IN PURSUIT OF A STRONGER NATION

ANNUAL REPORT

2023

PMRC

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED

Endeavouring the art of a stronger community is the vision based on affordable housing and creating a positive social impact on the country's economy and its people through investing. Pakiatan Morgage Refinance Company has been established on years of dedication to the best interests of all stakeholders, with a track record of continuous research, decisive capacity building and, most importantly, providing affordable products to create sustainable housing solutions to high standards of best practices.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rehmat Ali Hasnie	Chairman
Mr. Risha Mohyeddin	Director
Mr. Imran Sarwar	Director
Ms. Mehreen Ahmed	Director
Mr. Tayyeb Afzal	Director
Mr. Farrakh Qayyum	Independent Director
Mr. Mudassir Hussain Khan	Managing Director / Chief Executive
Ms. Sonia Karim	Independent Director
Mr. Ahmed Taimoor Nasir	Director
Mr. Shahid Sattar	Independent Director
Mr. Shahid Alam	Director

BOARD COMMITTEES

Board Audit Committee

Mr. Shahid Sattar	Chairman, Independent
Mr. Tayyab Afzal	Member
Mr. Ahmed Taimoor Nasir	Member

Board Risk Committee

Mr. Imran Sarwar	Chairman
Ms. Mehreen Ahmed	Member
Mr. Shahid Alam	Member

Board HR Committee

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

Board Corporate Governance & Nominations Committee

Mr. Farrakh Qayyum	Chairman, Independent
Mr. Rehmat Ali Hasnie	Member
Mr. Mudassir H. Khan	Member

CFO & Group Head Operations
Mr. Omair Farooqi, FCA

Company Secretary
Mr. Naved Hanif

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors
M/s. Abdul Hayee Kureshi & Co.

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

Website
www.pmrc.com.pk

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OVERVIEW

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

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

EXPANDING
HORIZONS

VISION

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

MISSION

Promote expansion of affordable housing finance.

Establish high standards of mortgage practices for housing finance.

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

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

BREAKING THROUGH

INNOVATION

CORE VALUES

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

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

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

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

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

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

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

ABILITY TO GROW

ENTITY RATING

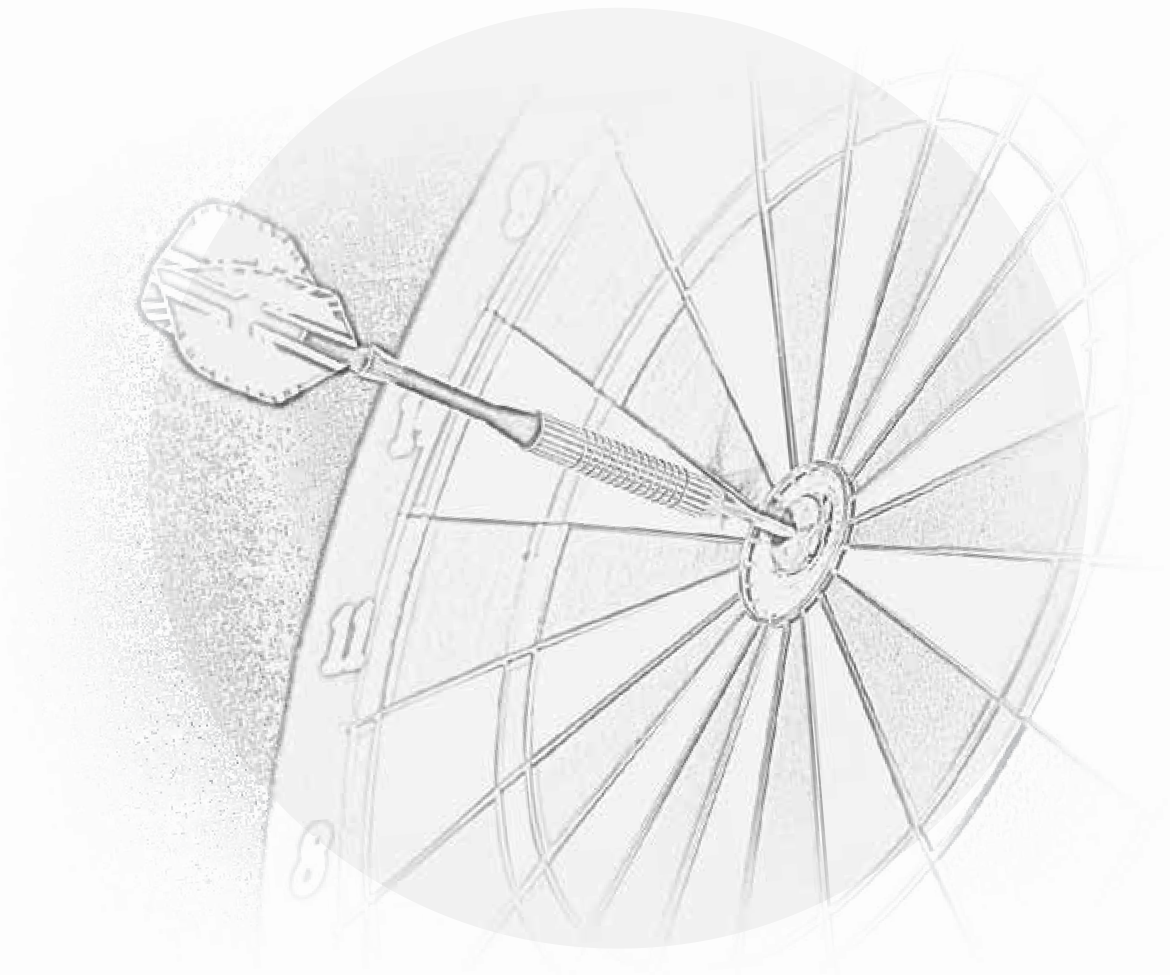
VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of PMRC as ‘AAA/A-1+’(Triple A/A-One Plus). Outlook on assigned ratings is stable.

Long Term
AAA (Triple A)

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

Short Term
A-1+(A One Plus)

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



ACHIEVING EXCELLENCE

SUSTAINABILITY

PMRC strives to deliver affordable housing programs that emphasize minimizing environmental impact, championing energy efficiency, and nurturing social and economic sustainability. Sustainable housing not only contributes to environmental well-being but also results in long-term financial savings for homeowners by reducing utility bills and maintenance costs. This commitment plays a pivotal role in addressing the challenges of climate change and promoting a built environment that is both more sustainable and resilient.

DRIVING ENVIRONMENTAL
RESPONSIBILITY

Internationally and locally recognized, PMRC shined as 'Honorable Mention' at the 2023, Innovation Awards organized by Habitat for Humanity Asia-Pacific at the 9th Asia-Pacific Housing Forum (APHF); affirming PMRC's commitment to making housing finance more accessible and affordable in Pakistan.

CHAIRMAN’S STATEMENT

In 2023, Pakistan Mortgage Refinance Company (PMRC) achieved extraordinary growth, solidifying its leadership role in the country's development landscape. Despite a challenging environment, PMRC delivered record operating results, boasting profit before tax at PKR 2.6 billion, and a substantial balance sheet growth by 9.0% to PKR 60.6 billion.

Internationally and locally recognized, PMRC shined as ‘Honorable Mention’ at the 2023, Innovation Awards organized by Habitat for Humanity Asia-Pacific at the 9th Asia-Pacific Housing Forum (APHF); affirming PMRC’s commitment to making housing finance more accessible and affordable in Pakistan. Continuing with our outstanding contributions, PMRC took on the chairmanship of the prestigious Asian Secondary Mortgage Market Association and our CEO Mudassir Khan was appointed as its chairman, marking it as a great achievement considering PMRC started its commercial operations only 5 years ago. In 2023, PMRC also reaffirmed its membership of the International Secondary Mortgage Market Association (ISMMA), which is the first global association that brings together secondary mortgage markets institutions to focus on advocacy & regulatory issues, share information, and provide support to newly-established institutions in this space. I am confident this forum will further PMRC’s goal to improve access to housing finance for the deserving and ultimately increase the share of adequate, safe and affordable housing for all.

PMRC's unwavering commitment to housing growth is evident in maintaining a healthy market share of 15%. Driving the growth of mortgage financing in Pakistan, the portfolio increased to PKR 34.4 billion from PKR 1.2 billion in 2018. A strong supporter of diversity, PMRC's backing of women borrowers now stands at an impressive 18.14% of the entire portfolio. In 2023, PMRC participated in Pakistan's first-ever gender bond, emphasizing its support for women ownership in housing. Under the World Bank program, PMRC continued to act as a trustee of the Risk Sharing Facility and was able to unlock the additional financing to continue issuing additional guarantees to the low-cost housing program of Mera Pakistan Mera Ghar. The new program covers first loss of up to 50% and continues to play an important role for financial institutions that participated under the program. PMRC places strong emphasis on Shariah related financing and services and was able to issue guarantees based on the concept of Kafalah and Conditional Tabarru to qualified financial institutions. In the year 2023, our Shariah Board also attended the prestigious workshop of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The workshop delved into Islamic finance-based solutions and approaches that can effectively shape a resilient and sustainable economic future. I am confident our Shariah Board will remain resilient and keep innovating in the Shariah space.

Pakistan faces perhaps the most challenging economic conditions in its history. The country has faced serious challenges in previous eras; however, the current situation is complicated by the utter magnitude of the fiscal and monetary challenges. The accumulation of structural deficiencies over the course of several decades has now manifested, giving rise to an import-dependent economy. This persistent trend has exerted ongoing stress on the external account, leading to downgrades in Pakistan's sovereign ratings. Amidst perhaps the most challenging economic conditions, PMRC has navigated fiscal and monetary challenges with its strong balance sheet, market position, and successive “AAA” credit rating. Looking to the future, PMRC is poised to introduce innovative products to augment mortgage financing growth further, while challenges are likely to continue in 2024, both on the economic and political front, I am confident that PMRC remains well-equipped and will emerge stronger.

In conclusion, I wish to express my profound gratitude to my esteemed colleagues on the Board, the dedicated management team, and the diligent staff of PMRC for their unwavering commitment and tireless efforts. It is with great pleasure that I extend my heartfelt congratulations to Mudassir Khan for a well-deserved recognition as one of Pakistan's distinguished CEOs, specifically for his comprehensive contributions to the housing sector. My sincere appreciation to our regulators and other esteemed stakeholders for their invaluable assistance and guidance throughout our endeavor to make mortgage finance more affordable and accessible.

Best Regards,

Rehmat Ali Hasnie
Chairman

Date: March 05, 2024

Looking ahead to 2024, I am confident that Pakistan will be able to navigate economic crisis better than 2023. The country is expected to post a healthy 2 to 3% growth in GDP and there are indications that the inflation will show signs of improvement.

CEO'S STATEMENT

As we reflect upon the culmination of yet another successful year, I am delighted to share the incredible accomplishments we have achieved collectively throughout 2023. The dedication, hard work, and commitment have propelled PMRC to become one of the fastest- growing Development Financial Institutions (DFIs) in the country, and I take immense pride in what we have accomplished together.

