



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Mortgage Refinance Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Mortgage Refinance Company Limited** (the Company) as at June 30, 2023 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Shahbaz Akbar**.

A.Ferguson & Co.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: August 25, 2023

UDIN: RR202310068j3dPDMI9x


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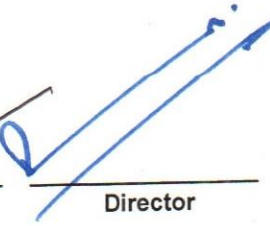
PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2023

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	7	3,913	4,588
Balances with other banks	8	3,864,984	221,515
Lendings to financial institutions		-	-
Investments	9	17,604,257	20,564,969
Advances	10	34,925,304	33,662,362
Fixed assets	11	128,193	146,817
Intangible assets	12	38,016	38,634
Deferred tax assets		-	-
Other assets	13	1,091,089	915,056
		<u>57,655,756</u>	<u>55,553,941</u>
LIABILITIES			
Bills payable		-	-
Borrowings	14	40,228,632	38,940,150
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt	15	6,934,379	7,050,716
Deferred tax liabilities		-	-
Other liabilities	16	1,262,100	818,136
		<u>48,425,111</u>	<u>46,809,002</u>
		<u>9,230,645</u>	<u>8,744,939</u>
NET ASSETS			
REPRESENTED BY			
Share capital		6,237,759	6,237,759
Reserves		1,222,833	1,007,773
Deficit on revaluation of assets	17	(570,724)	(448,961)
Unappropriated profit		<u>2,340,777</u>	<u>1,948,368</u>
		<u>9,230,645</u>	<u>8,744,939</u>
CONTINGENCIES AND COMMITMENTS			
	18		

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

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2023

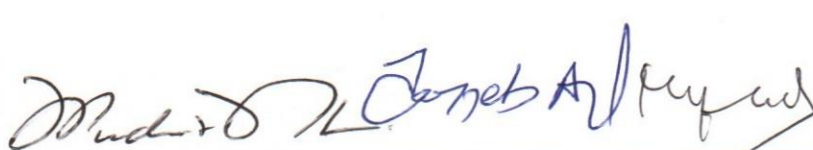
Note	Half year ended		Quarter ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
----- (Rupees in '000) -----					
Mark-up / return / interest / profit earned	19	3,341,898	2,165,452	1,807,752	1,195,159
Mark-up / return / interest / profit expensed	20	1,934,797	1,274,570	1,050,583	708,326
Net mark-up / interest income		1,407,101	890,882	757,169	486,833
Non mark-up / interest income					
Fee and commission income		-	-	-	-
Dividend income		-	-	-	-
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities		3,022	3,298	3,022	3,298
Other income		27	1,317	18	455
Total non-markup / interest income		3,049	4,615	3,040	3,753
Total income		1,410,150	895,497	760,209	490,586
Non mark-up / interest expense					
Operating expenses	21	239,106	196,400	121,236	103,421
Workers' Welfare Fund		21,945	13,336	11,304	7,397
Other charges		-	-	-	-
Total non-markup / interest expenses		261,051	209,736	132,540	110,818
Profit before provisions		1,149,099	685,761	627,669	379,768
Provisions and write offs - net Extraordinary / unusual items	10.2	73,798	32,305	73,798	17,305
Profit before taxation		1,075,301	653,456	553,871	362,463
Taxation	22	-	-	-	-
Profit after taxation		1,075,301	653,456	553,871	362,463
----- (Rupees) -----					
Basic and diluted earnings per share	23	1.72	1.05	0.88	0.58

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

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Chief Financial Officer



Managing Director /
Chief Executive Officer

Director

Director


Director

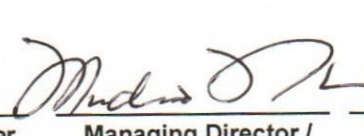
PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2023

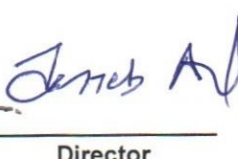
	Half year ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Profit after taxation for the period	1,075,301	653,456	553,871	362,463
Other comprehensive (loss) / income				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments	(121,763)	(110,365)	63,239	(79,602)
Total comprehensive income for the period	<u>953,538</u>	<u>543,091</u>	<u>617,110</u>	<u>282,861</u>

