		226,103	15,490,122

28 STAFF STRENGTH		2022 (Number)	2021
Permanent		33	30
On Company's contract		2	3
Outsourced	28.1	9	11
Company's own staff strength at the end of the year		44	44

28.1 This represents 9 (2021: 11) employees of outsourcing service companies who were assigned to perform janitorial and other services.

29 DEFINED BENEFIT PLAN

29.1 As mentioned in note 4.10, the Company operates a funded gratuity scheme for its employees as per the policy of the Company. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Company subject to a minimum qualifying period of service of two years. The Company's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method.

29.2 Number of employees under the defined benefit plan	2022 (Number)	2021
The number of employees covered under the defined benefit plan as at December 31	34	31

29.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022 using the following significant assumptions:

	Note	2022 (Per annum)	2021
Discount rate		14.50%	11.75%
Expected rate of salary increase		13.50%	10.75%
Mortality rates		SLIC (2001-05)-1	SLIC (2001-05)-1
29.4 Reconciliation of payable to defined benefit plan			
		2022 (Rupees in '000)	2021
Present value of obligations	29.6	40,742	28,049
Fair value of plan assets	29.7	(29,297)	(18,148)
Payable		11,445	9,901
29.5 Movement in defined benefit plan			
At the beginning of the year		9,901	4,339
Current service cost	29.8.1	10,466	9,079
Net interest expense	29.8.1	1,101	423
Actual contributions by the Company		(9,901)	(4,339)
Benefits paid by the Company		-	(6,480)
Re-measurement (gain) / loss	29.8.2	(122)	6,879
Closing balance		11,445	9,901
29.6 Movement in payable under defined benefit plan			
Opening balance		28,049	20,263
Current service cost		10,466	9,079
Interest cost on defined benefit obligation		3,864	2,513
Benefits paid by the Company to outgoing members		(2,143)	(9,275)
Re-measurement loss recognised in OCI during the year		506	5,469
Closing balance		40,742	28,049
29.7 Movement in fair value of plan assets			
Fair value at the beginning of the year		18,148	15,924
Interest income on plan assets		2,763	2,090
Contribution by the Company - net		9,901	4,339
Actual contributions by the Company		(2,143)	(2,795)
Re-measurement gain / (loss) recognised in OCI during the year		628	(1,410)
Fair value at the end of the year		29,297	18,148
29.8 Charge for defined benefit plan			
29.8.1 Cost recognised in profit and loss account			
Current service cost		10,466	9,079
Net interest on defined benefit plan		1,101	423
		11,567	9,502
29.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- financial assumptions		1,444	(482)
- experience adjustments		(938)	5,951
		506	5,469
Net return on plan assets over interest income		(628)	1,410
Total re-measurements recognised in OCI		(122)	6,879
29.9 Components of plan assets			
Cash and cash equivalents - net		155	75
Debt instruments		29,142	18,073
		29,297	18,148

29.10 Sensitivity analysis

A sensitivity analysis for each significant financial assumption as of the reporting date, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date, is as follows:

	2022 (Rupees in '000)	2021
0.5% increase in discount rate	39,140	26,794
0.5% decrease in discount rate	42,467	29,408
0.5% increase in expected rate of salary increase	42,381	29,348
0.5% decrease in expected rate of salary increase	39,206	26,839

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

29.11 The expected charge for the next financial year commencing January 1, 2023 works out to Rs 14.363 million (2021: Rs 11.567 million).

29.12 Maturity profile

The weighted average duration of the obligation is 8.15 years (2021: 9.30 years).

29.13 Expected maturity analysis of undiscounted defined benefit obligation

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10
	(Rupees)					
Undiscounted payments	667,819	26,124,991	929,766	1,210,418	1,491,811	70,549,397

29.14 Funding Policy

An implicit, though not a formally expressed objective, is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.

Accordingly, the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Actuarial Cost Method employed.

29.15 Description of risks

The defined benefit plan exposes the Company to the following risks:

Withdrawal risks - This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks - This is the risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks - This is the risk of the investment underperformance and being not sufficient to meet the liabilities.

Final salary risks - This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

30 DEFINED CONTRIBUTION PLAN

The Company operates a provident fund scheme for its employees as per the policy of the Company. Equal monthly contributions at the rate of 10% per annum (2021: 10% per annum) of basic salaries are made both by the Company and employees. Contributions made to the provident fund during the year are as follows:

	2022 (Rupees in '000)	2021
Contribution made by the Company	<u>9,557</u>	<u>7,989</u>
Contribution made by employees	<u>9,557</u>	<u>7,989</u>

The number of employees covered under the defined contribution plan as at December 31, 2022 are 34 (2021: 31).

31 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

31.1 Total compensation expense

Items	Directors				Managing Director / Chief Executive Officer		Key Management Personnel		Members Shariah Board	
	Chairman		Non-Executive		2022	2021	2022	2021	2022	2021
	2022	2021	2022	2021						
	(Rupees in '000)									
Fees and allowances etc.	1,800	1,335	13,090	9,765	-	-	-	-	-	-
Managerial remuneration										
Fixed	-	-	-	-	43,640	36,649	70,219	71,560	6,172	5,965
Other benefits										
Bonus	-	-	-	-	25,000	24,000	16,321	30,120	941	865
Charge for defined benefit plan	-	-	-	-	4,387	2,633	3,899	4,062	226	135
Contribution to defined contribution plan	-	-	-	-	2,772	2,204	3,773	3,798	148	113
Medical	-	-	-	-	100	109	-	201	-	-
Compensated absences	-	-	-	-	1,732	1,732	1,758	2,757	92	86
Others	-	-	-	-	790	314	1,632	180	-	-
Total	<u>1,800</u>	<u>1,335</u>	<u>13,090</u>	<u>9,765</u>	<u>78,421</u>	<u>67,641</u>	<u>97,602</u>	<u>112,678</u>	<u>7,579</u>	<u>7,164</u>
Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>8</u>	<u>1</u>	<u>1</u>	<u>12</u>	<u>13</u>	<u>2</u>	<u>2</u>

The term "Key Management Personnel" means any executive or key executive reporting directly to the Managing Director / Chief Executive Officer (MD / CEO).

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

2022							
Sr. No.	Name of Director	For Board Meetings	For Board Committees				Total Amount Paid
			Audit Committee	Risk Committee	Human Resource Committee	Nomination Committee	
(Rupees in '000)							
1	Mr. Rehmat Ali Hasnie	1,500	-	-	-	300	1,800
2	Mr. Abid Naqvi*	750	540	-	-	-	1,290
3	Mr. Farrakh Qayyum	1,250	-	-	360	330	1,940
4	Mr. Imran Sarwar	750	-	720	-	-	1,470
5	Mr. Khurshid Zafar Qureshi**	500	-	150	-	-	650
6	Ms. Mehreen Ahmed	1,250	450	-	-	-	1,700
7	Mr. Muhammad Aslam Ghauri***	750	300	150	-	150	1,350
8	Mr. Naveed Nasim*	500	-	300	-	-	800
9	Mr. Risha A Mohyeddin	1,250	150	-	150	180	1,730
10	Mr. Syed Taha Afzal*	500	-	-	150	-	650
11	Ms. Sonia Karim**	250	-	-	-	-	250
12	Mr. Tayyeb Afzal****	750	510	-	-	-	1,260
Total amount paid		10,000	1,950	1,320	660	960	14,890

2021							
Sr. No.	Name of Director	For Board Meetings	For Board Committees				Total Amount Paid
			Audit Committee	Risk Committee	Human Resource Committee	Nomination Committee	
(Rupees in '000)							
1	Mr. Rehmat Ali Hasnie	1,315	-	-	-	20	1,335
2	Mr. Abid Naqvi	1,075	320	-	-	-	1,395
3	Mr. Farrakh Qayyum	1,075	-	-	410	-	1,485
4	Mr. Iftikhar Amjad	825	-	-	-	-	825
5	Mr. Imran Sarwar	595	-	320	-	-	915
6	Ms. Mehreen Ahmed	1,075	210	-	-	-	1,285
7	Mr. Naveed Nasim	1,075	-	210	-	-	1,285
8	Mr. Risha A. Mohyeddin	960	280	-	-	-	1,240
9	Mr. Syed Taha Afzal	1,075	-	-	260	-	1,335
Total amount paid		9,070	810	530	670	20	11,100

* Mr. Abid Naqvi, Mr. Naveed Nasim and Syed Taha Afzal have resigned as directors on the Board during the current year.