Pakistan's economy faced a significant setback in the year 2023, with its real GDP growth plummeting to a mere 0.3% from 5.97% in FY2022. This performance marked the third lowest growth rate in Pakistan's history, revealing the depth of the challenges the country encountered. The economic woes were exacerbated by a combination of structural weaknesses, both domestic and global shocks and resulted in unprecedented inflation which pushed the policy rate by 6% bringing it to 22%. The rise in policy rate severely impacted the mortgage industry and unfortunately resulted in lower demand of housing finance. Despite these challenges, PMRC's financial performance was nothing short of outstanding, boasting a 7% growth in our asset base, surpassing the significant milestone of PKR 60 billion in December 2023. Not only did PMRC exceed its profitability target by an impressive 15%, but also disbursed fresh advances amounting to PKR 9 billion. The cumulative advances growth of the last 5 years for PMRC was recorded at an impressive compounded annual growth rate (CAGR) of 96%, which is a testament of our sustained efforts. PMRC continued to preserve a healthy 15% share of the entire mortgage market in Pakistan and maintained a credit rating of “AAA” for the fourth consecutive year.

Our international engagements and collaborations with International Secondary Mortgage Market Association (ISMMA), European Covered Bond Council, Japan International Cooperation Agency (JICA), and Habitat for Humanity Asia-Pacific reflect our commitment to expanding our footprint globally and exploring avenues for collaborative initiatives. At the 2023 Innovation Awards in South Korea, PMRC was recognized as 'Honorable Mention' in the Public Sector Housing Solutions Category among 3,100 global companies, which is a testament to our dedication to making housing finance more accessible and affordable for the low-income sector in Pakistan. It is with immense pride that I unveil the noteworthy accomplishment of PMRC, assuming the esteemed chairmanship of the renowned Asian Secondary Mortgage Market Association. This achievement stands as a testament of PMRC's remarkable journey, particularly considering its commercial inception only in 2018. This prestigious role is a reflection of our contributions to the association and developmental efforts within the mortgage financing sector in Pakistan.

PMRC also collaborated with AKEDEMOS in a strategic research project that will assist the company in understanding the housing market needs better, design new and innovative products that meet market demands and more crucially advise policymakers and partner organizations with informed decisions. On market development front, PMRC conducted various training sessions, capacity-building programs for NBFI's/MFI's and provided support to Sindh Peoples Housing for Flood Affectees, showcasing our commitment to market development and social responsibility.

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

Looking ahead to 2024, I am confident that Pakistan will be able to navigate economic crisis better than 2023. The country is expected to post a healthy 2 to 3% growth in GDP and there are indications that the inflation will show signs of improvement. There are promising opportunities for growth and collaboration for PMRC, our active participation in international forums and collaborations, as well as our initiatives in the housing sector, position us well for continued success.

In conclusion, I want to express my sincere gratitude to each member of the PMRC team for their hard work, dedication, and unwavering commitment to excellence. Together, we have achieved remarkable milestones, and I am confident that with the same spirit, we will continue to make significant strides in the coming years.

Mr. Mudassir H. Khan
Managing Director / Chief Executive Officer

ACKNOWLEDGMENTS AND APPRECIATION

CEO EXCELLENCE AWARD

Many Congratulations to Mr. Mudassir H. Khan, Managing Director/Chief Executive – PMRC on achieving the CEO Excellence Award!! organized by CEO Club Pakistan. The award was received by Mr. Khan from the Governor Sindh, Mr. Kamran Tessori during the grand ceremony held at the Governor House, Karachi. He received this award in recognition of his outstanding contributions, unwavering commitment and maintaining the highest standards of excellence for the industry.

Mr. Khan has played a pivotal role in shaping the industry's direction by driving innovation, expanding access to affordable housing finance and contributing to the well-being of low-income communities. On behalf of the entire team, we extend warmest congratulations to Mr. Khan on this remarkable achievement. It is a testament of his exceptional leadership abilities and we have no doubt that such recognitions will continue to follow throughout the illustrious career of Mr. Mudassir H. Khan.

MD/CEO – PMRC APPOINTED AS CHAIRMAN OF ASIAN SECONDARY MORTGAGE MARKET ASSOCIATION FOR 2024

We are delighted to announce a significant milestone in the journey of the Pakistan Mortgage Refinance Company (PMRC). Our esteemed CEO, Mr. Mudassir H. Khan, has been appointed as the Chairman of the Asian Secondary Mortgage Market Association (ASMMA) for the year 2024.

This prestigious appointment reflects not only Mr. Khan's leadership qualities but also the commitment of PMRC to playing a pivotal role in shaping the future of the secondary mortgage market in Asia. As Chairman, Mr. Khan will lead the association in fostering collaboration, innovation, and the exchange of best practices among secondary mortgage organizations across the region.

We extend our sincere congratulations to Mr. Mudassir H. Khan on this well-deserved recognition. His dedication to excellence and visionary approach align seamlessly with the values that PMRC upholds and express our gratitude to the members and stakeholders of ASMMA for placing their trust in Mr. Khan. Together, we embark on a journey of continued excellence, innovation, and positive impact in the mortgage industry.

PMRC SHINES AS AN HONORABLE MENTION AT THE 2023 INNOVATION AWARDS IN THE PUBLIC SECTOR HOUSING SOLUTIONS CATEGORY.

PMRC Shines as an Honorable Mention at the 2023 Innovation Awards in the Public Sector Housing Solutions Category. Recognized for its Outstanding Innovation in the Pakistani Housing Market. The prestigious ceremony took place on the 27th of October 2023, at the 9th Asia-Pacific Housing Forum (APHF) held in South Korea organized by Habitat for Humanity Asia-Pacific. Among a pool of 3,100 participating companies, PMRC stood out for its remarkable contribution to making housing finance more accessible and affordable for the low-income and microfinance sectors in Pakistan.

Standing Left to Right: Shahid Sattar (Sitting on left arm rest), Ahmed Taimoor Nasir, Tayyeb Afzal (Sitting on right arm rest)
Sitting Left to Right: Farrukh Qayum, Mudassir H. Khan, Rehmat Ali Hasnie, Sonia Karim
Missing: Risha A. Mohyeddin, Imran Sarwar, Mehreen Ahmed, Shahid Alam Siddiqui

DIRECTORS' REPORT

On behalf of the Board of Directors (Board), we are pleased to submit the Directors' report along with the Annual Audited Financial Statements of Pakistan Mortgage Refinance Company Limited (PMRC or Company) for the year ended December 31, 2023.

Macroeconomic Review

During 2023, Pakistan's real GDP achieved marginal growth of 0.29%, against a backdrop of unprecedented challenges including macroeconomic imbalances, supply shocks, and a global economic slowdown, which significantly hindered economic progress. The economy was further impacted by natural disasters, notably floods in the first quarter of 2023, which submerged large strips of agricultural land and disrupted domestic supply chains. As a result, the agriculture sector, which had grown by 4.4% in 2022, saw its growth rate decrease to 1.55% in 2023. Similarly, the industrial sector faced considerable challenges, recording a negative growth rate of 2.94% during the same fiscal year. These figures underscore the formidable obstacles faced by Pakistan's economy in 2023, particularly in key sectors such as agriculture and industry.

Housing and construction finance experienced marginal growth, increasing by 1.33% in the fiscal year ending June 2023, as high-interest rates and a challenging economic condition, restrained banks from expanding their lending portfolios. The outstanding amount of housing and construction finance rose to Rs. 456.8 billion by the end of June 2023, compared to Rs. 450.8 billion a year earlier. However, marked by rising interest rates and tough economic environment contributed to slow economic growth and limited growth of housing finance in FY2023-24.

Pakistan's economic activity grew by 3.2% between June and October 2023, as supply bottlenecks were eased. The State Bank of Pakistan (SBP) is expected to rationalize the key policy rate from March 2024, due to controlled inflation. However, challenges such as high taxes, energy costs, debt servicing and potential disruptions to IMF aid could affect progress.

Global impacts led to a sharp rise in CPI inflation during 2023, reaching 29.18% compared to 12.15% in 2022. The SBP maintained a record-high policy rate of 22% since June 2023. In December 2023, CPI inflation increased to 29.7%, up from 29.20% in November 2023. Inflationary pressures are likely to continue in 2024, with tariff hikes in the power sector along with withdrawal of subsidies provided by the Government of Pakistan (GoP) to different sectors.

A major improvement for Pakistan at the start of 2024, is a significant drop in the trade deficit by 34.29% from July 2023, compared to the corresponding period of the last fiscal year. In particular, Pakistan's exports to China during July-December 2023, rose by 66.4%, reaching US$1.546 billion. The Federal Board of Revenue (FBR) made a record collection of Rs. 4.468 trillion in the last six months of 2023, showing an increase of over Rs. 1 trillion compared to a collection of Rs. 3.43 trillion in the first six months of 2023. Pakistan recorded a current account surplus of US$397 million, largely due to a decline in imports and an increase in exports. Cumulatively in 1HFY24, workers' remittances were recorded at US$13.44 billion as compared to US$14.42 billion in 1HFY23, depicting a fall of 6.82% year-on-year.

Pakistan continues to face a significant challenge as it needs to make debt payments amounting to US$24.7 billion by 2024, with insufficient reserves. To address this situation, Pakistan may need to engage with friendly countries to negotiate debt rollovers. Additionally, Pakistan might have to pursue a new deal with the IMF, which could lead to concerns about continuing inflationary pressures.

Financial Performance

PMRC delivered impressive results in the year with total assets increased from Rs. 55.55 billion in 2022, to Rs. 60.56 billion in the year under review. The net advances portfolio increased to Rs. 34.40 billion from Rs. 33.66 billion in 2022. The strong growth in assets translated in profit after tax of Rs. 2.56 billion as against Rs. 1.58 billion last year, consequently, Earnings Per Share (EPS) for the year 2023, increased to Rs. 4.10 per share as compared to Rs. 2.53 per share in the previous year.

Financial Highlights	2023	2022
	Rs. In "000"	
Financial Position		
Shareholder's Equity- Excluding Revaluation of Assets	11,284,577	9,193,900
Total Assets	60,559,058	55,553,941
Subordinated Loan	6,818,042	7,050,716
Term Finance Certificates/Sukuk	22,800,000	22,800,000
Borrowings	18,849,392	16,140,150
Advances	34,401,920	33,662,362
Investments	13,804,680	20,564,969
Disbursements-Cumulative	52,017,000	43,150,000
Financial Performance		
Net Mark-up/Return/Profit/Interest Income	3,427,106	2,117,166
Profit After Tax	2,558,698	1,579,217
Ratios		
EPS	4.10	2.53

Movement in Reserves

Particulars	2023	2022
	Rs. In "000"	
Opening Balance	**8,744,939**	**7,367,199**
Unappropriated Profit	2,046,958	1,263,374
Transfer to Statutory Reserve	511,740	315,843
Other Comprehensive Income	95,207	(201,477)
Dividend paid	(467,832)	-
Closing Balance	**10,931,012**	**8,744,939**

Capital Ratios and MCR

The Company remained well-capitalized, with a capital base significantly above regulatory benchmarks and Basel capital requirements. The company's total Capital Adequacy Ratio stood at 65%, exceeding the requirement of 11.5%. The quality of the capital is evident from the Company's Common Equity Tier-1 (CET1) to total risk-weighted assets ratio. PMRC's capital and related ratios remain well above regulatory requirements, providing a strong footing for its risk absorption capacity.

Business Overview

Despite the challenging economic environment, the Company has consistently upheld its commitment to promoting and facilitating homeownership through its collaborations with Partner Financial Institutions (PFIs). The Company disbursed a total amount of Rs. 8.8 billion during the year 2023, actively contributing the housing market and offering invaluable support to individuals in their pursuit of owning homes. Additionally, the Company is actively working on the following initiatives which are pertinent to fostering the housing market in Pakistan.