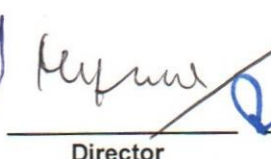
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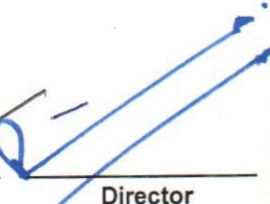
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 Chief Financial Officer


 Managing Director / Chief Executive Officer


 Director


 Director


 Director

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Share capital	Statutory reserve	Deficit on revaluation of investments	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at January 1, 2022 (audited)	6,237,759	691,930	(247,362)	684,872	7,367,199
Profit after taxation for the half year ended June 30, 2022	-	-	-	653,456	653,456
Other comprehensive loss					
Movement in deficit on revaluation of investments	-	-	(110,365)	-	(110,365)
Total comprehensive income for the half year ended June 30, 2022	-	-	(110,365)	653,456	543,091
Transfer to statutory reserve	-	130,691	-	(130,691)	-
Balance as at June 30, 2022 (un-audited)	6,237,759	822,621	(357,727)	1,207,637	7,910,290
Profit after taxation for the half year ended December 31, 2022	-	-	-	925,761	925,761
Other comprehensive gain / (loss)					
Remeasurement gain on defined benefit plan	-	-	-	122	122
Movement in deficit on revaluation of investments	-	-	(91,234)	-	(91,234)
Total comprehensive income for the half year ended December 31, 2022	-	-	(91,234)	925,883	834,649
Transfer to statutory reserve	-	185,152	-	(185,152)	-
Balance as at December 31, 2022 (audited)	6,237,759	1,007,773	(448,961)	1,948,368	8,744,939
Profit after taxation for the half year ended June 30, 2023	-	-	-	1,075,301	1,075,301
Other comprehensive loss					
Movement in deficit on revaluation of investments	-	-	(121,763)	-	(121,763)
Total comprehensive income for the half year ended June 30, 2023	-	-	(121,763)	1,075,301	953,538
Transfer to statutory reserve	-	215,060	-	(215,060)	-
Transactions with owners recorded directly in equity					
Final dividend for the year ended December 31, 2022 @ Re. 0.75 per share declared on March 28, 2023	-	-	-	(467,832)	(467,832)
Balance as at June 30, 2023 (un-audited)	<u>6,237,759</u>	<u>1,222,833</u>	<u>(570,724)</u>	<u>2,340,777</u>	<u>9,230,645</u>

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

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 Chief Financial Officer


 Managing Director / Chief Executive Officer


 Director


 Director


 Director

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Note	Half year ended	
	June 30, 2023	June 30, 2022
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
	1,075,301	653,456
Profit for the period before taxation		
Adjustments for:		
	24,376	23,674
21	4,059	1,225
	11,140	8,893
	21,945	13,336
	(3,022)	(3,298)
	(27)	(5)
10.2	(73,798)	(32,305)
	3,164	4,014
20	(12,163)	15,534
	1,063,138	668,990
Increase in operating assets		
	-	(1,000,000)
	(1,189,144)	(3,924,826)
	(187,125)	(257,847)
	(1,376,269)	(5,182,673)
Increase / (decrease) in operating liabilities		
	1,288,482	(2,792,792)
	425,447	75,416
	1,713,929	(2,717,376)
	(30)	(64)
	1,400,768	(7,231,123)
Net cash generated from / (used in) operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
	2,841,971	(3,800,899)
	-	(11,353)
	(5,803)	(3,220)
	(3,441)	(12,082)
	60	110
	2,832,787	(3,827,444)
Net cash generated from / (used in) investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
	(467,832)	-
	(6,592)	(13,183)
	-	7,000,000
	-	(1,000,000)
	(116,337)	-
	(590,761)	5,986,817
Net cash (used in) / generated from financing activities		
	3,642,794	(5,071,750)
	226,103	15,490,122
Net increase / (decrease) in cash and cash equivalents during the period		
	226,103	15,490,122
Cash and cash equivalents at the beginning of the period		
7 & 8	3,868,897	10,418,372

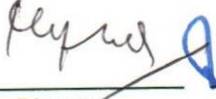
The annexed notes from 1 to 28 and annexure form an integral part of these condensed interim financial statements.

