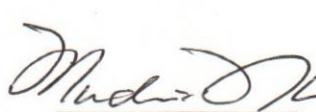

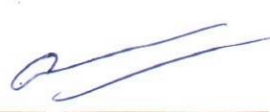

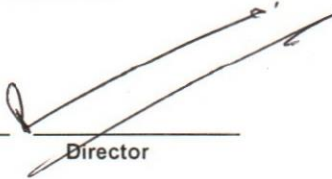


PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2023

	Note	(Un-Audited) March 31, 2023	(Audited) December 31, 2022
.....'(Rupees in '000).....			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	6,125	4,588
Balances with other banks	8	2,811,613	221,515
Lendings to financial institutions		-	-
Investments	9	18,728,999	20,564,969
Advances	10	33,931,976	33,662,362
Fixed assets	11	137,141	146,817
Intangible assets	12	51,946	38,634
Deferred tax assets		-	-
Other assets	13	856,650	915,056
		<b>56,524,450</b>	<b>55,553,941</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	14	39,406,661	38,940,150
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt	15	7,050,716	7,050,716
Deferred tax liabilities		-	-
Other liabilities	16	1,453,538	818,136
		<b>47,910,915</b>	<b>46,809,002</b>
<b>NET ASSETS</b>		<b>8,613,535</b>	<b>8,744,939</b>
<b>REPRESENTED BY</b>			
Share capital		6,237,759	6,237,759
Reserves		1,112,059	1,007,773
Deficit on revaluation of assets	17	(633,963)	(448,961)
Unappropriated		1,897,680	1,948,368
		<b>8,613,535</b>	<b>8,744,939</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18		

The annexed notes 1 to 30 and annexure form an integral part of these condensed interim financial statements.









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

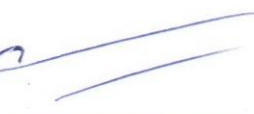
PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2023

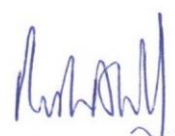
Note	Quarter Ended		
	January - March 2023	January - March 2022	
	.....'(Rupees in '000).....		
Mark-up / Return / Interest / Profit earned	19	1,534,146	970,293
Mark-up / Return / Interest / Profit expensed	20	884,214	566,244
<b>Net Mark-up / Return / Interest / Profit earned</b>		<b>649,932</b>	<b>404,049</b>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income		-	-
Dividend income		-	-
Foreign exchange income / (loss)		-	-
Income / (Loss) from derivatives		-	-
Gain / (Loss) on securities		-	-
Other income		9	862
Total non-markup / interest income		9	862
Total income		<b>649,941</b>	<b>404,911</b>
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	21	117,870	92,979
Workers' Welfare Fund		10,641	5,939
Other charges		-	-
Total non-markup / interest expenses		128,511	98,918
<b>Profit before provisions</b>		<b>521,430</b>	<b>305,993</b>
Provisions and write offs - net		-	15,000
<b>PROFIT BEFORE TAXATION</b>		<b>521,430</b>	<b>290,993</b>
Taxation	22	-	-
<b>PROFIT AFTER TAXATION</b>		<b>521,430</b>	<b>290,993</b>
<b>Basic &amp; Diluted earnings per share</b>	23	<b>0.84</b>	<b>0.47</b>

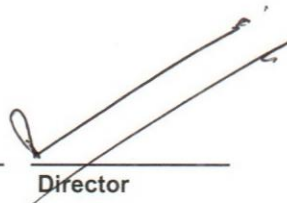
The annexed notes 1 to 30 and annexure form an integral part of these condensed interim financial statements.

  
 Managing Director / Chief Executive Officer

  
 Chief Financial Officer

  
 Director



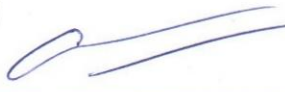

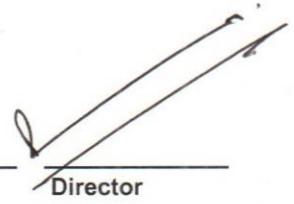
  
 Director

  
 Director

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Quarter ended	
	January - March 2023	January - March 2022
	.....'(Rupees in '000).....	
Profit after taxation for the period	521,430	290,993
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to the profit and loss account in subsequent periods</b>		
Movement in deficit on revaluation of investments	(185,002)	(30,763)
<b>Total comprehensive income</b>	<b>336,428</b>	<b>260,230</b>

The annexed notes 1 to 30 and annexure form an integral part of these condensed interim financial statements.