Comprehensive review of Housing Market

To gain a thorough understanding of the current market landscape, PMRC initiated a comprehensive housing market study. The insights anticipated from this study will not only guide our strategic decision-making but also play a pivotal role in shaping our products and services to seamlessly align with the evolving needs of our customers. This initiative represents an opportunity for us to proactively stay ahead of industry trends, foster innovation, and solidify our position in an ever-evolving sector that demands both agility and adaptability.

Risk Sharing Facility

PMRC continued to act as a trustee of the Credit Guarantee Trust. During the year, a second scheme under the trust was successfully operationalized, providing extended coverage of up to 60% compared to 40% in the first scheme. The GoP provided a capital infusion of Rs. 7 billion as the first tranche during the year, and additional guarantees were issued to financial institutions to cover their portfolios generated under the "Mera Pakistan Mera Ghar" (MPMG) scheme of the SBP.

Acquisition Plan

PMRC has expressed in-principal interest in acquisition of shareholding in House Building Finance Company Limited (HBFC) in response to the Request for Proposal issued by the Privatization Commission of Pakistan (PC). PMRC stands as the only company which has been prequalified by SBP and PC. Subsequently, the PC board recommended to the Cabinet Committee on Privatization (CCoP) to consider a single-source/negotiated transaction for the privatization of HBFC with PMRC, the sole pre-qualified bidder.

As of the date of the Directors' Report, the process of financial and legal due diligence is underway. The Board has authorized the management to negotiate the Share Purchase Agreement upon receipt from the PC, which is subject to approvals by regulators, other stakeholders such as International Finance Corporation (IFC) and the Board.

Honors

- PMRC stood out as an 'Honorable Mention' at the 2023, Innovation Awards organized by Habitat for Humanity Asia-Pacific at the 9th Asia-Pacific Housing Forum (APHF), sustaining PMRC's commitment to making housing finance more accessible in Pakistan.

- Recognizing PMRC's outstanding contributions, the prestigious Asian Secondary Mortgage Market Association (ASMMA) bestowed its chairmanship upon PMRC. Mr. Mudassir Khan, Managing Director/Chief Executive Officer, was appointed as its chairman, marking it as a significant achievement, especially considering that PMRC commenced its business operations only five years ago.

- PMRC also reaffirmed its membership in the International Secondary Mortgage Market Association (ISMMA), which is the first global association to bring together secondary mortgage market institutions to focus on advocacy, regulatory issues, information sharing, and providing support to newly-established institutions in this space.

Future Outlook

We expect headline inflation in the country to remain a challenge in the remainder of 2024, within an average range of 24-28%, mainly due to higher commodity prices, currency depreciation, and adjustments in utility prices. Fiscal tightening will persist as the new IMF program keeps policymakers in check, with tariff hikes in the energy sector along with tax collection efforts. Considering these factors, SBP may opt to maintain its current tight monetary policy stance, potentially resulting in the policy rate remaining unchanged for the fiscal year ending June 2024. Nonetheless, some industry experts have an expectation of a rate cut between 100 to 200 basis points.

Despite facing significant challenges, the overall economic outlook for Pakistan remains cautiously optimistic. Receding inflationary pressures, positive prospects in agriculture, and signs of potential recovery in the industrial sector, as reflected by positive trends in high-frequency indicators and imports, contribute to this optimism. The first quarter of FY 2024, saw a growth of 2.13%, largely driven by the agriculture and industry sectors.

Additionally, the twin deficit is on a downward trajectory, indicating improved economic management aimed at reducing macroeconomic imbalances. These developments lay the groundwork for progress towards higher and sustainable economic growth. It is expected that this positive momentum will continue to strengthen in the upcoming months.

PMRC will maintain a cautiously optimistic outlook for the year ahead. The Company's efforts will be directed towards developing innovative products to ensure resilience and make a valuable contribution to the national economy.

Our People

PMRC provides strong employee engagement and a culture that encourages its team to make the best use of their time while exploiting their full potential and building strong relationships along the way. PMRC deliberately makes greater investments in upskilling its team, improving their welfare, and providing a genuinely conducive environment that matches the very best. This includes identifying training needs, designing and delivering training programs, and evaluating the effectiveness of the training. To keep the staff abreast of market practices and to enhance their skills, high quality domestic and in some cases foreign trainings were also provided during 2023.

PMRC introduced an “Internship to Job” program through which interns were trained in a professional environment and were subsequently considered for employment at PMRC. The Company manages employee relations and maintains a positive work environment.

A successful succession planning program is in place at PMRC for smooth operations, ensuring that key executives groom their immediate subordinates to take up senior roles when needed.

The Company is committed to providing equal opportunities and fair treatment in employment and does not accept unlawful discrimination in its recruitment or employment practices on any grounds, including but not limited to gender, race, color, nationality, ethnicity, disability, and age.

Corporate Social Responsibility

Sustainability is an important element at PMRC. We are committed to conducting business and adhering to practices that are economically viable, socially responsible, customer-centric, and environmentally friendly. PMRC conducted various training sessions and capacity-building programs for NBFI’s/MFI’s and provided support to Sindh Peoples Housing for Flood Affectees, showcasing our commitment to market development and social responsibility.

As a strong supporter of diversity, PMRC's backing of women borrowers now stands at an impressive 18.14% of the entire portfolio. In 2023, PMRC participated in Pakistan's first-ever gender bond, emphasizing its support for women's ownership in housing.

To ensure effective CSR, PMRC donated Rs. 5 million for different charitable causes including for health and education.

Risk Management Framework

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

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

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

Dividend and appropriations

The Directors have recommended cash dividend of Rs. 1.50 per share (dividend pay-out: 37%) (2022: Rs. 0.75 per share) for the year ended December 31, 2023, subject to approval of the shareholders in the upcoming Annual General Meeting. Additionally, the Board has approved an appropriation of Rs. 511.74 million from the current year's profit to the statutory reserve in compliance with the requirements of the Banking Companies Ordinance, 1962.

Credit Ratings

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

Statement of Internal Controls

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

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

Corporate Governance

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

The Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity.

- Proper books of accounts have been maintained.

- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, except for the changes in accounting policies as described in Note '4' to the financial statements. Accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable to companies in Pakistan, have been followed in preparation of financial statements.

- The system of internal control in the Company is sound in design and is effectively implemented and monitored.

- There are no significant doubts regarding PMRC's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance except for those as explained in the Statement of Compliance.

- Profit amounting to Rs. 511.74 million has been transferred to Statutory Reserve for the year ended December 31, 2023.
- The current Board of Directors consists of eight (8) male (excluding Chief Executive Office) and two (2) female members.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Company engaged Pakistan Institute of Corporate Governance (PICG) to carry out its Board evaluation for 2023, under self-assessment which is in process. PICG has also carried out the evaluation for 2022, covering the three basic components as required by the Listed Companies (Corporate Governance) regulations and (for banks) SBP's Guidelines on Performance Evaluation of Board of Directors, which are; Board as a whole, Board Committees and Individual members of the Board. The Board self-assessment was carried out through an online portal-based questionnaire. The entire process ensured the anonymity of responses received. The deliverables of the assessment process were:

  a) Board Assessment Report including Board Committees
  b) Individual Board Member Evaluation Report
  c) Analysis of Results Report

Change in Directorship

Mr. Ahmed Taimoor Nasir has been appointed as a Non-Executive Director in place of Mr. Muhammad Aslam Ghauri.
Mr. Shahid Sattar joined the Board as an Independent Director, in replacement of Mr. Osman Asghar Khan who resigned from the Board.
Mr. Shahid Alam Siddiqui joined the Board, in replacement of Mr. Khurshid Zafar Qureshi who resigned from the Board.

Composition of the Board and Board Committees

The Board at full complement comprises seven non-executive directors representing the cross-section of shareholders, three independent directors, and the Managing Director and Chief Executive Officer.

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

1.	Independent Directors	3
2.	Non-Executive Directors	7
3.	Executive Directors	0
4.	Female Directors	2

The Board has formed committees comprising of members given below:

a)	**Audit Committee**
	Mr. Shahid Sattar (Chairman, Independent Director)
	Mr. Tayyeb Afzal (Member)
	Mr. Ahmed Taimoor Nasir (Member)
b)	**HR Committee**
	Mr. Farrakh Qayyum (Chairman, Independent Director)
	Mr. Risha Mohyeddin (Member)
	Ms. Sonia Karim (Member, Independent Director)

c)	Risk Committee
	Mr. Imran Sarwar (Chairman)
	Ms. Mehreen Ahmed (Member)
	Mr. Shahid Alam Siddiqui (Member) *
d)	**Corporate Governance & Nominations Committee**
	Mr. Farrakh Qayyum (Chairman, Independent Director)
	Mr. Rehmat Ali Hasnie (Member)
	Mr. Mudassir H. Khan (Member)

Composition of the Shari'ah Board

The Company's Shariah Board comprises of two members:

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

Meetings of the Board

Below are the details of number of Board and Committee Meetings held and attended during the year 2023:

Sr. No	Name	Board Meetings		BRC Meetings		BHRC Meetings		BAC Meetings		Coporate Governance & Nominations (CGN) Meetings		Details
		(H)	(A)	(H)	(A)	(H)	(A)	(H)	(A)	(H)	(A)	
1	Rehmat Ali Hasnie	5	5							1	1	
2	Farrakh Qayyum	5	5			2	2			1	1	
3	Imran Sarwar	5	3	4	2							
4	Khurshid Zafar Qureshi	5	4	4	4							*Left BoD in Dec 2023
5	Mehreen Ahmed	5	5	4	4							
6	Mudassir H. Khan	5	5							1	1	
7	Muhammad Aslam Ghauri	5	2					5	2	1	1	*Left BoD in May 2023
8	Osman Asghar Khan	5	2					5	2			*Left BoD in May 2023
9	Ahmed Taimoor Nasir	5	3					5	3			*Joined BoD in May 2023
10	Risha A Mohyeddin	5	4			2	2					
11	Sonia Karim	5	5			2	2					
12	Shahid Sattar	5	2					5	2			*Joined BoD in Aug 2023
13	Tayyeb Afzal	5	5					5	5			

Meetings of the Shariah Board

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

Value of Investments in Employee Retirement Benefits Funds

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

Name of Retirement Fund	Rs. In "000"
Staff Provident Fund	56,422
Staff Gratuity Fund	29,295

Pattern of Shareholding

Sr. No	Name	No. of Shares held of PKR 10 each	% Holding	Paid up Capital Rs. In "000"
1	Ministry of Finance - Islamic Republic of Pakistan	180,000,000	28.86%	1,800,000,000
2	National Bank of Pakistan	90,000,000	14.43%	900,000,000
3	Habib Bank Limited	75,000,000	12.02%	750,000,000
4	United Bank Limited	75,000,000	12.02%	750,000,000
5	International Finance Corporation	75,000,000	12.02%	750,000,000
6	Askari Bank Limited	45,000,000	7.21%	450,000,000
7	Bank Alfalah Limited	45,000,000	7.21%	450,000,000
8	Allied Bank Limited	30,000,000	4.81%	300,000,000
9	Bank Al Habib Limited	7,500,000	1.21%	75,00,000
10	House Building Finance Company Limited	1,001,250	0.16%	10,012,500
11	Bank Makramah Limited (Formerly Summit Bank Limited)	274,500	0.04%	2,745,000
12	Directors / Individual	150	0.00%	1,500
		623,775,900	100.00%	6,237,759,000

Auditors

The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants, retired and being eligible offer themselves for re-appointment in the forthcoming Annual General Meeting. Accordingly, on the recommendation of the Board Audit Committee, the Board of Directors recommends to the shareholders to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as the statutory auditors of the company for the year ending December 31, 2024 at a fee of Rs. 2,500,000/- for statutory assignments excluding out-of-pocket expenses and taxes to be paid at actuals.