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Chief Financial Officer


Managing Director /
Chief Executive Officer


Director


Director


Director

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 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 the 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.

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 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 the SBP vide BPRD Circular Letter No. 05 dated March 22, 2019, and IAS 34, 'Interim Financial Reporting'. 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, 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 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.

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2024*
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024

2.5.1 The management is in the process of assessing the impact of these standards and amendments on the condensed interim financial statements of the Company. The impact of IFRS 9 - 'Financial Instruments', has been disclosed in Note 2.3.1 of the annual audited financial statements of the Company for the year ended December 31, 2022.

*As directed by the SBP via BPRD Circular no 7 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024. Moreover, SBP has also issued application instructions on IFRS 9 for banks and DFIs in Pakistan along with the requirements to conduct quarterly parallel run reporting for the year 2023 and the Company remained compliant with parallel run reporting requirements.

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, 2024. 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 benefits 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.

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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) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
7 CASH AND BALANCES WITH TREASURY BANKS			
With State Bank of Pakistan in:			
Local currency current account	7.1	3,872	4,548
With National Bank of Pakistan in:			
Local currency current account	7.2	31	31
Local currency deposit account		10	9
		41	40
		<u>3,913</u>	<u>4,588</u>

7.1 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.

7.2 This represents deposit account maintained with National Bank of Pakistan. This carries mark-up at the rate of 17.27% (December 31, 2022: 13.50%) per annum.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		1,089	910
In deposit accounts	8.1 & 8.2	3,863,895	220,605
		<u>3,864,984</u>	<u>221,515</u>

8.1 This include term deposit receipts (TDRs) amounting to Rs. 600 million (December 31, 2022: Nil) and are due to mature latest by July 27, 2023. These carry mark-up at rates ranging from 23.00% to 23.50% per annum.

8.2 These include deposit accounts in local currency maintained with other banks. These carry mark-up at rates ranging from 17.50% to 22.50% (December 31, 2022: 11.00% to 16.00%) per annum.

9 INVESTMENTS

9.1 Investments by type

	(Un-audited)				(Audited)			
	June 30, 2023				December 31, 2022			
	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								
Non-government debt securities	299,820	-	2,007	301,827	299,880	-	3,294	303,174
Federal government securities	17,875,161	-	(572,731)	17,302,430	20,714,050	-	(452,255)	20,261,795
	18,174,981	-	(570,724)	17,604,257	21,013,930	-	(448,961)	20,564,969
Total investments	<u>18,174,981</u>	<u>-</u>	<u>(570,724)</u>	<u>17,604,257</u>	<u>21,013,930</u>	<u>-</u>	<u>(448,961)</u>	<u>20,564,969</u>

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9.2 Investments given as collateral

	(Un-audited)			(Audited)		
	June 30, 2023			December 31, 2022		
	Cost / amortised cost	Deficit	Carrying value	Cost / amortised cost	Deficit	Carrying value
	(Rupees in '000)					
Pakistan Investment Bonds	7,677,409	(360,021)	7,317,388	5,961,204	(204,773)	5,756,431

10 ADVANCES

	Performing		Non-performing		Total	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	18,256,814	19,556,776	-	-	18,256,814	19,556,776
Islamic financing and related assets	16,836,790	14,200,088	-	-	16,836,790	14,200,088
Advances - gross	35,093,604	33,756,864	-	-	35,093,604	33,756,864
Provision against advances						
- Specific	-	-	-	-	-	-
- General	168,300	94,502	-	-	168,300	94,502
	168,300	94,502	-	-	168,300	94,502
Advances - net of provision	34,925,304	33,662,362	-	-	34,925,304	33,662,362

10.1 Particulars of advances (gross)

In local currency

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
	35,093,604	33,756,864

10.2 Particulars of provision against advances

	(Un-audited)			(Audited)		
	June 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	94,502	94,502	-	-	-
Charge for the period	-	73,798	73,798	-	94,502	94,502
Reversals during the period	-	-	-	-	-	-
	-	73,798	73,798	-	94,502	94,502
Amounts written off	-	-	-	-	-	-
Closing balance	-	168,300	168,300	-	94,502	94,502

