



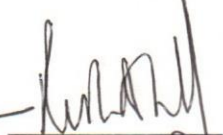


PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and balances with treasury banks	7	6,241	4,588
Balances with other banks	8	2,668,612	221,515
Lendings to financial institutions		-	-
Investments	9	20,423,908	20,564,969
Advances	10	35,905,330	33,662,362
Fixed assets	11	124,803	146,817
Intangible assets	12	35,987	38,634
Deferred tax assets		-	-
Other assets	13	1,222,294	915,056
		<u>60,387,175</u>	<u>55,553,941</u>
LIABILITIES			
Bills payable		-	-
Borrowings	14	41,993,461	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	1,436,610	818,136
		<u>50,364,450</u>	<u>46,809,002</u>
NET ASSETS		<u>10,022,725</u>	<u>8,744,939</u>
REPRESENTED BY			
Share capital		6,237,759	6,237,759
Reserves		1,375,041	1,007,773
Deficit on revaluation of assets	17	(539,681)	(448,961)
Unappropriated profit		2,949,606	1,948,368
		<u>10,022,725</u>	<u>8,744,939</u>
CONTINGENCIES AND COMMITMENTS			
	18		




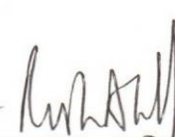
The annexed notes from 1 to 29 and annexure form an integral part of these condensed interim financial statements.

				
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 NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2023

Note	Nine months ended		Quarter ended		
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	
----- (Rupees in '000) -----					
Mark-up / return / interest / profit earned	19	5,195,977	3,571,646	1,854,079	1,406,194
Mark-up / return / interest / profit expensed	20	2,879,342	2,084,202	944,545	809,632
Net mark-up / interest income		2,316,635	1,487,444	909,534	596,562
Non mark-up / interest income					
Fee and commission income	21	26,760	-	26,760	-
Dividend income		-	-	-	-
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities		3,022	4,901	-	1,603
Other income		60	1,318	33	1
Total non-markup / interest income		29,842	6,219	26,793	1,604
Total income		2,346,477	1,493,663	936,327	598,166
Non mark-up / interest expense					
Operating expenses	22	397,757	305,880	158,651	109,480
Workers' Welfare Fund		37,476	23,110	15,531	9,774
Other charges		-	-	-	-
Total non-markup / interest expenses		435,233	328,990	174,182	119,254
Profit before provisions		1,911,244	1,164,673	762,145	478,912
Provisions and write offs - net Extraordinary / unusual items	10.2	74,906	32,305	1,108	-
		-	-	-	-
Profit before taxation		1,836,338	1,132,368	761,037	478,912
Taxation	23	-	-	-	-
Profit after taxation		1,836,338	1,132,368	761,037	478,912
----- (Rupees) -----					
Basic and diluted earnings per share	24	2.94	1.82	1.22	0.77

The annexed notes from 1 to 29 and annexure form an integral part of these condensed interim financial statements.

			
Chief Financial Officer	Managing Director / Chief Executive Officer	Director	Director

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

	Nine months ended		Quarter ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in '000)			
Profit after taxation for the period	1,836,338	1,132,368	761,037	478,912
Other comprehensive (loss)/income				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Movement in (deficit)/surplus on revaluation of investments	(90,720)	(52,676)	31,043	57,689
Total comprehensive income for the period	<u>1,745,618</u>	<u>1,079,692</u>	<u>792,080</u>	<u>536,601</u>




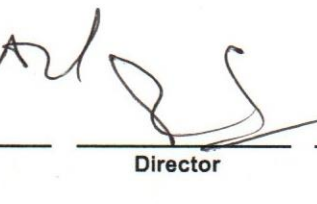
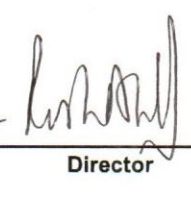
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Chief Financial Officer	Managing Director / Chief Executive Officer	Director	Director	Director