** Mr. Khurshid Zafar Qureshi and Ms. Sonia Karim have been elected as directors on the Board in the EOGM dated October 4, 2022.

*** Mr. Muhammad Aslam Ghauri has been nominated as a director on the Board by the Ministry of Finance.

**** Mr. Tayyeb Afzal has been nominated as a director on the Board by International Finance Corporation.

31.3 MD / CEO is entitled to Company maintained cars in accordance with the terms of his employment and is entitled to life insurance benefits in accordance with the policy of the Company. In addition, the MD / CEO is also provided with driver, corporate club membership, medical and security arrangements in accordance with the terms of his employment.

32 FAIR VALUE MEASUREMENT

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost.

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

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Fair value measurements using inputs 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:

2022			
Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			
(Rupees in '000)			
Financial assets - measured at fair value			
Investments			
Federal government securities	-	20,261,795	-
Non-government debt securities	-	303,174	-

2021			
Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			
(Rupees in '000)			
Financial assets - measured at fair value			
Investments			
Federal government securities	-	8,955,012	-
Non-government debt securities	-	300,000	-
Financial assets - disclosed but not measured at fair value			
Federal government securities	-	984,123	-

The management considers that the estimated fair value of the remaining financial assets and liabilities is not significantly different from their respective carrying amounts.

Valuation of techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair value of Pakistan Investment Bonds and Market Treasury Bills are derived using the Pakistan Revaluation (PKRV) rates (FMA report).
Term finance certificates	Investment in unlisted debt securities (comprising term finance certificates) are valued on the basis of the prices announced by Mutual Funds Association of Pakistan.

33 TRUST ACTIVITIES

The Company acts as a Trustee of Credit Guarantee Trust (CGT) which has been set up by the Government of Pakistan to provide Credit Guarantee in respect of low Income housing to Qualified Financial Institutions. The services provided by the Company primarily includes managing, operating and administering the activities of the Trust.

34 RELATED PARTY TRANSACTIONS AND BALANCES

The Company has related party relationship with its major shareholders, directors, key management personnel and their close family members and staff retirement benefit funds (both defined benefit and defined contribution plan).

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 Board). Contributions to approved defined benefit and contribution plans are made in accordance with the actuarial valuations / terms of scheme. Transactions with owners have been disclosed in 'Statement of Changes in Equity'. All other transactions between the Company and its related parties are carried out under normal course of business except staff loans that are as per terms of employment.

Details of transactions with related parties during the year and balances with them as at year end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2022			2021		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Statement of financial position (Rupees in '000)						
Cash and balances with treasury banks						
In current account	-	-	31	-	-	31
In deposit accounts	-	-	9	-	-	9
	-	-	40	-	-	40
Balances with other banks						
In current account	-	-	910	-	-	16
In deposit accounts	-	-	2,031	-	-	13,140,734
	-	-	2,941	-	-	13,140,750
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Lendings during the year	-	-	26,269,078	-	-	6,903,367
Repaid during the year	-	-	(26,269,078)	-	-	(6,903,367)
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	44,233	5,918,270	-	89,624	4,627,769
Disbursements during the year	-	69,942	1,700,000	-	8,174	3,050,000
Repaid / settled during the year	-	(13,530)	(482,558)	-	(53,565)	(1,759,499)
Closing balance	-	100,645	7,135,712	-	44,233	5,918,270
Other assets						
Interest / mark-up accrued	-	35	78,650	-	-	99,846
Other receivable	-	-	5,896	-	-	24,071
	-	35	84,546	-	-	123,917
Borrowings *						
Opening balance	-	-	14,184,693	-	-	2,960,000
Borrowings during the year	-	-	74,589,373	-	-	135,864,346
Settled during the year	-	-	(77,274,066)	-	-	(121,939,653)
Closing balance	-	-	11,500,000	-	-	16,884,693
Other liabilities						
Interest / mark-up payable	-	-	90,919	-	-	78,289
Payable to defined benefit plan	-	-	11,445	-	-	9,901
Closing balance	-	-	102,364	-	-	88,190

* Allied Bank Limited has been excluded from the above analysis as it is no longer a related party as at December 31, 2022. Allied Bank Limited was a related party as at December 31, 2021 having a balance of Rs. 2,700 million

RELATED PARTY TRANSACTIONS

	2022			2021		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Profit and loss account (Rupees in '000)						
Income						
Mark-up / return / interest earned	-	3,032	974,328	-	3,089	705,579
Expense						
Mark-up / return / interest paid	-	-	1,061,126	-	-	563,319
Operating expenses	14,924	165,770	21,124	11,395	163,133	17,491

34.1 In addition to the above, the Company has sub-ordinated loan amounting to Rs. 7,050.716 million and borrowing under World Bank - Housing Finance Project amounting to Rs. 10,288.741 million respectively from the Ministry of Finance.

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

During the year 2013, SBP issued revised instructions on the computation of CAR based on Basel III Capital Reform as issued by the Basel Committee on Banking Supervision. These instructions became effective from December 31, 2013 with full implementation by December 31, 2020.

Accordingly, the Company has assessed and reported its Capital Adequacy Ratio in the financial statements on the basis of Basel III requirements as prescribed by SBP.

	2022	2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,237,759</u>	<u>6,237,759</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,706,306	7,343,556
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,706,306	7,343,556
Eligible Tier 2 Capital	<u>94,502</u>	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>8,800,808</u>	7,343,556
Risk Weighted Assets (RWAs):		
Credit Risk	10,370,936	11,104,652
Market Risk	-	-
Operational Risk	<u>3,295,442</u>	2,725,189
Total	<u>13,666,378</u>	<u>13,829,841</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>63.71%</u>	53.10%
Tier 1 Capital Adequacy Ratio	<u>63.71%</u>	53.10%
Total Capital Adequacy Ratio	<u>64.40%</u>	53.10%

The Basel III Framework for capital adequacy is applicable to the Company. The Company monitors its capital adequacy ratio and endeavors to maintain it at a level sufficiently higher than the minimum regulatory requirement. The Company calculates capital requirement as per Basel III regulatory framework, using the Standardised Approach for Credit Risk and Market Risk whereas Basic Indicator Approach for Operational Risk.

Capital Management

The regulatory capital as managed by the Company is analysed into following tiers:

- Common Equity Tier 1 Capital (CET1), which includes fully paid up capital, general reserves, statutory reserves as per the financial statements and net un-appropriated profits after all regulatory adjustment applicable on CET1.
- Additional Tier 1 Capital (ADT1), which includes perpetual non-cumulative preference shares and share premium resulting from the same. The Company did not have any ADT1 as of December 31, 2022.
- Tier 2 Capital, which includes general provisions, surplus on revaluation of AFS securities after all regulatory adjustments applicable on Tier 2.

The Company also stress tests its capital adequacy to various risks as per SBP stress testing guidelines.

	2022		2021	
	Required	Actual	Required	Actual
Capital Adequacy Ratio				
CET1 to total RWA	6.00%	63.71%	6.00%	53.10%
Tier 1 Capital to total RWA	7.50%	63.71%	7.50%	53.10%
Total Capital to total RWA	11.50%	64.40%	11.50%	53.10%
Leverage Ratio (LR):				
Eligible Tier-1 Capital			8,706,306	7,343,556
Total Exposures			57,607,442	46,112,354
Leverage Ratio			15.11%	15.93%
Liquidity Coverage Ratio (LCR):				
Total High Quality Liquid Assets			12,007,270	830,984
Total Net Cash Outflow			42,744	7,881
Liquidity Coverage Ratio			28091%	10544%
Net Stable Funding Ratio (NSFR):				
Total Available Stable Funding			48,530,833	40,483,014
Total Required Stable Funding			32,094,461	30,293,422
Net Stable Funding Ratio			151.21%	133.64%

- 35.1 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosure is available at <https://pmrc.com.pk/wp-content/uploads/2022/02/Liquidity-Capital-Adequacy-Leverage-Disclosure.pdf>.