Appreciation and Acknowledgement

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

For and on behalf of the Board of Directors.

Rehmat Ali Hasnie
Chairman

Mudassir H. Khan
Managing Director /
Chief Executive Officer

Date: March 05, 2024

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے، ہمیں 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے پاکستان مارگیج ری فنانس کمپنی لمیٹڈ (PMRC یا کمپنی) کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

میکرو اکنامک جائزہ

2023 کے دوران، پاکستان کی حقیقی جی ڈی پی نے 0.29 فیصد کی معمولی شرح نمو حاصل کی، جس اسباب میں غیر معمولی مسائل بشمول میکرو اکنامک عدم توازن، رسد کی غیر یقینی، اور عالمی 2023 اقتصادی سست روی شامل ہیں، جس نے اقتصادی ترقی میں نمایاں رکاوٹ ڈالی۔ قدرتی آفات سے معیشت مزید متاثر ہوئی، خاص طور پر 2023 کی پہلی سہ ماہی میں سیلاب، جس کی وجہ سے زرعی اراضیاں بڑے پیمانے پر ڈوب گئیں اور گھریلو اشیاء کی فراہمی کو متاثر کیا۔ نتیجتاً، زرعی شعبہ، جس میں 2022 میں 4.4 فیصد اضافہ ہوا تھا، 2023 میں اس کی شرح نمو کم ہوکر 1.55 فیصد رہ گئی۔ اسی طرح صنعتی شعبے کو کافی مسائل کا سامنا کرنا پڑا، اسی مالی سال کے دوران 2.94 فیصد کی منفی شرح نمو ریکارڈ کی گئی۔ یہ اعداد و شمار 2023 میں پاکستان کی معیشت کو درپیش زبردست رکاوٹوں کی نشاندہی کرتے ہیں، خاص طور پر زراعت اور صنعت جیسے اہم شعبوں میں۔

ہاؤسنگ اورتعمیرات کے شعبہ میں معمولی شرح نمو کا مشاہدہ نظر آیا، جون 2023 کو ختم ہونے والے مالی سال میں 1.33 فیصد اضافہ ہوا، کیونکہ بلند شرح سود اور ایک مسائل میں گھری معاشی حالت نے بینکوں کو اپنے قرض دینے والے مالیاتی اثاثوں کو بڑھانے سے روک دیا۔ ہاؤسنگ اورتعمیرات کی مد میں جاری بقایا رقم جون 2023 کے آخر تک بڑھ کر 456.8 ارب روپے ہوگئی، جبکہ یہی رقم ایک سال پہلے 450.8 ارب تھی۔ تاہم، بڑھتی ہوئی شرح سود اور سخت معاشی ماحول نے مالی سال 2023-24 میں سست اقتصادی ترقی اور ہاؤسنگ فنانس کی ترقی کو محدود رکھنے میں اہم کردار ادا کیا۔

جون اور اکتوبر 2023 کے درمیان پاکستان کی اقتصادی سرگرمیوں میں 3.2 فیصد اضافہ ہوا، کیونکہ سپلائی میں رکاوٹیں کم کی گئیں۔ توقع ہے کہ اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے مارچ 2024 سے زری پالیسی کی شرح کو کنٹرول شدہ افراط زر کی وجہ سے معقول بنایا جائے گا۔ تاہم، چیلنجز جیسے کہ زیادہ ٹیکس، توانائی کے اخراجات، قرض کی فراہمی، اور IMF کی امداد میں ممکنہ رکاوٹیں پیش رفت کو متاثر کر سکتی ہیں۔

عالمی اثرات کی وجہ سے 2023 کے دوران CPI افراط زر میں تیزی سے اضافہ ہوا، جو 2022 میں 12.15 فیصد کے مقابلے میں 29.18 فیصد تک پہنچ گیا۔ مرکزی بینک نے جون 2023 کے بعد سے 22 فیصد کی ریکارڈ بلند پالیسی کی شرح کو برقرار رکھا۔ دسمبر 2023 میں، CPI افراط زر نومبر کے مقابلے میں 29.20 سے بڑھ کر 29.7 فیصد ہو گیا۔ 2024 میں مہنگائی کا دباؤ جاری رہنے کا امکان ہے، بجلی کے شعبے میں ٹیرف میں اضافے کے ساتھ ساتھ حکومت پاکستان (GoP) کی طرف سے مختلف شعبوں کو فراہم کی جانے والی سبسڈی واپس لے لی جائے گی۔

2024 کے آغاز میں پاکستان کے لیے ایک بڑی بہتری دکھائی دی کہ گزشتہ مالی سال کی اسی مدت کے مقابلے میں جولائی 2023 سے تجارتی خسارے میں 34.29 فیصد کی نمایاں کمی ہے۔ خاص طور پر، جولائی تا دسمبر 2023 کے دوران چین کو پاکستان کی برآمدات 66.4 فیصد بڑھ کر 1.546 بلین امریکی ڈالر تک پہنچ گئیں۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) نے ریکارڈ وصولیاں کی جو کہ 2023 کے پہلے چھ ماہ میں 3.43 کھرب کے مقابلے میں 2023 کے آخری چھ ماہ میں ایک کھرب سے زائد کے اضافے کے ساتھ 4.468 کھرب روپے ہے۔ پاکستان نے کرنٹ اکاؤنٹ میں 397 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا، جس کی بڑی وجہ درآمدات میں کمی اور برآمدات میں اضافہ ہے۔ 2024 کے پہلے چھ ماہ میں ملازمین کی ترسیلات زر 14.42 ارب امریکی ڈالر کے مقابلے میں مجموعی طور پر 13.44 ارب امریکی ڈالر ریکارڈ کی گئیں، جو کہ سال بہ سال 6.82 فیصد کی کمی کو ظاہر کرتی ہیں۔

پاکستان کو 2024 میں محدود ذخائر کے ساتھ 24.7 ارب امریکی ڈالر کے قرضوں کی ادائیگی کا اہم چیلنج درپیش ہے۔ اس صورتحال سے نمٹنے کے لیے، پاکستان کو قرضوں کی ادائیگی کے لیے دوست ممالک کے ساتھ بات چیت کرنے کی ضرورت پڑ سکتی ہے۔ مزید برآں، پاکستان کو آئی ایم ایف کے ساتھ ایک نیا معاہدہ کرنا پڑ سکتا ہے، جس سے افراط زر کے دباؤ کے مزید جاری رہنے کے خدشات پیدا ہو سکتے ہیں۔

مالیاتی کارکردگی

پی ایم آر سی نے مالی سال 2023میں متاثر کن نتائج دیے اور کل اثاثے 2022 کے مقابلے میں 55.55 ارب روپے سے بڑھ کر اس سال 60.56 ارب روپے ہوگئے ۔ اور ساتھ ہی خالص ایڈوانس پورٹ فولیو 33.66 ارب روپے سے بڑھ کر 34.40 ارب روپے ہو گیا۔ اثاثوں میں قابل قدر اضافے کی وجہ سے ٹیکس ادائیگی کے بعد کے منافع میں گزشتہ سال کے مقابلے خاطر خواہ اضافہ دیکھنے کو ملا جو کہ گزشتہ سال کے 1.58 ارب روپے سے بڑھ کر 2.56 ارب روپے ہوا، نتیجتاً، سال 2023 کے لیے فی شیئر آمدنی (EPS) 2.53 روپے فی شیئر کے مقابلے میں بڑھ کر 4.10 فی شیئر ہو گئی ۔

مالیاتی جھلکیاں	2022	2023
	Rs. In “000”	
مالی حالت		
شیئر ہولڈرز کے حصص -اثاثوں کی از سرنو تخمینے کو چھوڑ کر	9,193,900	11,284,577
مجموعی اثاثہ جات	55,553,941	60,559,058
ذیلی قرضہ جات	7,050,716	6,818,042
مخصوص مدتی سرمایہ کاری کے سرٹیفکیٹس-صکوک	22,800,000	22,800,000
قرضہ جات	16,140,150	18,849,392
ایڈوانسز	33,662,362	34,401,920
سرمایہ کاری	20,564,969	13,804,680
مجموعی ادائیگیاں	43,150,000	52,017,000
مالی کارکردگیاتی		
خالص مارک اپ—منافع—سودی آمدن	2,117,166	3,427,106
ٹیکس ادائیگی کے بعد منافع	1,579,217	2,558,698
تناسب		
فی حصص آمدن	2.53	4.10

ریزرو میں نقل و حرکت

تفصیلات	2022	2023
	Rs. In “000”	
ابتدائی حساب	**7,367,199**	**8,744,939**
غیر منقسم نفع	1,263,374	2,046,958
قانونی ریزرو میں منتقلی	315,843	511,740
حصص کا اجراء	(201,477)	95,207
دیگر مجموعی آمدن	-	(467,832)
باقی رہ جانے والا حساب	**8,744,939**	**10,931,012**

سرمائے کا تناسب اور MCR

کمپنی کا سرمایہ بینچ مارکس اور بازل کیپٹل کی کم از کم مقررہ حد سے کافی بلند رہا۔ کمپنی کا کل کیپٹل ایڈیکیسی ریشو مقررہ بنیادی حد 11.5 فیصد سے نہایت بلند یعنی 65 فیصد رہا۔ سرمائے کا معیار کمپنی کے کامن ایکویٹی ٹائر-1 (CET1) سے کل رسک ویٹڈ اثاثوں کے تناسب سے ظاہر ہوتا ہے۔ PMRC کا سرمایہ اور متعلقہ تناسب ریگولیٹری تقاضوں سے بہت بلند ہے، جو اس کی رسک کو جذب کرنے کی صلاحیت کے لئے مضبوط بنیاد فراہم کرتا ہے۔

کاروبار کا جائزہ

مشکل معاشی ماحول کے باوجود، کمپنی نے شراکت دار مالیاتی اداروں (PFIs) کے ساتھ اپنے تعاون کے ذریعے گھر کی ملکیت کے حصول کو فروغ دینے اور اس کے لئے سہولیات فراہم کرنے کے اپنے عزم کو مسلسل برقرار رکھا ہے۔ کمپنی نے سال 2023 کے دوران 8.8 ارب روپے کی رقم مہیا کرتے ہوئے ہاؤسنگ مارکیٹ میں فعال طور پر اپنا حصہ ڈالااور لوگوں کو اپنے گھروں کے حصول کا خواب پورا کرنے میں مدد فراہم کی۔ مزید برآں، کمپنی مندرجہ ذیل اقدامات پر سرگرمی سے کام کر رہی ہے جو پاکستان میں ہاؤسنگ مارکیٹ کو فروغ دینے کے لیے موزوں ہیں۔