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




PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

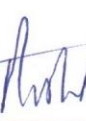
	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of investments	Unappropriated profit	Total
(Rupees in '000)					
Balance as at December 31, 2021 (Audited)	6,237,759	691,930	(247,362)	684,872	7,367,199
Profit for the three months ended March 31, 2022	-	-	-	290,993	290,993
<b>Other comprehensive income</b>					
- Remeasurement gain on defined benefit obligations	-	-	-	-	-
- Movement in surplus on revaluation of investments	-	-	(30,763)	-	(30,763)
<b>Total comprehensive income for the three months ended March 31, 2022</b>	-	-	(30,763)	-	(30,763)
Transfer to statutory reserve	-	58,199	-	(58,199)	-
<b>Balance as at March 31, 2022 (Un-audited)</b>	<b>6,237,759</b>	<b>750,129</b>	<b>(278,125)</b>	<b>917,666</b>	<b>7,627,429</b>
Profit after taxation for the nine months ended December 31, 2022	-	-	-	1,288,224	1,288,224
<b>Other comprehensive income</b>					
- Remeasurement gain on defined benefit obligations	-	-	-	122	122
- Movement in deficit on revaluation of investments	-	-	(170,836)	-	(170,836)
<b>Total comprehensive income for the nine months ended December 31, 2022</b>	-	-	(170,836)	122	(170,714)
Transfer to statutory reserve	-	257,645	-	(257,645)	-
<b>Balance as at December 31, 2022 (Audited)</b>	<b>6,237,759</b>	<b>1,007,773</b>	<b>(448,961)</b>	<b>1,948,368</b>	<b>8,744,939</b>
Profit after taxation for the three months ended March 31, 2023	-	-	-	521,430	521,430
<b>Other comprehensive income</b>					
- Movement in deficit on revaluation of investments	-	-	(185,002)	-	(185,002)
<b>Total comprehensive income for the three months ended March 31, 2023</b>	-	-	(185,002)	-	(185,002)
Transfer to statutory reserve	-	104,286	-	(104,286)	-
<b>Transactions with owners, recorded directly in equity</b>					
Final cash dividend-Re 0.75 per share for the year 2022	-	-	-	(467,832)	(467,832)
<b>Balance as at March 31, 2023 (Un-audited)</b>	<b>6,237,759</b>	<b>1,112,059</b>	<b>(633,963)</b>	<b>1,897,680</b>	<b>8,613,535</b>

The annexed notes 1 to 30 and annexure form an integral part of these condensed interim financial statements.

  
Managing Director /  
Chief Executive Officer

  
Chief Financial Officer

  
Director



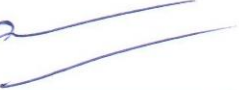
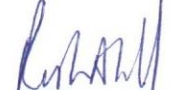

  
Director

  
Director

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED  
CASH FLOW STATEMENT (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Quarter Ended	
	March 31, 2023	March 31, 2022
	.....'(Rupees in '000).....	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	521,430	290,993
<b>Adjustment for:</b>		
Depreciation	21 12,249	11,792
Amortisation of Intangible assets	21 2,030	4,696
Amortisation of transaction cost	5,610	3,954
Provision for Workers' Welfare Fund	10,641	5,939
(Gain) / Loss on sale of fixed assets	(9)	2,043
Interest expense on lease liability against right-of-use assets	20 1,626	2,043
Provisions and write offs - net	-	15,000
	<u>32,147</u>	<u>45,467</u>
	553,578	336,460
<b>Increase in operating assets</b>		
Advances	(269,614)	(1,544,135)
Others assets (excluding advance taxation)	52,797	4,705
	<u>(216,817)</u>	<u>(1,539,430)</u>
<b>Increase / (Decrease) in operating liabilities</b>		
Borrowings	466,511	(826,752)
Other liabilities (excluding lease liability)	150,336	229,261
	<u>616,847</u>	<u>(597,491)</u>
Income tax paid	-	(56)
<b>Net cash flows generated from/ (used in) operating activities</b>	<b>953,607</b>	<b>(1,800,517)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	1,650,968	(1,514,175)
Net investments in held-to-maturity securities	-	(5,550)
Investments in operating fixed assets	(4,237)	(1,440)
Investments in intangible assets	(15,342)	-
Proceeds from sale of fixed assets	47	10
<b>Net cash flows generated from/ (used in) investing activities</b>	<b>1,631,436</b>	<b>(1,521,155)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease rentals paid against right-of-use assets	6,592	6,592
Receipts from issuance of term finance certificates - Net	-	2,900,000
<b>Net cash generated from financing activities</b>	<b>6,592</b>	<b>2,906,592</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,591,635</b>	<b>(415,080)</b>
Cash and cash equivalents at the beginning of the period	226,103	15,490,122
<b>Cash and cash equivalents at the end of the period</b>	<b>27 2,817,738</b>	<b>15,075,042</b>