36 RISK MANAGEMENT

The primary goal of risk management is to identify, assess and monitor risk inherent in the activities of the Company and take adequate measures to manage and control these risks on a timely basis. The risk management framework of the Company encompasses comprehensive and adequate risk management policies and procedures to mitigate salient risk elements in operations of the Company. Risk management policies are formulated on regulatory guidelines and covers all type of major risks the Company is exposed to. The Company places utmost emphasis on the importance of risk management and has put in place all relevant measures to identify, monitor and control the relevant risks on its low risk business model. The Board through its designated committees thoroughly reviews and guides the risk management activities in the Company.

Categories of risk

The Company generates most of its revenues by accepting credit, liquidity and market risk. Effective management of these risks is the decisive factor in the profitability of the Company. In addition, the Company is subject to certain consequential risks that are common to all business undertakings. These risks are grouped under two headings: operational risk and reputational risk. The Framework is organised with reference to these five risk categories as detailed below:

Credit risk	This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a counter party.
Market risk	The risk of loss generated by adverse changes in the price of assets or contracts currently held by the Company.
Liquidity risk	The risk that the Company is unable to meet its payment obligations or fund increases in assets when they fall due without incurring an unacceptable cost the consequences of which may be the failure to meet obligations to repay investors and fulfil commitments to lend.
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events and includes legal risk.
Reputational risk	The risk of failing to meet the standards of performance or behaviour required or expected by stakeholders in commercial activities or the way in which business is conducted.

Risk responsibilities

The Board is accountable for the overall supervision of the risk management process. The Board is responsible for the approval of all risk policies and ensuring that these are properly implemented. Furthermore, the Board approves the appointment of senior management personnel who are capable of managing the risk activities conducted by the Company.

Risk management department ensures that risks remain within the boundaries as defined by the Board, comply with the risk parameters and prudential limits, establish systems and procedures and work out remedial measures.

Credit Risk Management Committee (CRMC) implements credit policy and monitors credit risk in light with credit policy and PR.

The Company's risk management, compliance and internal audit department support the risk management function. The compliance department ensures that all the directives and guidelines issued by SBP are being complied with. Internal audit department reviews the compliance of internal control procedures with internal and regulatory standards.

36.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Exposure to credit risks for the Company arises primarily from lending activities and investments.

A multi-tiered approach is being followed in the management of credit risk with the organisational structure, roles and responsibilities clearly outlined in the credit policy manual. The Board is responsible for final approval of overall risk tolerance and threshold. Various business units responsible for undertaking risks are expected to comply with the credit policy and adhere to the independent risk management function. This is ensured through the implementation of a credit approval and documentation process adopted by the Company.

The Company uses both external and internal ratings to evaluate risk. The Company obtains external ratings from VIS Credit Rating Company Limited whereas a comprehensive risk assessment matrix model is used for internal ratings.

Stress testing

The Company also conducts stress testing of its existing portfolio of advances and investments. This exercise is conducted on a quarterly basis through assigning shocks to distressed / non-performing assets of the Company and assessing its resulting effect on capital adequacy.

Particulars of the Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows

36.1.1 Investment in debt securities	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Credit risk by industry sector						
Government	20,261,795	9,938,557	-	-	-	-
Financial institutions	303,174	300,000	-	-	-	-
	<u>20,564,969</u>	<u>10,238,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Credit risk by public / private sector						
Public / Government	20,261,795	9,938,557	-	-	-	-
Private	303,174	300,000	-	-	-	-
	<u>20,564,969</u>	<u>10,238,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

36.2 Market Risk

The market risk is the risk of reductions in earnings, value and / or reserves arising from changes in market rates (such as interest rates, exchange rates, credit spreads) and market prices (such as commodities, equities, property etc.) as well as their correlations and volatilities.

The Company's business model primarily caters to refinancing loans with recourse to the customers by issuing term finance / sukuk certificates in the capital market. Its main line of business is providing pre-financing / re-financing facilities. Any surplus funds (primarily from equity) shall be invested in safe investment instruments.

The Company measures market risk using various techniques like duration analysis for interest rate risk in banking book, sensitivity analysis for investment in government securities, stress testing, etc. The results are communicated to Asset and Liability Committee (ALCO) on monthly basis. Results are also communicated to Board Risk Committee on quarterly basis.

Moreover, the Company shall not be operating a trading book. Market risk on the asset side only arises in the instruments which are earmarked as "Available-for-sale".

36.2.1 Statement of financial position split by trading and banking books - Basel II Specific

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	4,588	-	4,588	4,057	-	4,057
Balances with other banks	221,515	-	221,515	15,486,065	-	15,486,065
Lendings to financial institutions	-	-	-	-	-	-
Investments	20,564,969	-	20,564,969	10,238,557	-	10,238,557
Advances	33,662,362	-	33,662,362	23,714,838	-	23,714,838
Fixed assets	146,817	-	146,817	183,072	-	183,072
Intangible assets	38,634	-	38,634	23,643	-	23,643
Other assets	915,056	-	915,056	560,794	-	560,794
	<u>55,553,941</u>	<u>-</u>	<u>55,553,941</u>	<u>50,211,026</u>	<u>-</u>	<u>50,211,026</u>

36.2.2 Yield / interest rate risk in the banking book (IRRBB) - Basel II Specific

Interest rate risk is the risk of loss from adverse movements in interest rates. ALCO monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Company arising from fluctuation in the market interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands.

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The lending, funding and investment activities of the Company are exposed to interest rate risk. The Company shall provide refinancing loans to customer with similar repayment structure and tenor as the underlying term finance / sukuk certificates issued to fund those loans to the best extent possible (i.e. the Company will be match funding).

36.2.3 Mismatch of interest rate sensitive assets and liabilities

On-balance sheet financial instruments	Effective Yield / Interest rate	Total	2022										Non-interest bearing financial instruments		
			Exposed to Yield / Interest risk												
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years				
Assets			(Rupees in '000)												
Cash and balances with treasury banks	13.50%	4,588	9	-	-	-	-	-	-	-	-	-	-	-	4,579
Balances with other banks	13.84%	221,515	220,605	-	-	-	-	-	-	-	-	-	-	-	910
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	11.75%	20,564,969	4,996,167	2,137,826	4,895,967	434,765	1,944,035	1,083,899	1,083,899	1,083,899	1,083,899	1,083,899	1,083,899	1,083,899	1,083,899
Advances	8.37%	33,662,362	4,394,686	2,767,916	4,132,036	8,297,298	8,911,694	3,887,516	10,30,664	10,30,664	10,30,664	10,30,664	10,30,664	10,30,664	10,30,664
Other assets		915,056	5,533,476	9,390,853	4,905,742	9,028,003	8,732,063	8,911,694	5,831,551	2,114,563	2,114,563	2,114,563	2,114,563	2,114,563	915,056
Liabilities															
Bills payable		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	11.55%	38,940,150	5,851,409	1,305,775	205,775	9,711,549	11,223,099	411,549	4,057,749	6,173,245	6,173,245	6,173,245	6,173,245	6,173,245	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	3.00%	7,050,716	141,014	141,014	141,014	282,029	282,029	282,029	564,057	1,410,143	1,410,143	1,410,143	1,410,143	1,410,143	-
Other liabilities		818,136	-	-	-	-	-	-	-	-	-	-	-	-	-
On-balance sheet gap		46,809,002	5,851,409	1,446,789	346,789	9,993,578	683,578	8,218,116	11,787,156	5,467,892	10,403,675	10,403,675	10,403,675	10,403,675	818,136
Total yield / interest risk sensitivity gap		8,559,488	(317,933)	3,458,953	8,681,214	(1,261,515)	8,218,116	28,169,688	(3,353,329)	18,860,754	(10,403,675)	(10,403,675)	(10,403,675)	(10,403,675)	102,409
Cumulative yield / interest risk sensitivity gap			(317,933)	9,072,920	21,213,086	19,951,572	28,169,688	28,169,688	22,214,083	8,457,079	8,457,079	8,457,079	8,457,079	8,457,079	