ہاؤسنگ مارکیٹ کا جامع جائزہ

موجودہ مارکیٹ کے منظر نامے کی مکمل تفہیم حاصل کرنے کے لیے، PMRC نے ہاؤسنگ مارکیٹ کا ایک جامع مطالعہ شروع کیا۔ اس مطالعے سے متوقع بصیرتیں نہ صرف ہماری سٹریٹجک فیصلہ سازی کی رہنمائی کریں گی بلکہ ہماری مصنوعات اور خدمات کی تشکیل میں بھی اہم کردار ادا کریں گی تاکہ ہمارے صارفین کی ابھرتی ہوئی ضروریات کے ساتھ ہم آہنگ ہو سکیں۔ یہ اقدام ہمارے لیے صنعتی رجحانات سے آگے بڑھنے، اختراع کو فروغ دینے، اور ایک ایسے ابھرتے ہوئے شعبے میں اپنی پوزیشن کو مستحکم کرنے کے ایک موقع کی نمائندگی کرتا ہے جو چستی اور موافقت دونوں کا تقاضا کرتا ہے۔

رسک شیئرنگ کی سہولت

PMRC کریڈٹ گارنٹی ٹرسٹ کے ٹرسٹی کے طور پر کام کرتا رہا۔ رواں سال کے دوران، ٹرسٹ کے تحت ایک دوسری سکیم کامیابی سے چلائی گئی، جس نے پہلی سکیم میں 40 فیصد کے مقابلے 60 فیصد تک توسیعی کوریج فراہم کی۔ حکومت پاکستان نے اس میں سرمایہ کاری کرتے ہوئے رواں سال کے دوران پہلی قسط کے طور پر 7ارب روپے، اور مختلف مالیاتی اداروں کو اپنا پورٹفولیو بہتر بنانے کے لئے مرکزی بینک کی میرا پاکستان میرا گھر اسکیم کے تحت اضافی ضمانتیں جاری کی گئیں۔

ملکیتی حصول کا منصوبہ

PMRC نے پاکستان کی نجکاری کمیشن (PC) کی طرف سے جاری کردہ تجویز کی درخواست کے جواب میں ہاؤس بلڈنگ فنانس کمپنی لمیٹڈ (HBFC) میں شیئر ہولڈنگ کے حصول میں اصولی دلچسپی کا اظہار کیا ہے۔ PMRC واحد کمپنی ہے جسے مرکزی بینک اور نجکاری کمیشن نے منتخب کیا ہے۔ اس کے بعد، نجکاری کمیشن نے کابینہ کمیٹی برائے نجکاری (CCoP) کو سفارش کی کہ وہ PMRC، واحد پری کوالیفائیڈ بولی دہندہ کے ساتھ HBFC کی نجکاری کے لیے سنگل سورس/گفت و شنید لین دین پر غور کرے۔

ڈائریکٹرز کی رپورٹ کی تاریخ تک، مالی اور قانونی تدبیری عمل جاری ہے۔ بورڈ نے مینجمنٹ کو نجکاری کمیشن کی جانب سے حصص کی خریداری کا معاہدہ موصول ہونے کی صورت میں گفت و شنید کرنے کا اختیار دیا ہے، جو ریگولیٹرز، دیگر اسٹیک ہولڈرز جیسے کہ انٹرنیشنل فنانس کارپوریشن (IFC) اور بورڈ کی منظوری سے مشروط ہے۔

اعزازات

- PMRC نے 2023 میں ہیبی ٹیٹ فار ہیومینیٹی ایشیا-پیسفک کے زیر اہتمام منعقد ہونے والی نویں ایشیا-پیسفک ہاؤسنگ فورم (APHF) میں انوویشن ایوارڈز میں ایک 'Honorable Mention' کا اعزاز حاصل کیا جس سے پاکستان میں ہاؤسنگ فنانس کو قابل رسائی بنانے کے PMRC کے عزم کو مستحکم ہونے کا اظہار ہوا۔
- PMRC کی شاندار شراکت کو تسلیم کرتے ہوئے، ایک باوقار ادارے ایشین سیکنڈری مارگیج مارکیٹ ایسوی ایشن (اے ایس ایم ایم اے) نے پی ایم آر سی کو اپنی چیئرمین شپ عطا کی۔ مسٹر مدثر خان، مینیجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر، کو اس کا چیئرمین مقرر کیا گیا، جو کہ ایک اہم سنگ میل ہے، خاص طور پر اس لئے بھی کہ PMRC نے صرف پانچ سال قبل ہی اپنے کاروباری آپریشنز کا آغاز کیا تھا۔
- PMRC نے انٹرنیشنل سیکنڈری مورڈگیج مارکیٹ ایسوی ایشن (ISMMA) میں اپنی رکنیت کی بھی تصدیق کی، جو کہ پہلی عالمی ایسوی ایشن ہے جس نے سیکنڈری مورڈگیج مارکیٹ کے اداروں کو وکالت، ریگولیٹری مسائل، معلومات کے تبادلے، اور اس میں نئے قائم ہونے والے اداروں کو مدد فراہم کرنے پر توجہ مرکوز کرنے کے لیے ایک ماحول مہیا کیا ہے۔

مستقبل کا آوٹ لک

ہم توقع کرتے ہیں کہ 2024 کے بقیہ عرصے میں ملک میں افراط زر 24-28 فیصد کی اوسط حد کے اندر رکھنا ایک چیلنج رہے گا، جس کی بنیادی وجہ اجناس کی قیمتوں میں اضافہ، کرنسی کی قدر میں کمی، اور یوٹیلیٹی قیمتوں میں ایڈجسٹمنٹ ہے۔ مالیاتی سختی برقرار رہے گی کیونکہ نیا آئی ایم ایف پروگرام پالیسی سازوں کو توانائی کے شعبے میں ٹیرف کے اضافے کے ساتھ ٹیکس وصولی کی کوششوں میں تیزی پر زور دیے رکھے گا ۔ ان عوامل کو مدنظر رکھتے ہوئے، SBP اپنی موجودہ مالیاتی پالیسی کے سخت موقف کو برقرار رکھنے کا انتخاب کر سکتا ہے، جس کے نتیجے میں ممکنہ طور پر جون 2024 کو ختم ہونے والے مالی سال کے لیے پالیسی ریٹ میں کوئی تبدیلی نہیں کی جائے گی۔ بہر حال کچھ ماہرین معیشت 100 سے 200 بیسز پوائنٹس کے درمیان شرح میں کمی کی توقع رکھتے ہیں۔

اہم چیلنجز کا سامنا کرنے کے باوجود، پاکستان کے لیے مجموعی اقتصادی ڈھانچہ امید افزا ہے۔ اس امید کی بنیادی وجوہات میں ، مہنگائی کے کم ہوتے دباؤ، زراعت میں مثبت امکانات، اور صنعتی شعبے میں ممکنہ بحالی کے آثار، جیسا کہ مثالی اشاریوں اور درآمدات میں مثبت رجحانات ہیں ۔ مالی سال 2024 کی پہلی سہ ماہی میں، 2.13 فیصد کی نمو دیکھی گئی، جو زیادہ تر زراعت اور صنعت کے شعبوں سے چلتی ہے۔

مزید برآں، جڑواں خسارہ نیچے کی طرف ہے، جو کہ بہتر معاشی انتظام کی نشاندہی کرتا ہے جس کا مقصد میکرو اکنامک عدم توازن کو کم کرنا ہے۔ یہ پیش رفت اعلیٰ اور پائیدار اقتصادی ترقی کی جانب پیش قدمی کی بنیاد رکھتی ہے۔ امید ہے کہ یہ مثبت رفتار آنے والے مہینوں میں تیز تر ہوتی رہے گی۔

PMRC آئندہ سال کے لیے محتاط طور پر پرامید نقطہ نظر کو برقرار رکھے گا۔ کمپنی کی کوششوں کا رخ اختراعی مصنوعات تیار کرنے کی طرف ہو گا تاکہ لچک کو یقینی بنایا جا سکے اور قومی معیشت میں قابل قدر حصہ ڈالا جا سکے۔

ہمارے لوگ

PMRC ملازمین کو قابل قدر مصروفیت اور ایک ایسا کلچر فراہم کرتا ہے جو اپنی ٹیم کو ان کی پوری صلاحیت سے فائدہ اٹھاتے ہوئے اور راستے میں مضبوط تعلقات استوار کرتے ہوئے اپنے وقت کا بہترین استعمال کرنے کی ترغیب دیتا ہے۔PMRC خاص کر کے اپنی ٹیم کی پیشہ ورانہ صلاحیتوں کو بہتر بنانے، ان کی فلاح و بہبود کو بہتر بنانے، اور ایک حقیقی طور پر سازگار ماحول فراہم کرنے میں زیادہ سرمایہ کاری کرتا ہے ۔ اس میں تربیت کی ضروریات کی نشاندہی کرنا، تربیتی پروگراموں کی ڈیزائننگ اور فراہمی، اور تربیت کی تاثیر کا جائزہ لینا شامل ہے۔ عملے کو مارکیٹ کے طریقوں سے باخبر رکھنے اور ان کی مہارتوں کو بڑھانے کے لیے 2023 کے دوران اعلیٰ معیار کی ملکی اور بعض صورتوں میں غیر ملکی تربیت بھی فراہم کی گئی۔

PMRC نے "انٹرن شپ ٹو جاب" پروگرام متعارف کرایا جس کے ذریعے انٹرنیز کو پیشہ ورانہ ماحول میں تربیت دی گئی اور بعد میں PMRC میں ملازمتیں بھی مہیا کی گئیں۔ کمپنی ملازمین کے باہم بہتر تعلقات کا انتظام کرتی ہے اور کام کا مثبت ماحول برقرار رکھتی ہے۔

اس بات کو یقینی بناتے ہوئے کہ کلیدی عہدیدار اپنے فوری ماتحتوں کو ضرورت پڑنے پر سینئر کردار ادا کرنے کے لیے تیار کریں، ادارے کے امور کی ہموار انجام دہی کے لیے PMRC میں جانشینی کی منصوبہ بندی کا ایک بہتر پروگرام موجود ہے۔

کمپنی ملازمت میں مساوی مواقع اور منصفانہ سلوک فراہم کرنے کے لیے پرعزم ہے اور کسی بھی بنیاد پر اپنی بھرتی یا ملازمت کے طریقوں میں غیر قانونی امتیاز کو قبول نہیں کرتی ہے، بشمول جنس، نسل، رنگ، قومیت، نسل، معذوری اور عمر کے۔

کارپوریٹ سماجی ذمہ داری

مستقل مزاجی PMRC میں ایک اہم عنصر ہے۔ ہم کاروبار کرنے اور ان طریقوں پر عمل کرنے کے لیے پرعزم ہیں جو معاشی طور پر قابل عمل، سماجی طور پر ذمہ دار، افراد کی ضروریات پر مرکوز اور ماحول دوست ہیں۔ PMRC نے NBFI's/MFI's کے لیے مختلف تربیتی سیشنز اور صلاحیت سازی کے پروگرام منعقد کیے اور سندھ پیپلز ہاؤسنگ برائے سیلاب متاثرین کو مدد فراہم کی، جو مارکیٹ کی ترقی اور سماجی ذمہ داری کے لیے ہماری وابستگی کو ظاہر کرتی ہے۔

تنوع کے بڑے حامی کے طور پر، PMRC قرض لینے والی خواتین کو ترجیح دینے پر اب پورے پورٹ فولیو کے متاثر کن 18.14 فیصد پر کھڑی ہے۔ 2023 میں، PMRC نے پاکستان کے پہلے صنفی بانڈ میں حصہ لیا، جس نے ہاؤسنگ میں خواتین کی ملکیت کے لیے اپنی حمایت پر زور دیا۔