10.2.1 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 Finance 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 of Rs. 168.30 million has been created so that any unforeseen losses can be addressed through this reserve.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022	
------(Rupees in '000)-----				
11	FIXED ASSETS			
	Property and equipment	11.1	128,193	146,817

11.1 This includes right-of-use asset amounting to Rs. 56.555 million (December 31, 2022: Rs. 68.256 million).

11.2 Additions to fixed assets

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

	(Un-audited) Half year ended	
	June 30, 2023	June 30, 2022
------(Rupees in '000)-----		
Property and equipment		
Furniture and fixtures	-	348
Leasehold improvements	-	-
Electrical office and computer equipment	5,803	2,872
	5,803	3,220
Total	<u>5,803</u>	<u>3,220</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed of during the period is as follows:

Electrical office and computer equipment - cost	2,795	743
Accumulated depreciation	(2,762)	(638)
	33	105
Total net book value	<u>33</u>	<u>105</u>

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022	
------(Rupees in '000)-----				
12	INTANGIBLE ASSETS			
	Computer software	12.1	25,435	29,494
	Capital work-in-progress	12.1 & 12.2	12,581	9,140
			38,016	38,634

12.1 Additions to intangible assets

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

	(Un-audited) Half year ended	
	June 30, 2023	June 30, 2022
------(Rupees in '000)-----		
Computer software	-	519
Capital work-in-progress	3,441	-
	3,441	519

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

At 12/10

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
13 OTHER ASSETS			
Mark-up / return / interest / profit accrued in local currency		987,408	793,935
Advances, deposits and prepayments		76,594	94,064
Advance taxation (payments less provisions)		27,087	27,057
		<u>1,091,089</u>	<u>915,056</u>
Less: Provision held against other assets		-	-
		<u><u>1,091,089</u></u>	<u><u>915,056</u></u>

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	7,309,655	5,851,409
Total secured		<u>30,109,655</u>	<u>28,651,409</u>

Unsecured

Borrowings from Government of Pakistan under World Bank - Housing Finance Project	14.4	10,118,977	10,288,741
		<u>40,228,632</u>	<u>38,940,150</u>

- 14.1** These term finance certificates have maturity of three to ten years and carry rate of interest ranging from 8.25% to 20.89% (December 31, 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% (December 31, 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 21.90% (December 31, 2022: 9.40% to 15.50%) per annum and are due to mature latest by August 04, 2023. The market value of securities given as collateral against these borrowings is given in note 9.2 to these condensed interim financial statements.
- 14.4** 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 and the principal are payable semi-annually, whereby the principal is repayable in fifty installments, the repayment of which has commenced from April 15, 2023.

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) June 30, 2023	(Audited) December 31, 2022
Issue amount (Rupees in '000)	7,050,716	7,050,716
Outstanding principal (Rupees in '000)	6,934,379	7,050,716
Issue date	February 22, 2019	February 22, 2019
Maturity date	October 15, 2047	October 15, 2047
Rating	Not applicable	Not applicable
Security	Unsecured	Unsecured
Profit payment frequency	Semi-annually	Semi-annually
Redemption	Semi-annually	Commencing from April 15, 2023
Mark-up	3% per annum	3% per annum

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	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
16 OTHER LIABILITIES			
Mark-up / return / interest / profit payable in local currency		956,025	481,058
Lease liability against right-of-use assets		71,876	75,304
Provision for government levies		124,868	102,895
Provision for employees' benefit		50,658	84,269
Accrued expenses		53,206	63,165
Payable to defined contribution plan		1,876	-
Payable to defined benefit plan		3,591	11,445
		<u>1,262,100</u>	<u>818,136</u>
17 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of Available-for-sale securities	9.1	<u>(570,724)</u>	<u>(448,961)</u>
18 CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments outstanding as at June 30, 2023 and December 31, 2022.			
		(Un-audited)	
		Half year ended	
		June 30, 2023	June 30, 2022
------(Rupees in '000)-----			
19 MARK-UP / RETURN / INTEREST / PROFIT EARNED			
On:			
Loans and advances		1,737,295	990,476
Investments		1,546,247	724,145
Lendings to financial institutions		5,186	51,925
Balances with banks (including term deposit receipts)		53,170	398,906
		<u>3,341,898</u>	<u>2,165,452</u>
20 MARK-UP / RETURN / INTEREST / PROFIT EXPENSED			
On:			
Borrowings from Government of Pakistan under Housing Finance Project		153,098	154,331
Repurchase agreement borrowings		544,682	156,856
Term finance certificates		943,649	680,929
Clean borrowings		12,373	-
Sukuk certificates		172,915	172,679
		1,826,717	1,164,795
Subordinated debt		104,916	105,761
Lease liability against right-of-use assets		3,164	4,014
		<u>1,934,797</u>	<u>1,274,570</u>
21 OPERATING EXPENSES			
Total compensation expense		169,251	139,465
Property expense			
Insurance		229	356
Utilities cost		1,159	1,327
Security		290	290
Repair and maintenance		81	159
Depreciation		11,701	11,701
		<u>13,460</u>	<u>13,833</u>
Balance carried forward		<u>182,711</u>	<u>153,298</u>