On-balance sheet financial instruments	Effective Yield / Interest rate	Total	2021										Non-interest bearing financial instruments		
			Exposed to Yield / Interest risk												
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years				
Assets			(Rupees in '000)												
Cash and balances with treasury banks	6.63%	4,057	9	-	-	-	-	-	-	-	-	-	-	-	4,048
Balances with other banks	11.79%	15,486,065	15,486,049	-	-	-	-	-	-	-	-	-	-	-	16
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	8.75%	10,238,557	1,003,900	1,499,310	2,115,346	4,868,525	451,835	299,401	299,401	299,401	299,401	299,401	299,401	299,401	-
Advances	7.78%	23,714,838	2,148,243	845,672	1,590,662	8,340,373	5,286,866	948,402	4,326,869	4,326,869	4,326,869	4,326,869	4,326,869	4,326,869	1,305
Other assets		560,794	15,712,504	3,152,143	3,706,008	13,208,988	5,738,701	948,642	4,626,270	4,626,270	4,626,270	4,626,270	4,626,270	4,626,270	560,794
Liabilities															
Bills payable		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	7.55%	35,187,449	8,098,708	1,000,000	-	411,550	9,711,550	7,323,099	2,057,748	6,584,794	6,584,794	6,584,794	6,584,794	6,584,794	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	3.00%	7,050,716	141,014	141,014	141,014	282,029	282,029	282,029	564,058	1,410,145	1,410,145	1,410,145	1,410,145	1,410,145	-
Other liabilities		605,662	8,098,708	1,000,000	-	693,579	9,993,579	7,887,157	3,467,893	11,097,249	11,097,249	11,097,249	11,097,249	11,097,249	605,662
On-balance sheet gap		42,843,827	7613,796	2,152,143	3,706,008	12,516,319	(4,254,878)	(6,938,516)	1,158,377	(11,097,249)	(11,097,249)	(11,097,249)	(11,097,249)	(11,097,249)	(39,499)
Total yield / interest risk sensitivity gap		7,160,484	7613,796	2,152,143	3,706,008	12,516,319	(4,254,878)	(6,938,516)	1,158,377	(11,097,249)	(11,097,249)	(11,097,249)	(11,097,249)	(11,097,249)	(39,499)
Cumulative yield / interest risk sensitivity gap			7613,796	2,152,143	3,706,008	12,516,319	(4,254,878)	(6,938,516)	1,158,377	(11,097,249)	(11,097,249)	(11,097,249)	(11,097,249)	(11,097,249)	(39,499)
Reconciliation to total assets															
Balance as per balance sheet		55,553,941	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026
Less: non financial assets															
Fixed assets		146,817	183,072	183,072	183,072	183,072	183,072	183,072	183,072	183,072	183,072	183,072	183,072	183,072	183,072
Intangible assets		38,634	236,643	236,643	236,643	236,643	236,643	236,643	236,643	236,643	236,643	236,643	236,643	236,643	236,643
Total financial assets		55,368,490	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311	50,004,311
Reconciliation to total liabilities															
Balance as per balance sheet		55,553,941	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026	50,211,026
Less: non financial liabilities															
Fixed liabilities		42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827
Total financial liabilities		42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827	42,843,827

36.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. It includes legal risk but excludes strategic and reputational risk.

The Board has approved an Operational Risk Management Policy which defines the operational risk framework of the Company. The operational risk framework is defined as per the Company's business model. The Company has a monoline business and by size of fixed / immovable assets, the Company is not a large sized entity, with limited scale of physical operations, one office location, and a limited number of required Human and IT resources. The Company is hence exposed to low exposure to operational risk.

The Operational Risk Management policy defines objective of Operational Risk Management which is to identify, measure, monitor and control Operational Risk exposures of the Company to keep it in line with Company's risk tolerance and business strategy. The policy also defines roles and responsibilities of individuals involved in operational risk management along with operational risk thresholds and tolerances.

The Board has also approved IT policy and IT Security policy. Company has placed a comprehensive IT- Security framework that fits its business model. IT Security is managed through implementation measures for system design, cyber security, confidentiality, integrity, data encryption and secured tunnel.

Operational risk disclosures – Basel II Specific

The Company uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be the most suitable in view of the business model of the Company.

36.4 Liquidity Risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The Board has approved Liquidity Risk Management Policy and Asset Liability Management Policy which defines liquidity risk framework for the Company.

Liquidity Risk Policy outlines guidelines for liquidity risk management. These guidelines broadly define strategies for managing liquidity positions by devising limits, monitoring tools such as setting liquidity ratios, cashflow needs, reporting mechanisms etc., contingency planning, early warning indicators for raising red flags and roles and responsibilities of individuals involved in liquidity risk management.

The Board has also approved Terms of Reference (ToRs) of ALCO under Asset Liability Management Policy. ALCO is entrusted to efficiently manage the Company's overall assets and liabilities portfolio. The elements of financial losses are mitigated by way of closely monitoring the influence of interest rates and market dynamics on the Company's balance sheet. ALCO also acts as a decision making unit responsible for balance sheet management including strategic management of interest rates and liquidity risks.

The Company periodically calculates LCR, NSFR ratios as well as maturity gaps to monitor liquidity positions. Regulatory stress testing is performed on a quarterly basis.

36.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Company

2022													
Total	Upto 1Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)													
Assets													
4,588	4,588	-	-	-	-	-	-	-	-	-	-	-	-
221,515	221,515	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
20,564,969	219,604	9,217	5,072,310	32,576	2,065,663	1,942,484	1,834,713	4,895,966	60	494,885	120	1,944,275	2,374,273
33,662,362	-	-	32,576	437,118	4,371,818	1,171,530	1,425,321	826,011	3,095,953	9,240,094	6,138,930	5,146,189	5,919,819
46,817	-	9,217	2,938	9,817	2,905	2,889	8,544	8,234	8,176	32,109	29,941	43,380	7,701
38,634	-	-	20,560	303,649	676	676	2,030	2,030	1,841	5,940	5,780	9,944	-
915,056	14,806	12,330	20,560	303,649	3,313,944	213,944	247,869	6,610	33,748	26,439	26,039	187,777	7,185
55,553,941	460,513	21,547	5,138,201	2,810,231	3,331,523	3,518,477	5,738,851	3,193,778	9,739,367	6,200,810	7,445,665	8,308,978	8,308,978
Liabilities													
38,940,150	-	-	5,851,408	-	205,775	-	9,711,550	-	205,775	1,511,550	11,223,099	10,230,993	10,230,993
-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,050,716	-	-	166,794	-	141,014	-	282,029	-	282,029	564,057	-	564,057	5,640,573
818,136	-	4,812	6,018,202	-	313,278	313,278	165,634	5,733	109,818	23,895	-	-	-
46,809,002	-	4,812	6,018,202	-	313,278	313,278	512,423	5,733	456,607	1,817,474	11,787,156	15,871,566	15,871,566
8,744,939	460,513	17,365	(880,001)	2,810,231	3,018,245	3,006,054	5,733,678	2,883,711	(283,574)	4,383,336	(464,491)	(7,562,888)	(7,562,888)
Net assets													
6,237,759	-	-	-	-	-	-	-	-	-	-	-	-	-
1,007,713	-	-	-	-	-	-	-	-	-	-	-	-	-
1,948,368	-	-	-	-	-	-	-	-	-	-	-	-	-
(448,961)	-	-	-	-	-	-	-	-	-	-	-	-	-
8,744,939	-	-	-	-	-	-	-	-	-	-	-	-	-