The annexed notes 1 to 30 and annexure form an integral part of these condensed interim financial statements.

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



**PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**1 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 PREPARATION**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Directives issued by SBP 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.

Whenever the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 or the directives issued by SBP and SECP differ with the requirements of IAS 34, the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives shall prevail.

**2.2** These condensed interim financial statements of the Company do not include all the information and disclosures required in the annual audited financial statements and are limited based on the format prescribed by SBP vide BPRD Circular Letter No. 05, dated March 22, 2019, and IAS 34. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022.

**2.3** The SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for banking companies / DFIs in Pakistan through BSD Circular Letter No.10 dated August 26, 2002, till further instructions. Further, 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 condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**2.4 Standards, interpretations and amendments to the accounting and reporting standards that are effective in the current period**

There are certain new standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 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 condensed interim financial statements.



## **2.5 Standards, interpretations and amendments to the accounting and reporting standards that are not yet effective**

**2.5.1** In accordance with SBP's BPRD Circular Letter No. 07, dated April 13, 2023, the applicability of IFRS 9, Financial Instruments, has been deferred to accounting periods starting on or after January 01, 2024. Note 2.3.1 in the company's annual financial statements for the year ended December 31, 2022, provides detailed information on the impact of IFRS 9 on classification and measurement, impairment, and disclosures. The company will continue to report proforma financial statements, including disclosures related to IFRS 9, to SBP under BPRD Circular No. 3, dated July 5, 2022.

**2.5.2** There are certain other new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Company's annual accounting periods beginning on or after January 1, 2023. However, these will not have any significant impact on the Company's operations and, therefore, have not been detailed in these condensed interim financial statements.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

## **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.

The significant judgments and estimates made by the management in the application of its accounting policies and the related estimates and judgments are the same as those applied to the annual audited financial statements of the Company for the year ended December 31, 2022.

## **5 BASIS OF MEASUREMENT**

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

- Obligation in respect of staff retirement benefit scheme is carried at present value of defined benefit obligation;
- Lease liability against right-of-use assets are carried at present value of minimum lease payments; and
- Investments classified as available-for-sale are carried at fair value.

### **5.1 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 condensed interim financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

## **6 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2022. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Note	(Un-Audited) March 31, 2023 .....(Rupees in '000).....	(Audited) December 31, 2022
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
With State Bank of Pakistan in Local currency current account	7.1	6,084	4,548
		6,084	4,548
With National Bank of Pakistan in Local currency current accounts		31	31
Local currency deposit accounts (NIDA)	7.2	10	9
		41	40
		<b>6,125</b>	<b>4,588</b>

7.1 This represents the balance maintained with SBP against minimum cash reserve requirements pursuant of BSD Circular No. 4 dated May 22, 2004.

7.2 This represents deposit account maintained with National Bank of Pakistan. This carries mark-up/profit at the rate of 14.50% (2022: 13.50%) per annum.