مؤثر CSR کو یقینی بنانے کے لیے، PMRC نے صحت اور تعلیم سمیت مختلف فلاحی کاموں کے لیے 5 ملین روپے کا عطیہ دیا۔

رسک مینجمنٹ فریم ورک

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

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

ایک مضبوط اندرونی کنٹرول سسٹم کسی تنظیم کے جامع رسک مینجمنٹ فریم ورک کا کلیدی جزو ہے۔ اس میں خطرے کی تشخیص، کنٹرول کی سرگرمیاں، معلومات اور مواصلات، اور نگرانی کے طریقہ کار شامل کی مشق مکمل کر لی ہے۔ تمام اسٹیک ہولڈرز کو شامل کرکے ایک جامع خطرے کی تشخیص (RCSA) ہیں۔ کمپنی نے ممکنہ آپریشنل خطرات کی نشاندہی کرنے کے لیے رسک اینڈ کنٹرول سیلف اسیسمنٹ کی مشق کی گئی۔ شناخت شدہ خطرات کا اندازہ کمپنی پر ان کے ممکنہ اثرات کا جائزہ لینے کے لیے کیا گیا۔ اس کے بعد کنٹرولز کی مناسبیت کا اندازہ لگایا جاتا ہے تاکہ شناخت شدہ خطرات کو کم کرنے کے لیے اس طرح کے کنٹرولز کی تاثیر کا پتہ لگایا جا سکے۔

ڈیویڈنڈ اور مختصات

ڈائریکٹرز نے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط 1.50 روپے فی حصص (ڈیویڈنڈ کی ادائیگی: 37فیصد) (2022: 0.75 روپے فی شیئر) 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے، نقد منافع کی سفارش کی ہے۔ جو آئندہ منعقد ہونے والے عام اجلاس کی منظوری سے مشروط ہے۔ مزید برآں، بورڈ نے بینکنگ کمپنیز آرڈیننس، 1962 کے تقاضوں کے مطابق موجودہ سال کے منافع سے 511.74ملین روپے قانونی ریزرو میں رکھنے کی منظوری دی ہے۔

کریڈٹ ریٹنگز

PMRC کے کریڈٹ اور مارکیٹ کے ممکنہ خطرے سے تحفظ، مضبوط متوقع کیپٹلائزیشن انڈیکیٹرز، مضبوط سپانسرز، تجربہ کار اور پیشہ ورانہ انتظامی ٹیم اور بہترین رسک مینجمنٹ کنٹرولز کی بنیاد پر، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے "AAA/A-1" کی درجہ بندی تفویض کی ہے۔ (ٹرپل اے/اے-ون پلس)۔ تفویض کردہ درجہ بندی پر آؤٹ لک "مستحکم" ہے۔

اندرونی کنٹرول کا بیان

بورڈ انتظامیہ کے اندرونی کنٹرول سے متعلق بیان کی بخوشی توثیق کرتا ہے۔ اندرونی کنٹرول پر بیان سالانہ رپورٹ میں شامل ہے۔

اندرونی کنٹرول، شناخت، تشخیص اورDFI کی سرگرمیوں میں سے ہر ایک کے اندر خطرات کے انتظام سے متعلق مرکزی بینک کے راہنما خطوط پر عمل کرنے کے لیے ٹھوس کوششیں کی گئیں۔ اور طریقہ کار کی تشخیص اور تبدیلی ایک جاری عمل ہے۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز نے سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)کی جانب سے جاری کردہ کارپوریٹ گورننس کوڈ کو رضاکارانہ بنیادوں پر اپنایا ہے کیونکہ بورڈ بہترین گورننس کے طریقوں کو یقینی بنانے کے لیے پرعزم ہے۔

ڈائریکٹرز کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ :

- کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالیاتی گوشوارے، کمپنی کی انتظامی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے، سوائے اکاؤنٹنگ پالیسیوں میں تبدیلیوں کے جیسا کہ نوٹ '4' میں مالی بیانات میں بیان کیا گیا ہے۔ اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں کمپنیوں پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
- کمپنی میں اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے درست ہے اور اسے مؤثر طریقے سے لاگو کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔
- PMRC کی ایک گوئنگ کنسرن کے طور پر جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شک نہیں ہے۔

- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رحصتی نہیں ہوئی ہے سوائے ان کے جیسا کہ تعمیل کے بیان میں وضاحت کی گئی ہے۔
- منافع کی رقم روپے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 511.74 ملین روپے اسٹیٹیوٹری ریزرو میں منتقل کیے گئے ہیں۔
- موجودہ بورڈ آف ڈائریکٹرز آٹھ (8) مرد (چیف ایگزیکٹو آفس کو چھوڑ کر) اور دو (2) خواتین ارکان پر مشتمل ہے۔
- ڈائریکٹرز کے تربیتی پروگراموں کی تفصیلات کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان میں دی گئی ہیں۔
- کمپنی نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کو 2023 کے لیے اپنے بورڈ کی تشخیص کے لیے خود تشخیص کے تحت منسلک کیا جو عمل میں ہے۔

PICG نے 2022 کے لیے تشخیص بھی کی ہے، جس میں درج کمپنیوں (کارپوریٹ گورننس) کے ضوابط اور (بینکوں کے لیے) بورڈ آف ڈائریکٹرز کی کارکردگی کی تشخیص سے متعلق اسٹیٹ بینک کے رہنما اصولوں کے مطابق تین بنیادی اجزاء کا احاطہ کیا گیا ہے، جو یہ ہیں: بورڈ بحیثیت مجموعی، بورڈ کمیٹیاں اور بورڈ کے انفرادی اراکین۔ بورڈ کی خود تشخیص آن لائن پورٹل پر مبنی سوالنامے کے ذریعے کی گئی۔ پورے عمل نے موصول ہونے والے جوابات کی گمنامی کو یقینی بنایا۔ تشخیص کے عمل کی فراہمی یہ تھی

ا) بورڈ کمیٹیوں سمیت بورڈ کی تشخیص کی رپورٹ

ب) انفرادی بورڈ ممبر کی تشخیص کی رپورٹ

پ) نتائج کی رپورٹ کا تجزیہ

ڈائریکٹر شپ میں تبدیلی

جناب احمد تیمور ناصر کو جناب محمد اسلم غوری کی جگہ نان ایگزیکٹیو ڈائریکٹر مقرر کیا گیا ہے۔

مسٹر شاہد ستار نے بورڈ سے استعفیٰ دینے والے مسٹر عثمان اصغر خان کی جگہ بطور آزاد ڈائریکٹر بورڈ میں شمولیت اختیار کی۔

جناب شاہد عالم صدیقی نے بورڈ سے استعفیٰ دینے والے جناب خورشید ظفر قریشی کی جگہ بورڈ میں شمولیت اختیار کی۔

بورڈ اور بورڈ کمیٹیوں کی تشکیل

بورڈ مکمل طور پر سات غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جو شیئر ہولڈرز کے کراس سیکشن کی نمائندگی کرتے ہیں، تین آزاد ڈائریکٹرز، اور منیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر۔

چیف ایگزیکٹو آفیسر کو چھوڑ کر موجودہ بورڈ کی تشکیل حسب ذیل ہے:

	عہدہ	
i	آزاد ڈائریکٹرز	3
ii	غیر ایگزیکٹو ڈائریکٹرز	7
iii	ایگزیکٹو ڈائریکٹرز	0
iv	خاتون ڈائریکٹرز	2

بورڈ نے ذیل میں ممبران پر مشتمل کمیٹیاں تشکیل دی ہیں :

ا)	آڈٹ کمیٹی
	جناب شاہد ستار (چیئرمین، آزاد ڈائریکٹر)
	جناب طیب افضل (ممبر)
	جناب احمد تیمور ناصر (ممبر)
ب)	ہیومن ریسورس کمیٹی
	جناب فرخ قیوم (چیئرمین آزاد ڈائریکٹر)
	جناب ریشا محی الدین (ممبر)
	محترمہ سونیا کریم (رکن، آزاد ڈائریکٹر)
پ)	رسک کمیٹی
	جناب عمران سرور (چیئرمین)
	محترمہ مہرین احمد (ممبر)
	جناب شاہد عالم صدیقی (ممبر)*
ت)	کارپوریٹ گورننس اور نامزدگی کمیٹی
	جناب فرخ قیوم (چیئرمین آزاد ڈائریکٹر)
	جناب رحمت علی حسنی (ممبر)
	جناب مدثر ایچ خان (ممبر)

شریعہ بورڈ کی تشکیل

کمپنی کا شریعہ بورڈ دو ارکان پر مشتمل ہے :

سیریل نمبر	نام	عہدہ
1	مفتی احسان وقار	چیئرمین شریعہ بورڈ
2	ڈاکٹر مفتی محمد یونس علی	ریذیڈنٹ شریعہ بورڈ ممبر

بورڈ کے اجلاس

ذیل میں سال 2023 کے دوران منعقدہ اور شرکت کرنے والے بورڈ اور کمیٹی کے اجلاسوں کی تعداد کی تفصیلات ہیں :

سیریل نمبر	نام	بورڈ میٹنگز		بی آر سی (BRC) میٹنگز		بی ایچ آر سی (BHRC) میٹنگز		بی اے سی (BAC) میٹنگز		کارپوریٹ گورننس اینڈ نومینشن میٹنگز		تفصیلات
		اجلاس کی تعداد	حاضری	اجلاس کی تعداد	حاضری	اجلاس کی تعداد	حاضری	اجلاس کی تعداد	حاضری	اجلاس کی تعداد	حاضری	
١	رحمت علی حسینی	5	5							1	1	
٢	فرخ قیوم	5	5			2	2			1	1	
٣	عمران سرور	5	3	4	2							
٤	خورشید ظفر قریشی	5	4	4	4							- دسمبر 2023 میں BOD کو چھوڑا
٥	مہرین احمد	5	5	4	4							
٦	مدثر ایچ خان	5	5							1	1	
٧	محمد اسلم غوری	5	2					5	2	1	1	- مئی 2023 میں BOD کو چھوڑا
٨	عثمان اصغر خان	5	2					5	2			- مئی 2023 میں BOD کو چھوڑا
٩	احمد تیمور ناصر	5	3					5	3			- مئی 2023 میں BOD میں شامل ہوئے
١٠	رشا اے محی الدین	5	4			2	2					
١١	سونیا کریم	5	5			2	2					
١٢	شاہد ستار	5	2					5	2			- اگست 2023 میں BOD میں شامل ہوئے
١٣	طیب افضل	5	5					5	5			

شریعہ بورڈ کے اجلاس

سیریل نمبر	نام	منعقد	شرکت کی
١	مفتی احسان وقار	4	4
٢	ڈاکٹر مفتی محمد یونس علی	4	4

ملازمین کی ریٹائرمنٹ فوائد فنڈز میں سرمایہ کاری کی قدر

نیچے دی گئی جدول 31 دسمبر 2022 کو ان کے آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر کمپنی کے ذریعہ رکھے گئے پراویڈنٹ اور گریجویٹی فنڈز کے خالص اثاثوں کو دکھاتا ہے۔

ریٹائرمنٹ فنڈ کا نام	روپے "000" میں
اسٹاف پراویڈنٹ فنڈ	56,422
اسٹاف گریجویٹی فنڈ	29,295