2021													
Total	Upto 1Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)													
Assets													
4,057	4,057	-	-	-	-	-	-	-	-	-	-	-	-
15,486,065	3,869,065	-	11,617,000	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,238,557	201,287	-	25,337	2,805	2,003,941	144,603	54,918	2,115,286	60	6,367,715	481,835	240	1,303,301
23,748,338	-	-	2,818	2,818	2,805	2,805	8,396	6,342	8,175	6,482,827	5,598,405	1,088,383	6,082,203
183,072	-	-	19,111	19,111	198	198	595	586	595	2,193	29,027	51,988	38,021
23,643	-	-	80,579	80,579	221,241	82,696	80,355	4,200	4,281	16,801	15,539	56	-
560,794	30,123	2,445	18,314	80,579	221,241	82,696	80,355	4,200	4,281	16,801	15,539	1,426	2,794
502,1026	410,4532	2,445	11,744,845	2,228,185	2,300,302	3,018,245	604,324	3,238,006	534,462	12,910,311	6,015,908	1,426,073	7,437,319
Liabilities													
35,167,149	-	7,845,393	914,315	-	10,000,000	-	-	-	-	411,550	9,711,550	7,323,099	8,642,542
-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,050,716	-	25,162	3,945	2,417	3,824	208,449	154,630	6,605	11,924	29,634	35,072	564,057	5,922,601
605,662	-	7,209,555	918,260	2,417	3,824	1,208,449	154,630	6,605	11,924	723,213	10,028,651	7,910,966	14,566,143
42,843,827	-	7,209,555	918,260	2,417	3,824	1,208,449	154,630	6,605	11,924	723,213	10,028,651	7,910,966	14,566,143
7,367,199	410,4532	(7,207,110)	11,742,428	2,224,361	3,231,401	(978,147)	449,494	4,225,538	12,167,098	(4,027,743)	(6,788,863)	(7,127,824)	(7,127,824)
Net assets													
6,237,759	-	-	-	-	-	-	-	-	-	-	-	-	-
6,913,000	-	-	-	-	-	-	-	-	-	-	-	-	-
684,872	-	-	-	-	-	-	-	-	-	-	-	-	-
(247,362)	-	-	-	-	-	-	-	-	-	-	-	-	-
7,367,199	-	-	-	-	-	-	-	-	-	-	-	-	-

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

2022										
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	4,588	-	-	-	-	-	-	-	-	-
Balances with other banks	221,515	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	20,564,969	4,006,367	1,834,713	4,896,026	434,885	120	1,944,275	2,374,273	-	-
Advances	33,662,362	1,608,648	1,425,321	3,921,964	9,240,094	6,138,930	5,146,189	5,919,819	-	-
Fixed assets	146,817	2,938	8,544	16,410	32,109	29,941	43,380	7,701	-	-
Intangible assets	38,634	9,817	2,030	3,871	5,840	5,780	9,944	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	915,056	47,696	247,869	40,358	26,439	26,039	1,877	7,185	-	-
	55,553,941	6,141,754	3,518,477	8,878,629	97,393,367	6,200,810	7,145,665	8,308,978	-	-
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	38,940,150	5,851,408	205,775	205,775	9,711,550	1,511,550	11,223,099	10,230,993	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	7,050,716	-	141,014	141,014	282,029	282,029	564,057	5,640,573	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	818,136	170,976	165,634	114,991	29,362	23,895	-	-	-	-
	46,809,002	6,022,384	512,423	461,780	10,022,941	1,817,474	11,787,156	15,871,566	-	-
Net assets	8,744,939	(402,123)	3,006,054	8,416,849	(283,574)	4,383,336	(4,641,491)	(7,562,588)	-	-
Share capital	6,237,759									
Reserves	1,007,773									
Unappropriated profit	1,948,368									
Deficit on revaluation of assets	(448,961)									
	8,744,939									
2021										
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	4,057	-	-	-	-	-	-	-	-	-
Balances with other banks	15,486,065	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	10,238,557	2,115,346	60	2,115,346	6,367,775	451,835	240	1,303,301	-	-
Advances	237,14,838	2,148,544	514,918	1,630,934	6,492,827	5,519,405	1,088,383	5,906,954	186,249	-
Fixed assets	183,072	2,818	8,396	16,517	30,715	29,027	51,968	38,021	-	-
Intangible assets	23,643	19,111	595	1,190	2,193	102	56	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	560,794	131,461	80,355	8,481	16,801	15,539	1,426	2,569	225	-
	50,211,026	15,870,136	2,458,487	3,772,468	12,910,311	6,015,908	1,142,073	7,250,845	186,474	-
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	35,187,449	8,096,708	1,000,000	-	411,550	9,711,550	7,323,099	2,057,748	6,584,794	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	7,050,716	-	-	-	282,029	282,029	564,057	1,410,143	4,512,458	-
Deferred tax liabilities	605,662	31,524	212,274	154,830	29,634	35,072	23,800	-	-	-
Other liabilities	42,843,827	8,130,232	1,212,274	154,830	118,528	10,028,651	7,910,956	3,467,891	11,097,252	-
	7,367,199	7,739,904	1,246,213	3,653,940	12,187,098	(4,012,743)	(6,178,883)	3,782,954	(10,910,778)	-
Net assets	6,237,759									
Share capital	6,237,759									
Reserves	691,930									
Unappropriated profit	684,872									
Deficit on revaluation of assets	(247,362)									
	7,367,199									

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 1, 2023 have proposed a final cash dividend in respect of the year ended December 31, 2022 of Re. 0.75 per share (2021: Nil). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

38 GENERAL

38.1 Captions, as prescribed by BPRD Circular No. 2 of 2018 issued by SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the statement of financial position and profit and loss account.

38.2 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 01, 2023 by the Board of the Company.

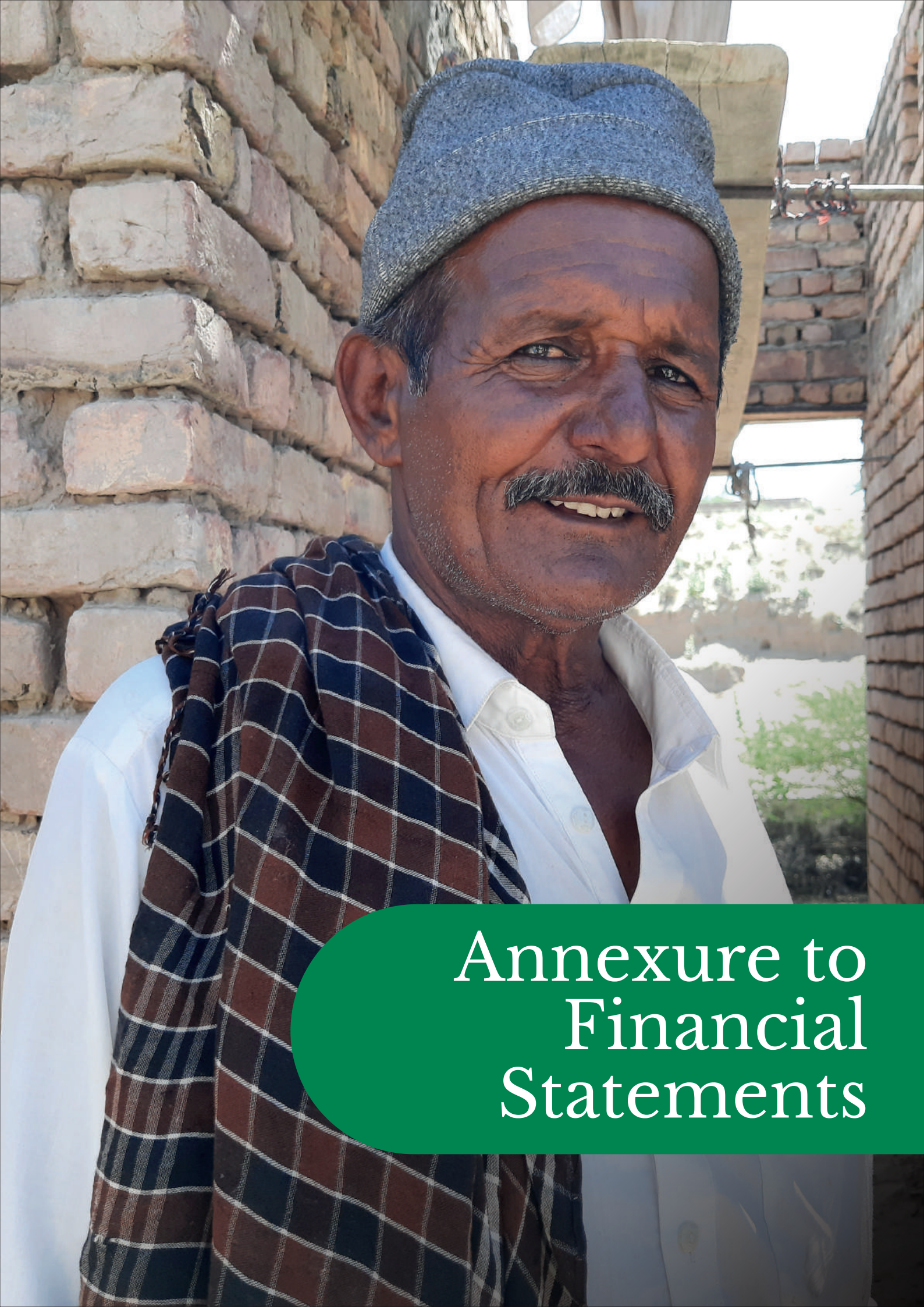
Managing Director /
Chief Executive Officer