	Note	(Un-Audited) March 31, 2023 .....(Rupees in '000).....	(Audited) December 31, 2022
<b>8 BALANCES WITH OTHER BANKS</b>			
In Pakistan current accounts		346	910
deposit accounts	8.1 & 8.2	2,811,267	220,605
		<b>2,811,613</b>	<b>221,515</b>

8.1 This include Term Deposit Receipts (TDRs) amounting to Rs. 1,500 million (2022:Rs. Nil) maturing on April 04, 2023. This carries mark-up/profit at the rate of 20.50% (2022: Nil)

8.2 This include deposit accounts in local currency maintained with banks. These carry mark-up/profit at the rates ranging from 15.50% to 20.50% (2022: 11.00% to 16.00%) per annum.

## 9 INVESTMENTS

### 9.1 Investments by type:

	(Un-Audited) March 31, 2023				(Audited) December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Available for Sale</b>								
Federal Government securities	19,063,082	-	(638,881)	18,424,201	20,714,050	-	(452,255)	20,261,795
Non-government debt securities	299,880	-	4,918	304,798	299,880	-	3,294	303,174
<b>Total Investments</b>	<b>19,362,962</b>	<b>-</b>	<b>(633,963)</b>	<b>18,728,999</b>	<b>21,013,930</b>	<b>-</b>	<b>(448,961)</b>	<b>20,564,969</b>

### 9.1.1 Investments given as collateral

	(Un-Audited) March 31, 2023			(Audited) December 31, 2022		
	Cost / Amortised cost	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Surplus / (Deficit)	Carrying Value
Pakistan Investment Bonds	6,597,476	(287,982)	6,309,494	5,961,204	(204,773)	5,756,431

## 10 ADVANCES

	Performing		Non Performing		Total	
	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
Loans, cash credits, running finances, etc.,	18,176,867	19,556,776	-	-	18,176,867	19,556,776
Islamic financing and related assets	15,849,611	14,200,088	-	-	15,849,611	14,200,088
Advances - gross	34,026,478	33,756,864	-	-	34,026,478	33,756,864
Provision against advances						
- Specific	-	-	-	-	-	-
- General	94,502	94,502	-	-	94,502	94,502
Advances - net of provision	<b>33,931,976</b>	<b>33,662,362</b>	<b>-</b>	<b>-</b>	<b>33,931,976</b>	<b>33,662,362</b>



	(Un-Audited) March 31, 2023	(Audited) December 31, 2022
	.....'(Rupees in '000).....	
10.1 <b>Particulars of advances (gross)</b>		
In local currency	34,026,478	33,756,864

10.2 **Particulars of provision against advances**

	(Un-audited)			(Audited)		
	March 31, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
	.....'(Rupees in '000).....					
Opening balance	-	94,502	94,502	-	-	-
Charge for the period	-	-	-	-	94,502	94,502
Reversals during the period	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	-	94,502	94,502	-	94,502	94,502

10.3 The Company has maintained a general provision of Rs 94.502 million (December 31, 2022: 94.502 million) against its financing portfolio. The rationale for creating general provision is fully explained in note 8.3.1 of the annual financial statements of the company for the year ended December 31, 2022.

	Note	(Un-Audited) March 31, 2023	(Audited) December 31, 2022
		.....'(Rupees in '000).....	
<b>11 FIXED ASSETS</b>			
Property and equipment	11.1 & 11.2	137,141	146,817

11.1 This includes right-of-use asset amounting to Rs. 62.41 million (December 31, 2022: Rs. 68.26 million).

11.2 This includes additions in office equipment by Rs.2.62 million (December 31, 2022: Rs. 11 million)

**12 INTANGIBLE ASSETS**

Computer software		27,465	29,494
Capital work-in-progress	12.1	24,481	9,140
		<b>51,946</b>	<b>38,634</b>

12.1 This represents advance paid to Auto Soft Dynamics (Private) Limited against deployment of MIS and Risk modules of credit system.

**13 OTHER ASSETS**

Income / Mark-up accrued in local currency		746,433	793,935
Advances, deposits, advance rent and other prepayments		83,153	94,064
Advance taxation		27,064	27,057
Less: Provision held against other assets		-	-
Other assets - net of provision		<b>856,650</b>	<b>915,056</b>

**14 BORROWINGS**

**Secured**

Term finance certificates	14.1	18,700,000	18,700,000
Sukuk certificates	14.2	4,100,000	4,100,000
Repurchase agreement borrowings	14.3	6,317,920	5,851,409
<b>Total secured</b>		<b>29,117,920</b>	<b>28,651,409</b>

**Unsecured**

Borrowings from Government of Pakistan under World Bank - Housing Finance Project		10,288,741	10,288,741
		<b>39,406,661</b>	<b>38,940,150</b>

14.1 These Term Finance Certificates have maturity of three to ten years and carry rate of interest ranging from 8.25% to 20.84% (2022: 8.25% to 14.33%) per annum. The principal is payable at maturity whereas interest is payable semi-annually.