شیئر ہولڈنگ کا نمونہ

سیریل نمبر	نام	حصص کی تعداد ہر حصہ کی قیمت دس روپے ہے	% ہولڈنگ	پاکستانی روپے
١	وزارت خزانہ - اسلامی جمہوریہ پاکستان	180,000,000	28.86%	1,800,000,000
٢	نیشنل بینک آف پاکستان	90,000,000	14.43%	900,000,000
٣	حبیب بینک لمیٹڈ	75,000,000	12.02%	750,000,000
٤	یونائیٹڈ بینک لمیٹڈ	75,000,000	12.02%	750,000,000
٥	انٹرنیشنل فنانس کارپوریشن	75,000,000	12.02%	750,000,000
٦	عسکری بینک لمیٹڈ	45,000,000	7.21%	450,000,000
٧	بینک الفلاح لمیٹڈ	45,000,000	7.21%	450,000,000
٨	الائیڈ بینک لمیٹڈ	30,000,000	4.82%	300,000,000
٩	بینک الحبیب لمیٹڈ	7,500,000	1.21%	75,000,000
١٠	ہاؤس بلڈنگ فنانس کمپنی لمیٹڈ	1,001,250	0.16%	10,012,500
١١	بینک مکرمہ لمیٹڈ سابقہ سمٹ بینک لمیٹڈ	274,500	0.04%	2,745,000
١٢	ڈائریکٹرز/انفرادی	150	0.00%	1,500
		623,775,900	100.00%	6,237,759,000

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل ہونے کی وجہ سے آئندہ سالانہ جنرل میٹنگ میں دوبارہ تقرری کی پیشکش کرتے ہیں۔ اس کے مطابق، بورڈ آڈٹ کمیٹی کی سفارش پر، بورڈ آف ڈائریکٹرز شیئر ہولڈرز کو میسرز کی تقرری کی سفارش کرتا ہے۔ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر -/2,500,000روپے مع دیگر معروف اخراجات (ٹیکس اپنی اصل حیثیت میں ادا کیے جائیں گے) قانونی مقرر کئے گئے۔

تعریف اور اعتراف

بورڈ اور انتظامیہ کی جانب سے، ہم PMRC پر اعتماد کرنے کے لیے اپنے شیئر ہولڈرز ، ایس بی پی، ایس ای سی پی اور دیگر ریگولیٹری ادارے، ان کی مدد و راہنمائی اور نگرانی کااور ساتھ ساتھ ورلڈ بینک گروپ بھی شکریہ ادا کرنا چاہیں گے ۔ ہم گاہکوں کی توقعات کو پورا کرنے اور کمپنی کے اہداف اور مقاصد کے حصول کے لیے اپنے ساتھیوں کی لگن اور متعدی کے ساتھ کام کے لیے تعریف کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے۔

رحمت علی حسنی
چیئرمین

مدثر ایچ خان
مینجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر

تاریخ: 05 مارچ 2024

DIRECTOR'S PROFILE

MR. REHMAT ALI HASNIE

Chairman

Chief Executive Officer & President - NBP

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

MR. RISHA MOHYEDDIN

Director

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

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

MR. IMRAN SARWAR

Director

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

MS. MEHREEN AHMED

Director

Ms. Mehreen Ahmed currently serves as the Group Head - Retail Banking at Bank Alfalah. In this role, she is responsible for managing the Bank's Retail, Commercial, SME & Consumer businesses across the country. Her operational network comprises over 650 branches and she leads the banks sales effort for one of the widest product suites in the market. She is also managing high-impact new businesses including Wealth Management, Premier Banking and Payroll Banking alongside, Marketing, Communications and Deposit Products. She joined Bank Alfalah in 2012 as the Group Head for Consumer Business and New Initiatives.

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

MR. TAYYEB AFZAL

Director

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

Mr. Tayyeb is established and recognized in Pakistan for board level participation and contribution for leading listed and private companies, especially in the areas of leadership of audit committees, optimization of financial accounting & systems, management and governance systems, strategic planning, IPO planning, M&A, and due diligence initiatives. He possesses expertise in external and internal auditing, wholesale and corporate banking, equipment leasing and skill set of adaptability and business knowledge of different industry sectors and diverse functional roles providing the ability to quickly add value while dealing with individuals at all levels and across all disciplines. He has strong business and functional acumen to execute a wide range of delivery and solution strategies. A creative and analytical thinker who can lead and manage changing businesses. Mr. Tayyeb is a Fellow Member (FCA) of the Institute of Chartered Accountants of England & Wales (ICAEW) and Fellow Member (FCCA) of The Association of Chartered Certified Accountants of the UK having professionally worked in the U.K., Canada, Middle East (Dubai, Muscat, Kuwait and Bahrain) and Pakistan.

MR. FARRAKH QAYYUM

Independent Director

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

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

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

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

MR. MUDASSIR H. KHAN

MD / Chief Executive

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

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

MS. SONIA KARIM

Independent Director

Ms. Sonia Karim is currently working as the Chief Operating Officer of Maxim Agri (Pvt.) Ltd. She is also the founder and CEO for Zaraee - an online marketplace for agricultural inputs. Prior to this, she was heading the power division of Nishat Chunian Group as Managing Director, heading a 200 MW IPP and a 46 MW coal power plant. A senior business leader, with over 20 years of work experience in textile and energy sectors, she has worked in various roles, including marketing, sales, product development and production optimization in textiles; supply chain development, project finance, corporate finance, contract negotiation, policy making, operational optimization and performance measurement in the energy sector.

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

MR. AHMED TAIMOOR NASIR

Director

Mr. Ahmed Taimoor Nasir is a Nominee Director, representing the Ministry of Finance, Government of Pakistan on the Board of PMRC.

Presently he is serving as Joint Secretary, Internal Finance Wing, Ministry of Finance, Government of Pakistan. He is also a Nominee Director of the Ministry of Finance on the Board of Zarai Taraqiati Bank Limited.

Mr. Taimoor has over 30 years of extensive experience in public sector with the Federal and Provincial Governments as well as with international organizations.

He has previously served as Director General to the Auditor General of Pakistan, Director General of the National Socio-economic Registry at BISP and Joint Secretary in the Power Division.

Mr. Taimoor holds Masters of Sciences (M.Sc.) in Accounting & Finance from Manchester Business School, UK and Masters in Computer Sciences from Shaheed Zulfikar Ali Bhutto Institute of Science and Technology, (SZABIST) as well as Bachelor of Engineering in Civil Engineering from University of Engineering and Technology, Lahore.

MR. SHAHID SATTAR

Independent Director

Mr. Shahid Sattar is a seasoned Professional with the distinction of being one of the most successful bankers who, over the last 41 years has worked in Corporate, Institutional, Consumer and Islamic Banking with leading Multinational and Local banks, Domestically and Internationally. He has established himself as a thought leader and a change agent who has the ability to look through the wide lens and at the same time narrow down to critical issues and opportunities to deliver exceptional and sustainable results.

In his role as President and CEO of Samba Bank Limited (SBL) from August 2013 to July 2022, he has delivered record earnings in all years by building a top of class management team and focusing on key areas including, new business, operational efficiencies, technology rollout, and strong and business-savvy risk management.

Prior to joining SBL, he worked in UBL, as Head of Corporate & Cash Management and later as Head of Retail, Commercial, Consumer (including Cards, Assets, Products & Marketing). From September 2010, till December 2012, he was Heading NIB Bank Limited as Head of Retail, Commercial & Consumer. He also worked as Head of Retail & Remittance Business in Bank Al-Bilad (Islamic Bank), Saudi Arabia from November 2007 to September 2010.

He also worked in MCB Bank, from August 1998, till October 2007, holding various positions including Head of SAM, Head of Retail, Commercial & Consumer and Agriculture prior to that he worked in CITI Bank Pakistan in Corporate from 1992, till 1998. He also worked in Centralized Credit in BCCI from 1981 to 1991 serving at Cairo, London & Abu Dhabi.

Mr. Shahid's forte is formulating SBL's strategic direction including commitment to business growth and increasing revenue, controlling cost, rationalization of organizational structure, and improving service quality. SBL is now heading towards Digitalization and Automation for providing better consumer experience at their convenience.

He has held many directorships at MNET Services (Pvt.) Ltd., (ATMSWITCH), Bank AL-Bilad Investment Co., Saudi Arabia, PICIC Insurance Co., PICIC Asset Management Co., and UBL Asset Management Co., during his career. He currently holds directorship of Insta Plast (Pvt.) Ltd., National Insurance Company Ltd, NRSP, Raqmi Bank and Flow petroleum (Pvt) Ltd.

He has done Bachelor of Science (B.Sc) in Textile Engineering from the University of Engineering and Technology, Lahore and holds a Master Degree in Business Administration (MBA) in Marketing from the University of Punjab. Over the years he attended many national and international Seminars and Conferences.

MR. SHAHID ALAM SIDDIQUI

Director

Mr. Shahid Alam Siddiqui is Senior Executive Vice President and Group Head Retail Banking at Askari Bank Limited. In this role he is leading more than 500 conventional branches consisting of 08 Regions, Consumer Banking, SME & Commercial, Agriculture & Rural Business Divisions, Home Remittance Department & China Desk. He is also a member of Bank's Management Committee (MANCOM), Business Continuity Plan (BCP) Steering Committee, Credit Risk Management Committee (CRMC), Agri Credit Committee (ACC), Compliance & Control Committee of Management (CCM), Asset Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Conduct Assessment Framework (CAF) Committee and Information Technology & Security Committee.

On the educational front, Mr. Shahid Alam Siddiqui is a double Master's Degree holder in Banking, Finance & Business Management. Apart from holding Master of Business Administration degree from Pakistan, he did his M.SC from University of Gloucestershire UK.

Mr. Shahid Alam Siddiqui is a seasoned Banker having local & foreign banking experience of around 35 years. He started his professional journey in 1989, with Bank of Credit & Commerce International (BCCI) and in 1992, joined the newly established Askari Bank Limited. Having keen learning aptitude and focused approach towards professional & personal growth, he excelled in his Banking career; becoming Head of different Departments. In 2008, he enriched his work experience by joining United National Bank Ltd, UK where he was elevated to the position of Regional Business Development Manager for North West UK.

In 2011, Mr. Shahid Alam Siddiqui joined Askari Bank Limited as Head Operations and in this role, he brought about valuable transformation and revamped operational procedures to make them more effective and efficient. He then headed major Regions North-I & North - II of the Bank. Under his dynamic leadership, active engagement with customers as well as Branch teams, the Regions successfully achieved milestones. Mr. Shahid Alam Siddiqui has also held the Senior Management positions of Country Head Consumer Banking Division, Country Head Institutional Sales Division and Group Head Islamic Banking Division.

The diversity of business segments successfully headed throughout the years have provided a comprehensive and well augmented experience portfolio that Mr. Shahid Alam Siddiqui has successfully employed towards achievement of the Strategic Directives of the Bank. His core competencies include result oriented focused approach, well-honed business insight, capitalization of key business avenues to boost Bank's revenues and bringing about technology-based solutions to improve operational efficiencies.