Chief Financial Officer

Director

Director

Director



Annexure to Financial Statements

Shari'ah Board Report 2022

For the year ended 31st December, 2022 presented to the Board of Directors

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العلمين والصلاة والسلام على سيد الانبياء وخاتم النبيين وعلى آله واصحابه اجمعين

The Board of Directors (BoD) of Pakistan Mortgage Refinance Company Limited (herein referred to as 'PMRC') has entrusted the Shari'ah Board (SB) with the task to assess the overall Shari'ah compliance environment within PMRC Islamic Business. The objective of the report is to present an opinion on the overall Shari'ah compliance environment of PMRC Islamic Business.

Scope of the Report

The scope of this report is to review the affairs of PMRC Islamic Business Operations as per the rules set by and prescribed under the "Guide and Criteria for Establishing Islamic Banking Institutions and Commencement of Shariah Compliant Business and operations by Developmental Finance Institutions".

Management Responsibility

The Board of Directors and Key Executives of PMRC have sole responsibility to ensure that the Islamic Business operations of PMRC are conducted as per the Guidelines prescribed above, and that company Islamic Operations comply with Shari'ah principles at all times.

Shariah Board's Approvals

SB approves the valuation of portfolio of Islamic Refinance Business (Advances) and Sukuk (Musharakah Borrowing) of the Islamic business of the Company, which stands at Rs.14.2 Bn and 4.1 Bn respectively as at December 31, 2022.

SB has reviewed and approved the amendment of "Musharakah Mortgage Refinance". The amendment has been made considering the issued regulations and PMRC business needs. There has been no change in Shari'ah structure as result.

Policies with respect to the Charity, Pool Management, Shari'ah Non-compliance Risk (SNCR) Management along with possible SNCR list, Shari'ah Compliance Framework and Service Level Agreement (SLA) had already been prepared to enhance the Shari'ah compliance capabilities of the PMRC Islamic Business. Furthermore, the SB reviewed and approved the following policies, procedures and plans for ensuing the compliance as required by regulator (SBP):

1. HR Manual Policies
2. Risk-based remuneration
3. Code of conduct.
4. Credit Policy
5. Risk Management Policy
6. Related Party Transaction Policy
7. Accounting & Disclosure Policy
8. ICFR Policy
9. Internal Audit Policy Manual
10. Treasury Investment Policy
11. Business Continuation Plan
12. Product Program of Islamic Business (PP)
13. Approval on Islamic Business Training Plan for staff – year 2022
14. Frequently asked questions (FAQs)
15. Shari'ah Compliance Review Plan
16. Treasury Policy Manual
17. Differences between Islamic and Conventional Business Products
18. Finance and Accounting Procedure Manual
19. HR Standard Operating Procedures Manual
20. Compliance Policy

Shari'ah Compliance Review (SCR)

During the year under review, following activities were performed by the SCU:

It reviewed profit distribution among the investors with respect to the pool management guidelines. It also verified distribution of profit and loss to the investors (Sukuk holders) prior to the disbursement. It reviewed treasury deal tickets (PMRC Islamic Business Mudarabah based borrowing from conventional side of PMRC) in light of the Shari'ah guidelines as given by the Shari'ah Board of PMRC.

SCU also facilitated the business team in obtaining approvals of various transactions from the Shari'ah Board. SCU extended its support for Shari'ah structuring and developing modalities as well.

Training and Capacity Building

During the year 2022, PMRC identified the need to train staff for Islamic Business Operations. For that purpose, it conducted sessions to create awareness on Islamic mode of Finance and the difference between conventional and Shariah compliant structures. It also facilitated internal and external training sessions to enhance Shari'ah compliance environment of the Islamic Business of the Company.

All the training sessions have been duly approved by the Shari'ah Board.

Shari'ah Board Opinion

To form our opinion as expressed in this report, we have studied the reports of the reviews carried out by Resident Shari'ah Board Member & Head Shari'ah Compliance Unit (RSBM & HSCU) - on quarterly basis - for each class of transactions and relevant documentations.

Based on above, we opine that;

- i. Business affairs of PMRC Islamic Business, specifically the transactions, documentation and procedures performed and executed by PMRC during the year of 2022 are, by and large, in compliance with fatwas/opinions/advices issued by the Shari'ah Board.
- ii. PMRC has complied with directives, regulations, instructions, and guidelines related to Shari'ah compliance issued by State Bank of Pakistan (SBP) in accordance with the rulings of the SBP's Shari'ah Supervisory Committee (SAC).
- iii. PMRC has a mechanism in place to ensure Shari'ah compliance in its operations through SCU.
- iv. PMRC has a well-defined charity policy in place to ensure that earnings realized from sources or means prohibited by Shari'ah are credited to the charity account to warrant that the income distributed among stakeholders generally remains Halal and pure.
- v. In the year 2022, no charity amount is recovered from the customers on account of delays in payments.
- vi. The allocation of Profit and Losses to investors, which was reviewed by SCU on a monthly basis, is in conformity with the Shari'ah principles and Pool Management Guidelines of SBP.

Recommendations

The Shari'ah Board's recommendations are as follow:

- Capacity building in terms of Shari'ah compliance of existing staff, particularly supporting staff, as mentioned in Service Level Agreement (SLA), needs to be enhanced, considering the requirements of SBP's circulars. More capacity building training will fulfill the required purpose.

May Almighty Allah forgive our shortcomings and mistakes that we may have committed willingly or unwillingly, and grant us success in this world and hereafter.