14.2 These sukuk certificates have a maturity of three years and carry fixed rate of profit ranging from 8.25% to 8.63% (2022: 8.25% to 8.63%) per annum. The principal is payable at maturity whereas profit is payable semi-annually.

14.3 These represent borrowings from various financial institutions at mark-up rates ranging from 15.25% to 20.28% (2022: 9.40% to 15.50%) per annum and are due to mature latest by May 19, 2023. The market value of securities given as collateral against these borrowings is given in note 9.1.1 to these financial statements.

**15 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.

		(Un-Audited) March 31, 2023	(Audited) December 31, 2022
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 (percentage)		3% per annum	3% per annum
		(Un-Audited) March 31, 2023	(Audited) December 31, 2022
<b>16 OTHER LIABILITIES</b>	<b>Note</b>	.....'(Rupees in '000).....	
Mark-up / return / interest payable in local currency		465,279	481,058
Dividend Payable	16.1	467,832	-
Accrued expenses		302,607	63,165
Lease liability against right-of-use assets		70,338	75,304
Provision for government levies		113,569	102,895
Payable to defined benefit plan		3,591	11,445
Provision for employees' benefit		30,322	84,269
		<u>1,453,538</u>	<u>818,136</u>
16.1 Final cash dividend for the year ended December 31, 2022, approved by the shareholders in March 2023			
<b>17 DEFICIT ON REVALUATION OF ASSETS</b>			
Deficit on revaluation of Available for sale securities	9.1	<u>(633,963)</u>	<u>(448,961)</u>
<b>18 CONTINGENCIES AND COMMITMENTS</b>			
There are no contingent assets, contingencies and commitments as at March 31, 2023 (December 31, 2022: nil).			



	Note	(Un-Audited)	
		January - March 2023	January - March 2022
		.....'(Rupees in '000).....	
<b>19</b>	<b>MARK-UP / RETURN / INTEREST /PROFIT EARNED</b>		
	On:		
	Loans and advances	822,858	453,363
	Investments	679,445	266,843
	Lendings to financial institutions	4,088	44,891
	Balances with banks	27,755	205,196
		<b>1,534,146</b>	<b>970,293</b>
<b>20</b>	<b>MARK-UP / RETURN / INTEREST/PROFIT EXPENSED</b>		
	On:		
	Borrowings from Government of Pakistan under Housing Finance Project	77,890	77,890
	Repurchase agreement borrowings	196,554	60,268
	Clean Borrowing	11,911	-
	Term Finance Certificate	458,046	287,966
	Sukuk certificate	86,031	85,921
		<b>830,432</b>	<b>512,045</b>
	Subordinated debt	52,156	52,156
	Lease liability against right-of-use assets	1,626	2,043
		<b>884,214</b>	<b>566,244</b>
20.1	This includes amortisation of issuance cost of Term Finance Certificates amounting Rs. 3.92 million (March 31, 2022: 2.37 million).		
20.2	This includes amortisation of issuance cost of Sukuks amounting Rs. 1.69 million (March 31, 2022: Rs. 1.58 million).		