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2022	-	-	-	1,132,368	1,132,368
Other comprehensive loss					
Movement in deficit on revaluation of investments	-	-	(52,676)	-	(52,676)
Total comprehensive income for the nine months ended September 30, 2022	-	-	(52,676)	1,132,368	1,079,692
Transfer to statutory reserve	-	226,474	-	(226,474)	-
Balance as at September 30, 2022 (un-audited)	6,237,759	918,404	(300,038)	1,590,766	8,446,891
Profit after taxation for the three months ended December 31, 2022	-	-	-	446,849	446,849
Other comprehensive gain / (loss)					
Remeasurement gain on defined benefit plan	-	-	-	122	122
Movement in deficit on revaluation of investments	-	-	(148,923)	-	(148,923)
Total comprehensive income for the three months ended December 31, 2022	-	-	(148,923)	446,971	298,048
Transfer to statutory reserve	-	89,369	-	(89,369)	-
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 nine months September 30, 2023	-	-	-	1,836,338	1,836,338
Other comprehensive loss					
Movement in deficit on revaluation of investments	-	-	(90,720)	-	(90,720)
Total comprehensive income for the nine months ended September 30, 2023	-	-	(90,720)	1,836,338	1,745,618
Transfer to statutory reserve	-	367,268	-	(367,268)	-
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 September 30, 2023 (un-audited)	<u>6,237,759</u>	<u>1,375,041</u>	<u>(539,681)</u>	<u>2,949,606</u>	<u>10,022,725</u>




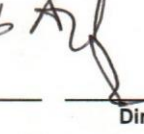
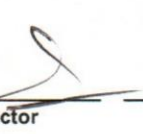
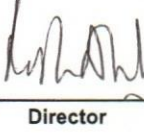
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 Chief Financial Officer	 Managing Director / Chief Executive Officer	 Director	 Director	 Director
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PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	Nine months ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before taxation		1,836,338	1,132,368
Adjustments for:			
Depreciation	22	36,786	35,550
Amortisation of intangible assets	22	6,089	1,891
Amortisation of transaction cost - TFCs / sukuk		16,664	13,828
Provision for Workers' Welfare Fund		37,476	23,110
Gain on sale of securities		(3,022)	(4,901)
Gain on sale of fixed assets		(36)	(6)
Provisions and write offs - net	10.2	74,906	32,305
Interest expense on lease liability against right-of-use assets	20	4,583	5,874
		<u>173,446</u>	<u>107,651</u>
		2,009,784	1,240,019
Increase in operating assets			
Lendings to financial institutions		-	(3,000,000)
Advances		(2,317,874)	(3,002,402)
Other assets (excluding advance taxation)		(323,853)	(166,760)
		<u>(2,641,727)</u>	<u>(6,169,162)</u>
Increase / (decrease) in operating liabilities			
Borrowings		3,053,311	(3,430,288)
Other liabilities (excluding lease liability)		596,191	574,977
		<u>3,649,502</u>	<u>(2,855,311)</u>
Income tax paid		(34)	(82)
Net cash generated from / (used in) operating activities		<u>3,017,525</u>	<u>(7,784,536)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		53,363	(6,533,439)
Net investments in held-to-maturity securities		-	983,545
Investments in operating fixed assets		(14,821)	(3,852)
Investments in intangible assets		(3,441)	(12,534)
Proceeds from sale of fixed assets		69	112
Net cash generated from / (used in) investing activities		<u>35,170</u>	<u>(5,566,168)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(467,832)	-
Lease rentals paid against right-of-use assets		(19,776)	(19,775)
Receipts from issuance of term finance certificates		-	7,000,000
Payments on maturity of term finance certificates		-	(1,000,000)
Repayment of subordinated debt		(116,337)	-
Net cash (used in) / generated from financing activities		<u>(603,945)</u>	<u>5,980,225</u>
Net increase / (decrease) in cash and cash equivalents during the period		<u>2,448,750</u>	<u>(7,370,479)</u>
Cash and cash equivalents at the beginning of the period		226,103	15,490,122
Cash and cash equivalents at the end of the period		<u><u>2,674,853</u></u>	<u><u>8,119,643</u></u>

The annexed notes from 1 to 29 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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 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 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, 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 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.

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.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	(Un-audited)	(Audited)
			September 30, 2023	December 31, 2022
------(Rupees in '000)-----				
	With State Bank of Pakistan in: Local currency current account	7.1	6,200	4,548
	With National Bank of Pakistan in: Local currency current accounts Local currency deposit account	7.2	31 10 41	31 9 40
			6,241	4,588

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.