وصلی اللہ تعالیٰ علی سیدنا ومولانا ونبیننا محمد وآله واصحابہ وبارک وسلم

Dr. Mufti Muhammad Yunas Ali
Resident Member Shari'ah Board &
Head Shari'ah Compliance Unit

Mufti Ehsan Waqar Ahmad
Chairman Shari'ah Board

شریعی بورڈ رپورٹ ۲۰۲۲

یہ رپورٹ ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے سال کے ضمن میں بورڈ آف ڈائریکٹرز کو پیش کی گئی۔

بسم الله الرحمن الرحيم

الحمد لله رب العلمين والصلاة والسلام على سيد الانبياء وخاتم النبیین وعلي آله واصحابه اجمعين

پاکستان مارگنٹج ری فنانس کمپنی لمیٹڈ (پنی ایم آر سی) کے بورڈ آف ڈائریکٹرز نے شریعی بورڈ آف پی ایم آر سی پر اعتماد اور بحروسہ کرتے ہوئے انہیں یہ ذمہ داری سونپی ہے کہ پنی ایم آر سی کے املاک بزنس میں شرعی احکام کی تعمیل (شریعی کمپلائنس) کے سلسلے میں نگرانی کریں۔ اس رپورٹ کا مقصد پنی ایم آر سی املاک بزنس کی شرعی احکام کی تعمیل کے لحاظ سے عمومی صورت حال کے بارے میں شریعی بورڈ کی رائے پیش کرنا ہے۔

رپورٹ کا دائرہ کار

اس رپورٹ کا دائرہ شرعی فقہ نظر سے PMRC کے املاک بزنس آپریٹرز کے احوال، اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات بنام ”املاک بینکنگ انٹی یوٹوشر (IBIs) اور ڈی ایف آئی (DFIs) کے قیام اور شریعت کے مطابق کاروبار اور آپریٹرز کے آغاز کے رہنما اصول، معیارات“ کے تحت بیان کرنا ہے۔

انتظامی ذمہ داری

پنی ایم آر سی PMRC کے بورڈ آف ڈائریکٹرز اور کی ایگزیکٹوز (Key Executives) کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائیں کہ PMRC کے املاک بزنس آپریٹرز اوپر دی گئی گائیڈ لائنز کے مطابق چلائے جاتے ہیں، اور یہ کہ کمپنی کے املاک بزنس آپریٹرز ہر وقت شرعی اصولوں کے مطابق ہیں۔

شریعی بورڈ کی اپروولز

شریعی بورڈ نے کمپنی کے اسلامی کاروبار کے املاک ری فنانس بزنس (ایڈوانسز) اور صلوک (مشارکہ کی بنیاد پر حاصل کی گئی انویسٹمنٹ) کے پورٹ فولیو کی تفصیص کی منظوری دی، جو کہ 31 دسمبر 2022 تک بالترتیب 14.2 بلین روپے اور 4.1 بلین ہے۔

شریعی بورڈ نے ”مشارکہ مارگنٹج ری فنانس“ پر ڈاکٹ میں کی جانے والی ترمیم کا جائزہ لیا اور اس کی منظوری دی ہے۔ یہ ترمیم جاری کردہ ضوابط اور پنی ایم آر سی کی کاروباری ضروریات کو مد نظر رکھتے ہوئے کی گئی ہے۔ اس کے نتیجے میں شرعی ڈھانچے میں کوئی تبدیلی نہیں آئی۔

پنی ایم آر سی املاک بزنس کے شریعی کمپلائنس نظام میں بہتری کی غرض سے جی بی پالیسی، پول منجمنٹ پالیسی، مکمل شریعی نان کمپلائنس رسک لسٹ، شریعی کمپلائنس فریم ورک اور سروس لیول ایگریمنٹ (SLA) وغیرہ پہلے ہی تیار کر لی گئی تھیں۔ مزید برآں، شریعی بورڈ نے ریگولیٹرز (SBP) کی ضرورت کے مطابق شریعی کمپلائنس کو یقینی بنانے کے لیے درج ذیل پالیسیوں، طریقہ کار اور منصوبوں کا جائزہ لیا اور ان کی منظوری دی :

1.	HR Manual Policies	۱	ایچ آر مینوئل پالیسیز
2.	Risk-based remuneration	۲	رسک پر مبنی معاوضہ
3.	Code of conduct	۳	ضابطہ اخلاق
4.	Credit Policy	۴	کریڈٹ پالیسی
5.	Risk Management Policy	۵	رسک مینجمنٹ پالیسی
6.	Related Party Transaction Policy	۶	متعلقہ پارٹی ٹرانزیکشن پالیسی
7.	Accounting & Disclosure Policy	۷	اکاؤنٹنگ اینڈ ڈسکلوزر پالیسی
8.	ICFR Policy	۸	آئی سی ایف آر پالیسی
9.	Internal Audit Policy Manual	۹	انٹرنل آڈٹ پالیسی کا دستور العمل
10.	Treasury Investment Policy	۱۰	ٹریژری انویسٹمنٹ پالیسی
11.	Business Continuation Plan	۱۱	کاروبار کے مسلسل کامنوب
12.	Product Program of Islamic Business (PP)	۱۲	املاک بزنس کا پروڈکٹ پروگرام
13.	Approval on Islamic Business Training Plan for staff – year 2022	۱۳	املاک بزنس ٹریننگ پلان کی منظوری عملے کے لیے - سال ۲۰۲۲
14.	Frequently asked questions (FAQs)	۱۴	اکثر پوچھے گئے سوالات
15.	Shari'ah Compliance Review Plan	۱۵	شریعی کمپلائنس ریویو پلان
16.	Treasury Policy Manual	۱۶	ٹریژری پالیسی مینوئل
17.	Differences between Islamic and Conventional Business Products	۱۷	اسلامی اور روایتی کاروباری مصنوعات کے درمیان فرق
18.	Finance and Accounting Procedure Manual	۱۸	فنانس اور اکاؤنٹنگ طریقہ کار کا مینوئل
19.	HR Standard Operating Procedures Manual	۱۹	ایچ آر کے معیاری آپریٹنگ طریقہ کار کا مینوئل
20.	Compliance Policy	۲۰	کمپلائنس پالیسی

شریہ کمپلائنس ریویو (SCR)

زیر نظر سال کے دوران، شریہ کمپلائنس (SCU) کی طرف سے درج ذیل سرگرمیاں انجام دی گئیں:

- اس یونٹ نے پول بینجٹ کے رہنما اصول کے حوالے سے سرمایہ کاروں کے درمیان منافع کی تقسیم کا جائزہ لیا۔
- اس یونٹ نے تقسیم سے قبل سرمایہ کاروں (حکوک ہولڈرز) میں منافع اور نقصان کی تقسیم کی بھی تصدیق کی۔
- اس یونٹ نے پی ایم آر سی کے شریہ بورڈ کی طرف سے دیے گئے شرعی رہنما اصول کی روشنی میں ٹریڈری ڈیلنگس (پی ایم آر سی اسلامک بزنس مشارکہ فنانسنگ کے لیے مضاربہ کی بنیاد پر بوقت ضرورت پی ایم آر سی کنونٹنشل سے رقم لیتا ہے) کا جائزہ لیا۔
- شریہ کمپلائنس یونٹ نے کاروباری ٹیم کو شریہ بورڈ سے مختلف نوعیت کی ٹرانزیکشنز (لین دین) کی منظوری حاصل کرنے میں بھی سہولت فراہم کی۔
- شریہ کمپلائنس یونٹ نے شرعی ڈھانچے اور طریقہ کار کی ترقی کے لیے بھی اپنے تعاون کو بڑھایا۔

ترتیب اور افراد کارکی صلاحیتوں میں اضافہ

ترتیب اور صلاحیت کی تعمیر کے لیے سال 2022، کے دوران، پی ایم آر سی نے اسلامک بزنس آپریشنز کے لیے عملے کو تربیت دینے کی ضرورت کی نشاندہی کی۔ اس مقصد کے لیے اس نے اسلامی طرز مایات اور روایتی اور شریعت کے مطابق پراڈکٹس کے درمیان فرق کے بارے میں آگاہی پیدا کرنے کے لیے سیشنز کا انعقاد کیا۔ اس نے کمپنی کے اسلامی کاروبار کے شرعی تعمیل کے ماحول کو بڑھانے کے لیے اندرونی اور بیرونی تربیتی سیشنز کی سہولت بھی فراہم کی۔ تمام تربیتی سیشنز کے جدول کو شریہ بورڈ نے منظور کیا ہے۔