At/20

	(Un-audited)	
	Half year ended	
	June 30, 2023	June 30, 2022
	------(Rupees in '000)-----	
Balance brought forward	182,711	153,298
Information technology expenses		
Software maintenance	6,569	3,665
Rent-disaster recovery site	748	424
Hardware maintenance	322	199
Depreciation	4,631	3,500
Amortisation	4,059	1,225
Network charges	1,648	957
	17,977	9,970
Other operating expenses		
Directors' fees and allowances	8,123	2,680
Legal and professional charges	3,047	6,389
Fees and subscription	1,164	1,729
Outsourced services costs	2,672	2,778
Travelling and conveyance	3,913	1,136
Depreciation	8,044	8,473
Training and development	1,456	317
Postage and courier charges	156	91
Communication	697	601
Printing and stationery	472	777
Marketing, advertisement and publicity	866	2,518
Donations	1,500	500
Auditors' remuneration	1,188	1,323
Insurance	2,967	2,399
Vehicle repair and maintenance	701	139
Entertainment	299	245
Others	1,153	1,037
	38,418	33,132
	<u>239,106</u>	<u>196,400</u>

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 AND DILUTED EARNINGS PER SHARE

	(Un-audited)	
	Half year ended	
	June 30, 2023	June 30, 2022
	------(Rupees in '000)-----	
Profit for the period	<u>1,075,301</u>	<u>653,456</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>623,775,900</u>	<u>623,775,900</u>
	------(Rupees)-----	
Basic earnings per share	<u>1.72</u>	<u>1.05</u>

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23.1 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 June 30, 2023.

24 FAIR VALUE MEASUREMENTS

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

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

24.1 Fair value of financial assets

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

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

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

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

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

(Un-audited)			
June 30, 2023			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
Federal government securities	-	17,302,430	-
Non-government debt securities	-	301,827	-

(Audited)			
December 31, 2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
Federal government securities	-	20,261,795	-
Non-government debt securities	-	303,174	-

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 PKRV rates and PKFRV 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.

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25 RELATED PARTY TRANSACTIONS AND BALANCES

The Company has related party relationship with its major shareholders, directors, key management personnel and their close family members, Credit Guarantee Trust 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 employment.

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

(Un-audited)			(Audited)		
June 30, 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

Local currency current accounts	-	-	31	-	-	31
Local currency deposit account	-	-	10	-	-	9
	-	-	41	-	-	40

Balances with banks

In current account	-	-	1,089	-	-	910
In deposit accounts	-	-	601,788	-	-	2,031
	-	-	602,877	-	-	2,941

Lendings to financial institutions

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

Advances

Opening balance	-	100,645	7,135,712	-	44,233	5,918,270
Addition during the period	-	-	845,000	-	69,942	1,700,000
Repayments during the period	-	(11,176)	(1,313,268)	-	(13,530)	(482,558)
Closing balance	-	89,469	6,667,444	-	100,645	7,135,712

Other assets

Interest / mark-up accrued	-	-	92,953	-	35	78,650
Other receivable	-	-	2,719	-	-	5,896
	-	-	95,672	-	35	84,546

Borrowings

Opening balance	-	-	11,500,000	-	-	14,184,693
Borrowings during the period	-	-	33,579,586	-	-	74,589,373
Settled during the period	-	-	(33,579,586)	-	-	(77,274,066)
Closing balance	-	-	11,500,000	-	-	11,500,000