8	BALANCES WITH OTHER BANKS	Note	(Un-audited)	(Audited)
			September 30, 2023	December 31, 2022
------(Rupees in '000)-----				
	In Pakistan In current account In deposit accounts	8.1	1,120 2,667,492 2,668,612	910 220,605 221,515

8.1 This represents deposit accounts in local currency maintained with other banks. These carry mark-up at rates ranging from 8.35% to 22.50% (December 31, 2022: 11.00% to 16.00%) per annum.

9 INVESTMENTS

9.1 Investments by type:

	(Un-audited)				(Audited)			
	September 30, 2023				December 31, 2022			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
------(Rupees in '000)-----								
Available-for-sale securities								
Federal government securities	20,663,769	-	(539,681)	20,124,088	20,714,050	-	(452,255)	20,261,795
Non-government debt securities	299,820	-	-	299,820	299,880	-	3,294	303,174
Total investments	20,963,589	-	(539,681)	20,423,908	21,013,930	-	(448,961)	20,564,969

9.2 Investments given as collateral

(Un-audited)			(Audited)			
September 30, 2023			December 31, 2022			
Cost / amortised cost	Deficit	Carrying value	Cost / amortised cost	Deficit	Carrying value	
----- (Rupees in '000) -----						
Pakistan Investment Bonds	9,160,598	(1,194)	9,159,404	5,961,204	(204,773)	5,756,431

10 ADVANCES

	Performing		Non-performing		Total	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	19,020,440	19,556,776	-	-	19,020,440	19,556,776
Islamic financing and related assets	17,054,297	14,200,088	-	-	17,054,297	14,200,088
Advances - gross	36,074,737	33,756,864	-	-	36,074,737	33,756,864
Provision against advances						
- Specific	-	-	-	-	-	-
- General	169,407	94,502	-	-	169,407	94,502
	169,407	94,502	-	-	169,407	94,502
Advances - net of provision	35,905,330	33,662,362	-	-	35,905,330	33,662,362

10.1 Particulars of advances (gross)

In local currency	----- (Rupees in '000) -----
	36,074,737 33,756,864

10.2 Particulars of provision against advances

	(Un-audited)			(Audited)		
	September 30, 2022			December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	-	94,502	94,502	-	-	-
Charge for the period	-	74,906	74,906	-	94,502	94,502
Reversals during the period	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	-	169,408	169,408	-	94,502.00	94,502.00

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 customers. 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. 169,408 million has been created so that any unforeseen losses can be addressed through this reserve.

11 FIXED ASSETS

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----		
Property and equipment	11.1	124,650
Capital work-in-progress		146,817
	153	-
	<u>124,803</u>	<u>146,817</u>

11.1 This includes right-of-use asset amounting to Rs. 50,704 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)	
		Nine months ended	
		September 30, 2023	September 30, 2022
		------(Rupees in '000)-----	
Property and equipment			
Furniture, fixtures		-	348
Vehicle		7,676	-
Electrical office and computer equipment		6,992	3,504
		14,668	3,852
Capital work-in-progress		153	-
Total		<u>14,821</u>	<u>3,852</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		3,665	904
Accumulated depreciation		(3,632)	(798)
		33	106
Total net book value		<u>33</u>	<u>106</u>
12 INTANGIBLE ASSETS			
	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		------(Rupees in '000)-----	
Computer software	12.1	23,406	29,494
Capital work-in-progress	12.1 & 12.2	12,581	9,140
		<u>35,987</u>	<u>38,634</u>
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
		(Un-audited)	
		Nine Months ended	
		September 30, 2023	September 30, 2022
		------(Rupees in '000)-----	
Computer software		-	1,423
Capital work-in-progress	12.2	3,441	-
		<u>3,441</u>	<u>1,423</u>
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.			
13 OTHER ASSETS			
	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		------(Rupees in '000)-----	
Mark-up / return / interest / profit accrued in local currency		958,168	793,935
Advances, deposits and prepayments		237,035	94,064
Advance taxation (payments less provisions)		27,091	27,057
		1,222,294	915,056
Less: Provision held against other assets		-	-
		<u>1,222,294</u>	<u>915,056</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	9,074,484	5,851,409
Total secured		<u>31,874,484</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>41,993,461</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 22.12% to 22.15% (December 31, 2022: 9.40% to 15.50%) per annum and are due to mature latest by December 08, 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.