		(Un-Audited)	
		January - March 2023	January - March 2022
		.....'(Rupees in '000).....	
<b>21</b>	<b>OPERATING EXPENSES</b>		
	Total compensation expense	84,972	65,406
	<b>Property expense</b>		
	Insurance	132	175
	Utilities cost	398	588
	Security	145	145
	Repair & maintenance	32	49
	Depreciation	5,851	5,851
		<b>6,558</b>	<b>6,808</b>
	<b>Information technology expenses</b>		
	Software maintenance	3,057	1,278
	Hardware maintenance	113	84
	Depreciation	2,342	1,707
	Amortization	2,030	604
	Network charges	848	441
	Rent-Disaster Recovery Site	367	212
		<b>8,757</b>	<b>4,326</b>
	<b>Other operating expenses</b>		
	Directors' fees and allowances	5,170	2,890
	Fee and Subscription	574	564
	Legal & professional charges	1,565	2,156
	Outsourced services costs	1,472	1,235
	Travelling & conveyance	1,652	495
	Vehicle Repair Maintenance	54	106
	Depreciation	4,056	4,234
	Training & development	-	109
	Postage & courier charges	82	38
	Communication	246	300
	Entertainment	48	34
	Stationery & printing	53	383
	Marketing, advertisement & publicity	193	756
	Donations	-	500
	Auditors remuneration	559	820
	Insurance	1,392	1,202
	Others	467	617
		<b>17,583</b>	<b>16,439</b>
		<b>117,870</b>	<b>92,979</b>

22 **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.

23 **BASIC EARNINGS PER SHARE**

Profit for the period

(Un-Audited)	
January - March 2023	January - March 2022
.....'(Rupees in '000).....	
521,430	290,993

Weighted average number of ordinary shares

(Number of Shares)	
623,775,900	623,775,900

Basic earnings per share

.....'(Rupees).....	
0.84	0.47

24 **DILUTED EARNINGS/ (LOSS) PER SHARE**

Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue as at March 31, 2023.

25 **FAIR VALUE MEASUREMENTS**

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

The fair value of unquoted 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.

25.1 **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); and
- 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:

(Un-Audited)				
March 31, 2023				
Level 1	Level 2	Level 3	Total	
.....'(Rupees in '000).....				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
	-	18,424,201	-	18,424,201
	-	304,798	-	304,798
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
	-	20,261,795	-	20,261,795
	-	303,174	-	303,174

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

**Valuation of techniques and inputs used in determination of fair values**

Pakistan Investment Bonds / Market Treasury Bills	Fair value of Pakistan Investment Bonds and Market Treasury Bills are derived using the 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 the Mutual Funds Association Of Pakistan.



26 RELATED PARTY TRANSACTIONS

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. 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 employee staff loans that are as per terms of

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

(Un-Audited)			(Audited)		
March 31, 2023			December 31, 2022		
Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties

(Rupees in '000)

**Statement of financial position**

**Cash and balances with treasury banks**

In current accounts	-	-	31	-	-	31
In deposit accounts	-	-	10	-	-	9
	-	-	41	-	-	40

**Balances with banks**

In current accounts	-	-	346	-	-	910
In deposit accounts	-	-	2,258	-	-	2,031
	-	-	2,604	-	-	2,941

**Lendings to financial institutions**

Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	-	-	26,269,078
Repaid during the period	-	-	-	-	-	(26,269,078)
Closing balance	-	-	-	-	-	-

**Advances**

Opening balance	-	100,646	7,135,712	-	44,233	5,918,270
Addition during the period	-	-	450,000	-	69,942	1,700,000
Repaid during the period	-	(9,316)	(1,239,430)	-	(13,530)	(482,558)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	91,330	6,346,282	-	100,645	7,135,712

**Other Assets**

Interest / mark-up accrued	-	-	124,585	-	35	78,650
Other receivable	-	-	2,038	-	-	5,896
	-	-	126,623	-	35	84,546

**Borrowings**

Opening balance	-	-	11,500,000	-	-	14,184,693
Borrowings during the period	-	-	27,643,933	-	-	74,589,373
Settled during the period	-	-	(26,148,529)	-	-	(77,274,066)
Closing balance	-	-	12,995,403	-	-	11,500,000

**Other Liabilities**

Interest / mark-up payable	-	-	257,732	-	-	90,919
Payable to staff retirement fund	-	-	3,591	-	-	11,445
	-	-	261,323	-	-	102,364

(Un-Audited)			(Un-Audited)		
March 31, 2023			March 31, 2022		
Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties

(Rupees in '000)

**Profit and loss account**

**Income**

Mark-up / return / interest / profit earned	905	153,121	596	221,181
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**Expense**

Mark-up / return / interest / profit paid	-	-	-	211,175
Operating expenses	4,070	91,188	6,285	2,890
			26,006	5,027

26.1 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.