Other liabilities

Interest / mark-up payable	-	-	111,861	-	-	90,919
Payable to defined benefit plan	-	-	3,591	-	-	11,445
Payable to defined contribution plan	-	-	1,876	-	-	-
	-	-	117,328	-	-	102,364

All the

(Un-audited)			(Un-audited)		
June 30, 2023			June 30, 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

-	1,797	309,115	-	1,202	488,525
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Expense

Mark-up / return / interest / profit expensed

-	-	645,766	-	-	487,176
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Operating expenses

8,160	127,972	12,592	2,680	103,337	10,499
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- 25.1 In addition to the above, the Company has outstanding sub-ordinated loan amounting to Rs. 6,934.379 million and borrowing under World Bank - Housing Finance Project amounting to Rs. 10,118.977 million respectively from the Ministry of Finance.

(Un-audited)	(Audited)
June 30, 2023	December 31, 2022
----- (Rupees in '000) -----	

26 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
Eligible Additional Tier 1 (ADT 1) Capital
Total Eligible Tier 1 Capital
Eligible Tier 2 Capital
Total Eligible Capital (Tier 1 + Tier 2)

9,192,629	8,706,306
-	-
9,192,629	8,706,306
120,314	94,502
9,312,943	8,800,808

Risk Weighted Assets (RWAs):

Credit Risk
Market Risk
Operational Risk
Total

9,625,117	10,370,936
-	-
3,295,442	3,295,442
12,920,559	13,666,378

Common Equity Tier 1 Capital Adequacy Ratio

71.15%	63.71%
--------	--------

Tier 1 Capital Adequacy Ratio

71.15%	63.71%
--------	--------

Total Capital Adequacy Ratio

72.08%	64.40%
--------	--------

Leverage Ratio (LR):

Eligible Tier-1 Capital
Total Exposure
Leverage Ratio

9,192,629	8,706,306
64,123,217	57,607,442
14.34%	15.11%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets
Total Net Cash Outflow
Liquidity Coverage Ratio

9,988,955	12,007,270
34,405	42,744
29033%	28091%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding
Total Required Stable Funding
Net Stable Funding Ratio

44,165,936	48,530,833
32,275,872	32,094,461
136.84%	151.21%

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27 GENERAL

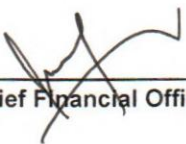
27.1 These condensed interim financial statements have been prepared in accordance with the format as prescribed by the SBP through BPRD Circular Letter No. 05 dated March 22, 2019 and related clarifications / modifications.

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

28 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 25, 2023 by the Board of Directors of the Company.

All



Chief Financial Officer




Managing Director /
Chief Executive Officer



Director



Director



Director

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
ANNEXURE TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 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 half year ended June 30, 2023 are as follows:

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
(A) Statement of financial position	----- Rupees in '000 -----	
ASSETS		
Balances with other banks	61,769	29,197
Islamic financing and related assets - net	16,823,456	14,200,088
Other assets	443,217	312,873
	17,328,442	14,542,158
LIABILITIES		
Due to financial institutions	4,100,000	4,100,000
Due to head office	12,410,771	9,850,949
Other liabilities	101,372	96,716
	16,612,143	14,047,665
NET ASSETS	<u>716,299</u>	<u>494,493</u>
REPRESENTED BY		
Islamic banking fund	150,000	150,000
Reserves	113,260	68,899
Unappropriated profit	453,039	275,594
	<u>716,299</u>	<u>494,493</u>
	(Un-audited)	
	For the half year ended	
	June 30, 2023	June 30, 2022
(B) Profit and loss account	----- Rupees in '000 -----	
Profit / return earned	885,648	351,300
Profit / return expensed	637,582	208,974
Net profit / return	<u>248,066</u>	<u>142,326</u>
Other expenses		
Operating expenses	7,965	5,410
Workers' Welfare Fund	4,961	2,847
Total other expenses	12,926	8,257
Profit before provisions	235,140	134,069
Provisions and write offs - net	13,334	-
Profit before taxation	<u>221,806</u>	<u>134,069</u>
Taxation	-	-
Profit after taxation	<u>221,806</u>	<u>134,069</u>

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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 expected profit rates ranging from 6.50% to 20.56% (December 31, 2022: 5.33% to 14.75%) per annum.

2 DUE TO FINANCIAL INSTITUTION

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.

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