	Note	(Un-audited) September 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,
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

16 OTHER LIABILITIES

Mark-up / return / interest / profit payable in local currency		715,615	481,058
Lease liability against right-of-use assets		60,111	75,304
Provision for government levies		140,403	102,895
Provision for employees' benefit		76,324	84,269
Accrued expenses		440,566	63,165
Payable to defined benefit plan		3,591	11,445
		<u>1,436,610</u>	<u>818,136</u>

17 DEFICIT ON REVALUATION OF ASSETS

Deficit on revaluation of Available for sale securities	9.1	<u>(539,681)</u>	<u>(448,961)</u>
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18 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2023 and December 31, 2022.

	Note	(Un-audited)	
		Nine months ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
19 MARK-UP / RETURN / INTEREST / PROFIT EARNED			
On:			
Loans and advances		2,760,697	1,580,555
Investments		2,229,748	1,278,816
Lendings to financial institutions		40,777	113,840
Balances with banks (including term deposit receipts)		164,755	598,435
		<u>5,195,977</u>	<u>3,571,646</u>
20 MARK-UP / RETURN / INTEREST / PROFIT EXPENSED			
On:			
Borrowings from Government of Pakistan under Housing Finance Project		227,273	231,497
Repurchase agreement borrowings		764,406	278,769
Clean Borrowing		12,373	-
Term finance certificates		1,451,330	1,149,096
Sukuk certificates		260,736	260,325
		2,716,118	1,919,687
Subordinated debt		158,641	158,641
Lease liability against right-of-use assets		4,583	5,874
		<u>2,879,342</u>	<u>2,084,202</u>
21 FEE AND COMMISSION INCOME			
Trustee Fee	21.1	26,760	-
21.1	This represents a fee for the services provided by the company as a Trustee to the Credit Guarantee Trust for Low-Income Housing setup by the Government of Pakistan (GOP). Previously, trustees were allowed to claim the actual expenses incurred. However, GOP has revised the arrangement through an addendum signed in 2023 effective December 08, 2022.		
22 OPERATING EXPENSES			
Total compensation expense		272,534	211,713
Property expense			
Insurance		446	409
Utilities cost		2,491	2,339
Security		524	436
Repair and maintenance		109	233
Depreciation		17,552	17,552
		21,122	20,969
Information technology expenses			
Software maintenance		14,183	5,110
Rent-disaster recovery site		1,130	636
Hardware maintenance		466	218
Depreciation		6,848	5,317
Amortisation		6,089	1,891
Network charges		2,560	1,485
		31,276	14,657
Other operating expenses			
Directors' fees and allowances		6,840	9,550
Legal and professional charges		5,149	9,634
Fees and subscription		2,749	2,241
Outsourced services costs		3,878	3,874
Travelling and conveyance		6,843	2,971
Depreciation		12,386	12,681
Training and development		2,323	984
Postage and courier charges		217	150
Communication		1,074	891
Printing and stationery		622	1,149
Marketing, advertisement and publicity		1,465	3,342
Research & Development		16,275	-
Donations		3,000	3,500
Auditors' remuneration		2,128	1,981
Insurance		4,615	3,517
Vehicle repair and maintenance		860	188
Entertainment		579	333
Others		1,822	1,555
		<u>72,825</u>	<u>58,541</u>
		<u>397,757</u>	<u>305,880</u>

23 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.

24 BASIC AND DILUTED EARNINGS PER SHARE

	(Un-audited)	
	Nine months ended	
	September 30, 2023	September 30, 2022
	------(Rupees in '000)-----	
Profit for the period	1,836,338	1,132,368
	(Number of shares)	
Weighted average number of ordinary shares	623,775,900	623,775,900
	------(Rupees)-----	
Basic earnings per share	2.94	1.82

24.1 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 September 30, 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 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.

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 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:

On balance sheet financial instruments	(Un-audited)			
	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	20,124,088	-	20,124,088
Non-government debt securities	-	299,820	-	299,820

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

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.