شریہ بورڈ کی رائے

جیسا کہ اس رپورٹ میں اظہار کیا گیا ہے اپنی رائے قائم کرنے کے لیے، ہم (شریہ بورڈ) نے ریویڈنٹ شریہ بورڈ ممبر اور ہیڈ شریہ کمپلائنس یونٹ (RSBM اور HSCU) کے ذریعے کیے گئے سہ ماہی بنیادوں پر پیش کیے گئے جائزوں اور متعلقہ دستاویزات کا مطالعہ کیا ہے۔

مذکورہ بالا تفصیل کی بنیاد پر، جاری رائے ہے کہ:

- پی ایم آر سی اسلامک بزنس کے کاروباری معاملات، خاص طور پر 2022 کے دوران پی ایم آر سی کے ذریعہ کئے گئے لین دین، دستاویزات اور طریقہ کار، بڑے پیمانے پر، شرعی بورڈ کے جاری کردہ فتاویٰ / آراء / مشوروں کے مطابق ہیں۔
- پی ایم آر سی نے SBP کی شریہ نگران کمیٹی (SAC) کے احکام کے مطابق اسٹیٹ بینک آف پاکستان (SBP) کی طرف سے جاری کردہ شرعی تعمیل سے متعلق ہدایات، ضوابط، ہدایات اور رہنما اصول کی تعمیل کی ہے۔
- پی ایم آر سی کے پاس ایس سی یو (SCU) کے ذریعے اپنے کاموں کو شرعی اصولوں کے مطابق عمل کرنے کا مؤثر ایک طریقہ کار موجود ہے۔
- پی ایم آر سی کے پاس اس بات کو یقینی بنانے کے لیے ایک اچھی طرح سے متعین چیرٹی پالیسی (Charity Policy) موجود ہے کہ شریعت کی طرف سے ممنوع ذرائع سے حاصل ہونے والی کمائی کو چیرٹی اکاؤنٹ میں جمع کرایا جائے تاکہ اس بات کی ضمانت دی جاسکے کہ اسٹیک ہولڈرز میں تقسیم کی جانے والی آمدنی عام طور پر حلال اور خالص رہے۔
- سال 2022 میں، ادا کیوں میں تاخیر کی وجہ سے صارفین سے چیرٹی کی مد میں کوئی رقم وصول نہیں کی گئی۔
- سرمایہ کاروں کے لیے منافع اور نقصان کی بنیاد پر تقسیم کی گئی رقم شرعی اصولوں اور SBP کے پول بینجٹ گائیڈ لائنز کے مطابق ہے۔ چنانچہ ان ہی اصولوں کی روشنی میں شریہ کمپلائنس یونٹ نے ماہانہ بنیادوں پر اس کا جائزہ بھی لیا ہے۔

سفارشات

شریہ بورڈ کی سفارشات درج ذیل ہیں:

- اسٹیٹ بینک کی ہدایات کے پیش نظر موجودہ عملے خاص طور پر معاون عملے (Supporting Staff) کی شرعی اصولوں کے مطابق استعداد کار میں اضافہ کے لیے جیسا کہ سروس لیول ایگریمنٹ (SLA) میں ذکر کیا گیا ہے، تربیتی پروگرام کو مزید بڑھایا جائے۔ اسی طرح اسٹیٹ بینک کے سرکلز کی روشنی میں ضروریات کو مد نظر رکھتے ہوئے مزید صلاحیت سازی کی تربیت مطلوبہ مقصد کو پورا کرے گی۔

اللہ تعالیٰ جاری غلطیوں اور کوتاہیوں کو معاف فرمائے جو ہم سے دانستہ یا نادانستہ طور پر سرزد ہو گئیں ہوں اور ہمیں دنیا و آخرت میں کامیابی و کامرانی عطا فرمائے۔

وصلی اللہ تعالیٰ علی سیدنا و مولانا و نبینا محمد وآلہ و اصحابہ و بارک وسلم

مفتی احسان وقار احمد
چئیرمین شریہ بورڈ

ڈاکٹر مفتی محمد یونس علی
ریویڈنٹ شریہ ممبر بورڈ ایگزیکٹو ہیڈ شریہ کمپلائنس یونٹ

Annexure to and Forming Part of the Financial Statements

For the year ended December 31, 2022

The Company is managing the operations of its Shariah Compliant products through its Head Office. The statement of financial position and profit and loss account for the year ended December 31, 2022 are as follows:

(A) Statement of financial position	Note	2022 (Rupees in '000)	2021
ASSETS			
Balances with other banks		29,197	1,642,363
Islamic financing and related assets - net	1	14,200,088	5,328,558
Other assets		312,873	67,098
		14,542,158	7,038,019
LIABILITIES			
Due to financial institutions	2	4,100,000	4,100,000
Due to head office		9,850,949	2,563,385
Other liabilities		96,716	97,655
		14,047,665	6,761,040
NET ASSETS		494,493	276,979
REPRESENTED BY			
Islamic banking fund		150,000	150,000
Reserves		68,899	25,396
Unappropriated profit		275,594	101,583
		494,493	276,979
CONTINGENCIES AND COMMITMENTS			
	3		
(B) Profit and loss account			
Profit / return earned	4	900,421	440,035
Profit / return expensed	5	665,841	362,802
Net profit / return		234,580	77,233
Other income			
Fee and commission income		-	-
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other income		-	-
		234,580	77,233
Total income		234,580	77,233
Other expenses			
Operating expenses		12,627	8,411
Workers' Welfare Fund		4,439	1,545
Total other expenses		17,066	9,956
Profit before provisions		217,514	67,278
Provisions and write offs - net		-	-
Profit before taxation		217,514	67,278
Taxation		-	-
Profit after taxation		217,514	67,278

	Note	2022 (Rupees in '000)	2021
1 ISLAMIC FINANCING AND RELATED ASSETS - NET			
Musharakah financing		14,199,377	5,328,091
Employee staff loans		711	467
		<u>14,200,088</u>	<u>5,328,558</u>

2 DUE TO FINANCIAL INSTITUTION

Sukuk certificates	2.1	<u>4,100,000</u>	<u>4,100,000</u>
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2.1 This represents redeemable capital under the Islamic mode of musharakah (Shirkat-ul-Aqd), in the form of Shariah compliant sukuk certificates at expected rates of profit ranging from 8.25% to 8.63% (2021: 8.25% to 8.63%) per annum by way of private placement, pursuant to the provisions of section 66 of the Companies Act, 2017.

3 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and December 31, 2021.

		2022 (Rupees in '000)	2021
4 PROFIT / RETURN EARNED			
Profit earned on:			
Financing		864,885	306,238
Balances with banks		<u>35,536</u>	<u>3,555</u>
		<u>900,421</u>	<u>309,793</u>

5 PROFIT / RETURN EXPENSED

Profit expensed on:			
Financing		<u>665,841</u>	<u>22,486</u>

6 POOL MANAGEMENT

The Company maintains individual pool for each sukuk certificates issued by the Company. The objective of the pools is to effectively manage investments in sukuk certificates to earn and distribute from earning assets. The funds in these pools are generally deployed in specific assets against mortgage financing and placements in Islamic deposits.

The relationship between investors / partners is based on the concept of Shirkat-ul-'Aqd, in accordance with the principles of Shariah. Profit-sharing ratio (PSR) is decided as per the agreement between the partners for each sukuk certificate issued. Loss, if any, is borne by the partners as per their proportionate share in overall investment.

The Company is maintaining two musharakah pools and the average rate of profit earned on the assets tagged in the pools during the year range from 5.33% to 14.75% (2021: 7.49% to 8.25%) per annum. There is little or no risk of default in assets tagged against these pools.

Profit is payable on semi-annual basis. Profit rate of 8.25% per annum and 8.63% per annum was distributed to the investors. The profit distributed to investors amounted to Rs. 128.92 million and Rs. 43.26 million representing share of profit at the rate of 8.25% and 8.63% respectively. The actual income earned through the pools is 9.29% and 9.19% respectively. The surplus profits have been kept in a special reserve and will be evaluated at the end of the musharakah term.

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