(Un-Audited) (Audited)  
 March 31, December 31,  
 2023 2022  
 .....(Rupees in '000).....

27 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital

6,237,759 6,237,759

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

8,574,187 8,706,306

Eligible Additional Tier 1 (ADT 1) Capital

- -

Total Eligible Tier 1 Capital

8,574,187 8,706,306

Eligible Tier 2 Capital

94,502 94,502

Total Eligible Capital (Tier 1 + Tier 2)

8,668,689 8,800,808

Risk Weighted Assets (RWAs):

Credit risk

10,524,059 10,370,936

Market risk

- -

Operational risk

3,295,442 3,295,442

Total

13,819,501 13,666,378

Common Equity Tier 1 Capital Adequacy Ratio

62.0% 63.71%

Tier 1 Capital Adequacy Ratio

62.7% 64.40%

Total Capital Adequacy Ratio

Leverage Ratio (LR):

Eligible Tier-1 Capital

8,574,187 8,706,305

Total Exposure

57,940,683 57,607,442

Leverage Ratio

15% 15%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

12,129,731 12,007,270

Total Net Cash Outflow

93,590 42,744

Liquidity Coverage Ratio

12960% 28091%

Net Stable Funding Ratio (NSFR):

Total available stable funding

46,869,449 48,530,833

Total required stable funding

31,360,818 32,094,461

Net Stable Funding Ratio

149% 151%

28 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

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

29 GENERAL

29.1 These condensed interim financial statements have been prepared in accordance with the revised format for financial statements issued by the SBP through BPRD Circular Letter No. 02 dated March 22, 2019 and related clarifications / modifications.

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

29.3 Comparative figures have been re-arranged for comparison purposes.

30 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised on April 28, 2023 by the Board of Directors of the Company.



Managing Director /  
 Chief Executive Officer



Chief Financial Officer



Director



Director



Director



PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED  
ANNEXURE TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 three months ended March 31, 2023 are as follows:

Statement of financial position	Note	(Un-Audited)	(Audited)
		March 31, 2023	December 31, 2022
		.....'(Rupees in '000).....	
<b>Assets</b>			
Balances with other banks		116,018	29,197
Islamic financing and related assets - net	1	15,850,189	14,200,088
Other assets		180,074	312,873
		16,146,281	14,542,158
<b>Liabilities</b>			
Due to financial institutions	2	4,100,000	4,100,000
Due to head office		11,373,936	9,850,949
Other liabilities		56,709	96,716
		15,530,645	14,047,665
<b>Net Assets</b>		615,636	494,493
<b>Represented By</b>			
Islamic banking fund		150,000	150,000
Reserves		93,127	68,899
Unappropriated profit		372,509	275,594
		615,636	494,493
		<b>(Unaudited)</b>	
		<b>Quarter Ended</b>	
		<b>January -</b>	<b>January -</b>
		<b>March 2023</b>	<b>March 2022</b>
		.....'(Rupees in '000).....	
<b>Profit and loss account</b>			
Profit / return earned		403,479	158,315
Profit / return expensed		275,866	112,939
<b>Net profit / return</b>		127,613	45,376
<b>Other expenses</b>			
Operating expenses		3,998	1,883
Workers' Welfare Fund		2,472	908
<b>Total other expenses</b>		6,470	2,791
Profit before provisions		121,143	42,586
Provisions and write offs - net		-	-
<b>Profit before taxation</b>		121,143	42,586
Taxation		-	-
<b>Profit after taxation</b>		121,143	42,586

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**1 ISLAMIC FINANCING AND RELATED ASSETS - NET**

This represents Islamic financing under musharakah financing facility. The tenure of this financing facility varies from 3 years to 13 years with profit rates ranging from 5.33% to 16.92% (2022: 5.33% to 11.21%) per annum.

**2 DUE TO FINANCIAL INSTITUTIONS**

The Company has issued redeemable capital under the Islamic mode of musharakah (Shirkat-ul-Aqd), in the form of Shariah compliant sukuk certificates amounting to Rs. 4,100 million (December 31, 2022: 4,100 million) at expected rates of profit ranging from 8.25% to 8.63% per annum by way of private placement, pursuant to the provisions of section 66 of the Companies Act, 2017.