26 RELATED PARTY TRANSACTIONS

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, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	(Un-audited)			(Audited)		
	September 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	-	-	1,120	-	-	910
In deposit accounts	-	-	12,841	-	-	2,031
	-	-	13,961	-	-	2,941
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	15,158,404	-	-	26,269,078
Repaid during the period	-	-	(15,158,404)	-	-	(26,269,078)
Closing balance	-	-	-	-	-	-

	(Un-audited)			(Audited)		
	September 30, 2023			December 31, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Advances						
Opening balance	-	100,645	7,135,712	-	44,233	5,918,270
Addition during the period	-	5,739	2,595,000	-	69,942	1,700,000
Repaid during the period	-	(13,078)	(1,492,198)	-	(13,530)	(482,558)
Closing balance	-	93,306	8,238,514	-	100,645	7,135,712
Other assets						
Interest / mark-up accrued	-	-	181,432	-	35	78,650
Other receivable	-	-	157,654	-	-	5,896
	-	-	339,086	-	35	84,546
Borrowings						
Opening balance	-	-	11,500,000	-	-	14,184,693
Borrowings during the period	-	-	43,246,410	-	-	74,589,373
Settled during the period	-	-	(43,246,410)	-	-	(77,274,066)
Closing balance	-	-	11,500,000	-	-	11,500,000
Other liabilities						
Interest / mark-up payable	-	-	238,663	-	-	90,919
Payable to defined benefit plan	-	-	3,591	-	-	11,445
Payable to defined contribution plan	-	-	-	-	-	-
Unearned Income	-	-	140,944	-	-	-
	-	-	383,198	-	-	102,364

	(Un-audited)			(Un-audited)		
	September 30, 2023			September 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	-	2,674	535,982	-	2,378	782,817
Fee and commission income	-	-	26,760	-	-	-
Expensed						
Mark-up / return / interest / profit expensed	-	-	1,035,746	-	-	774,289
Operating expenses	6,840	172,254	19,047	9,550	174,342	15,878

- 26.1 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)
	September 30, 2023	December 31, 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	9,986,737	8,706,306
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,986,737	8,706,306
Eligible Tier 2 Capital	121,100	94,502
Total Eligible Capital (Tier 1 + Tier 2)	10,107,837	8,800,808

	(Un-audited) September 30, 2022	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Risk Weighted Assets (RWAs):		
Credit Risk	9,688,014	10,370,936
Market Risk	-	-
Operational Risk	3,295,442	3,295,442
Total	<u>12,983,456</u>	<u>13,666,378</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>76.92%</u>	<u>63.71%</u>
Tier 1 Capital Adequacy Ratio	<u>76.92%</u>	<u>63.71%</u>
Total Capital Adequacy Ratio	<u>77.85%</u>	<u>64.40%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	9,986,737	8,706,306
Total Exposure	57,140,246	57,607,442
Leverage Ratio	<u>17.48%</u>	<u>15.11%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	8,428,130	12,007,270
Total Net Cash Outflow	87,001	42,744
Liquidity Coverage Ratio	<u>9687%</u>	<u>28091%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	48,409,242	48,530,833
Total Required Stable Funding	31,523,824	32,094,461
Net Stable Funding Ratio	<u>153.56%</u>	<u>151.21%</u>

28 GENERAL

28.1 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.

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

29 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 27-October-2023 by the Board of Directors of the Company.




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 NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2023 are as follows:

(A)	Statement of financial position	Note	(Un-audited)	(Audited)
			September 30, 2023	December 31, 2022
			----- Rupees in '000 -----	
ASSETS				
	Balances with other banks		70,200	29,197
	Islamic financing and related assets - net	1	17,038,979	14,200,088
	Other assets		369,892	312,873
			17,479,071	14,542,158
LIABILITIES				
	Due to financial institutions	2	4,100,000	4,100,000
	Due to head office		12,430,219	9,850,949
	Other liabilities		66,937	96,716
			16,597,156	14,047,665
NET ASSETS				
			881,915	494,493
REPRESENTED BY				
	Islamic banking fund		150,000	150,000
	Reserves		146,383	68,899
	Unappropriated profit		585,532	275,594
			881,915	494,493
(Un-audited)				
For the Nine months ended				
(B)	Profit and loss account		September	September 30,
			30, 2023	2022
			----- Rupees in '000 -----	
	Profit / return earned		1,442,554	588,271
	Profit / return expensed		1,014,247	433,004
	Net profit / return		428,307	155,267
Other expenses				
	Operating expenses		17,001	8,855
	Workers' Welfare Fund		8,566	3,105
	Total other expenses		25,567	11,960
	Profit before provisions		402,740	143,307
	Provisions and write offs - net		15,318	-
	Profit before taxation		387,422	143,307
	Taxation		-	-
	Profit after taxation		387,422	143,307

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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 21.76% (December 31, 2022: 5.33% to 14.75%) 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.

MA