SHARIAH BOARD MEMBER

MUFTI EHSAN WAQUAR

Chairman Shari'ah Board of PMRC

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

Alhamdulillah, he exclusively serves Islamic Financial Industry with institutions like World Bank-IFC, National Bank of Pakistan, ABL, Soneri Bank, NAFA, Askari General Insurance Company Takaful Window (AGICO), Emirates Global Islamic Bank, Al Baraka Bank Pakistan, UBL, Yasaar Ltd.-UAE & UK, Minhaj Advisory-UAE, Arif Habib for more than a decade now. He also serves as Member Shariah Advisory Committee (SAC) at Security Exchange Commission of Pakistan (SECP). He has structured several Sukuk including the largest Sukuk in Pakistan; a hundred billion Sukuk for Neelum Jhelum Hydro Power, Fatima Fertilizer, Fauji Fertilizer, Sitara Energy, Sitara Peroxide and IBL. He also served as member of the Technical Committee for Developing Accounting & Auditing Standard for Islamic Financial Institution at Institute of Chartered Accountants of Pakistan (ICAP). As member of SAF at State Bank of Pakistan (SBP), he worked actively with SBP in matters pertaining to Islamic Banks including drafting of Shariah Standard on Shirkat-ul-Milk usually used for Housing Finance, Tawarruq, Commodity Murabahah, Treasury, Trade Finance and Agricultural Financing Products. At ESAAC (Ehsan Shariah Advisors and Consultants Private Limited), where he is the Chief Executive Officer and has the privilege to work on a project of World Bank-IFC for developing Islamic Re-Mortgage Finance. He has also worked with SECP team on Takaful Rules 2012 with its insurance division.

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

DR. MUFTI MUHAMMAD YUNAS ALI

Resident Shari'ah Board Member & Head Shari'ah Compliance

Dr. Mufti Muhammad Yunas Ali is a seasoned Shari'ah Scholar in the Islamic Banking & Finance industry. He joined Pakistan Mortgage Refinance Company Limited (PMRC) in 2018 and currently serves as Resident Shari'ah Board (RSBM) and Head Shari'ah Compliance (HSCD). He has over 19 years of banking and non-banking experience particularly in the field of Research and Ifta (fatwa writing) wherein, he has written various Books and research papers (in HEC approved and international journals). Recently, the Book is written by him on Elimination of Riba in the light of Verdict announced by Federal Shari'at Court of Pakistan on April 28, 2022.

The book is titled by "فیڈرل شریعت کورٹ کے فیصلے کی روشنی میں حرمت سود، حکمت عملی، ضروری اقدامات اور ہماری ذمہ داریاں". This book was the first of its kind on the above-mentioned verdict. He also conducts courses and sessions on Islamic Banking and Finance, Takaful and Shariah Non-compliance Risk Management in renowned Universities and Institutions like UOK, NIBAF, SZIC, ICAP, Daar-ul-Uloom Naeemia, Karachi, Daar-ul-Uloom Memon and Saylani Business & Islamic leadership School. He holds a PHD degree in Islamic Banking & Finance from University of Karachi, Pakistan. He already possesses a Master's degree in Islamic Banking & Finance from Sheikh Zayed Islamic Centre, University of Karachi. He has completed Takhassus-fil-Fiqh wal-Ifta (Specialization in Islamic Jurisprudence and Fatwa Writing) and completed Al-Shahadul Aalamiyyah (Equivalent to Masters in Arabic and Islamic Sciences) from Tanzeem-ul-Madaris Ahle-Sunnat Pakistan and got 3rd. position in all Pakistan. He is also serving as a Shari'ah Board Member of Salaam Takaful Limited and visiting lecturer in Al. Manaar Islamic Research Centre and in School of Islamic Economics, Finance and Banking at Jamiah Dar-ul-Uloom Memon, MA Jinnah Road, Karachi, Pakistan.

OUR TEAM

MANAGEMENT COMMITTEE

Standing Left to Right

Naved Hanif – Company Secretary
Farrukh Zaheer – Head Treasury & FIs
Mehmood Uzair - Head Risk

Sitting Left to Right

Syed Zafar Alam Tirmizi - Head Business & Products
Iffat Hina – Head HR & Admin
Mudassir H. Khan – Managing Director & CEO
Omair Yousuf Farooqi – CFO & Group Head Operations

EXTENDED LEADERSHIP TEAM

Standing Left to Right

Jamil Akhtar - Head Products
Zahid Hussain Gokal – Head Compliance
Muhammad Zafar Abbas – Head CAD/Operations
Naved Hanif – Company Secretary
Farrukh Zaheer – Head Treasury & FIs
Mehmood Uzair - Head Risk
Badar Munir – Head IT
Hasan Junaid Nasir – Head Islamic Business

Sitting Left to Right

Waseem Ahmed Hashmi – Head Internal Audit
Syed Zafar Alam Tirmizi - Head Business & Products
Iffat Hina – Head HR & Admin
Mudassir H. Khan – Managing Director & CEO
Omair Yousuf Farooqi – CFO & Group Head Operations
Farheen Amjad – Head FInance

EMPLOYEE ENGAGEMENT

Independence Day Celebration '23

At PMRC, Independence Day was celebrated with great enthusiasm and patriotism. To commemorate this important day, special celebrations were organized filled with patriotism, and a sense of pride for our beloved country. It was a resounding success, fostering a sense of national pride, unity, and camaraderie among employees. Celebrating country's independence together was a reminder of the values we share and the gratitude we have for the opportunities and freedom we enjoy as Pakistanis.

In-house training session for our Employees and newly joined batch of Interns 2023

Pakistan Mortgage Refinance Company hosted a successful in-house training session for our Employees and newly joined batch of Interns 2023 on the "Staff Capacity Building for Business and Product". This training session provides an understanding of the primary goals and objectives, roles, products, operations, mission, and vision and how it promotes their services in Today's world market and valuable knowledge about the progressive or enlightened journey of PMRC. This session was successfully led by Jamil Akhtar, welcomed the new beginners and encouraged them to get ready to embark on a transformative learning experience in their belonging departments.

A Mango Mania Brunch, a fun-filled event was arranged for all employees at PMRC

A Mango Mania Brunch, a fun-filled event was arranged for all employees at PMRC. Employees had a delightful experience as they indulged in a variety of mouthwatering mango delicacies and refreshing summer beverages. From mango salads and appetizers to delicious mango desserts, the event offered an array of delectable options to satisfy the taste buds. This brunch provided an opportunity to all employees to come together, socialize, and enjoyed a relaxing time which was right after EID holidays. It also provided a chance to inspire and foster a sense of camaraderie among the team members.

HR Department organized an Eid get – together for all the employees

The HR Department recently organized an Eid get – together for all the employees. The event was held to celebrate Eid ul Fitr and to bring all the employees together to celebrate the occasion. The event was planned in the evening for a dinner and the atmosphere was lively and festive with everyone dressed up in their festive best. Delicious traditional Eid food was served with traditional sweets and delicacies for everyone to enjoy. The get together proved to be a great opportunity for employees to connect with their colleagues outside of work space and share the joy of the festive occasion which demonstrates the Company's commitment to foster cultural celebrations.

Staff Capacity Building for Business and Products training

PMRC held a Staff Capacity Building for Business and Products training conducted by Jamil Akhtar (Head of Products) for their staff to introduce and familiarize them with the company's current product line and update on the mortgage market dynamics which was later followed up by a Q&A session.

CSR ENGAGEMENT

KDSP Donation Drive

Pakistan Mortgage Refinance Company (PMRC) has generously donated to the Karachi Down Syndrome Program (KDSP), demonstrating a commitment to championing the cause of individuals facing Down Syndrome, particularly those with limited resources. KDSP, a non-profit organization, is dedicated to instilling hope in the lives of those affected by Down Syndrome, and PMRC's donation serves as a stride towards fostering positive change within this community.

Sponsors to Million Smiles Pk

PMRC has generously contributed to the Million Smiles Foundation on 10th August 2023, directed towards the education of underprivileged children. The foundation's mission is to ensure equitable access to cost-effective vocational training, eliminate gender and wealth inequalities, and attain universal access to high-quality higher education. We aspire to align with their mission by providing financial support to enhance their resources and assist in achieving their objectives.

Sponsorship to Kidney Center

PMRC being a responsible organization, under its Corporate Social Responsibility (CSR) has extended financial assistance to the Kidney Center. This assistance aims to bolster the Kidney Centre's ability to offer critical medical services and support to those in need. Through its generous donation, PMRC actively contributes to the advancement of sustainable and compassionate communities, and makes a significant impact in the lives of individuals who require financial aid.


EVENT
HIGHLIGHTS

Kenya Mortgage Refinance Company and National Treasury Team of Kenya meets with SBP Team along with PMRC

Delegates from Kenya Mortgage Refinance Company (KMRC) and National Treasury (Kenya) along with PMRC met with SBP team to understand the objective of Credit Guarantee Scheme and role it played in promotion of low-cost housing in Pakistan.

Kenya Mortgage Refinance Company and National Treasury Team of Kenya meets with Faysal Bank Team along with PMRC

Delegates from Kenya Mortgage Refinance Company (KMRC) and National Treasury (Kenya) along with PMRC met with Faysal Bank housing team for its feedback on Credit Guarantee Scheme and how the scheme played a role in taking exposure under Mera Pakistan Mera Ghar Scheme (MPMG).

Kenya Mortgage Refinance Company and National Treasury Team of Kenya meets with JS Bank Team along with PMRC

Delegates from Kenya Mortgage Refinance Company (KMRC) and National Treasury (Kenya) along with PMRC met with JS Bank housing team for its feedback on Credit Guarantee Scheme and how the scheme played a role in taking exposure under Mera Pakistan Mera Ghar Scheme (MPMG).

Delegates from Kenya Mortgage Refinance Company (KMRC) and National Treasury (Kenya) visited PMRC

Delegates from Kenya Mortgage Refinance Company (KMRC) and National Treasury (Kenya) visited PMRC on study tour to replicate Credit Guarantee Scheme to promote low-cost housing in Kenyan housing market.

Central Bank and MoF Uganda team meets Thardeep Team alongwith PMRC

Delegates from Central Bank of Uganda and MoF (Uganda) visited Thardeep with PMRC to see microfinance model and impact MFIs
creating in rural areas.

Central Bank and MoF Uganda team visits Naya Nazimabad alongwith PMRC

Delegates from Central Bank of Uganda and MoF (Uganda) visited Naya Nazimabad along with PMRC team to experience newly developed housing society.

Central Bank and MoF Uganda team meets Meezan Bank Team along with PMRC

Delegates from Central Bank of Uganda and MoF (Uganda) visited Meezan Bank consumer team with PMRC to gain insights about mortgage market and products available. They were also briefed about consumer preference towards Islamic mode of financing.

Central Bank and MoF Uganda team meets SBP Team alongwith PMRC

Delegates from Central Bank of Uganda and MoF (Uganda) met with SBP team along with PMRC team to explore and discuss regulatory challenges to setup Mortgage Refinance Company.

Central Bank and MoF Uganda team meets SECP Team alongwith PMRC

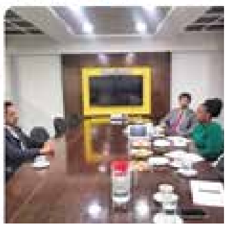
Delegates from Central Bank of Uganda and MoF (Uganda) virtual meeting with SECP team to know regulatory regime and requirements of launching housing finance companies in Pakistan.

Central Bank and MoF Uganda team meets HBFC Team along with PMRC

Delegates from Central Bank of Uganda and MoF (Uganda) meeting with HBFCL team along with PMRC team to discuss strategies for the development of housing products for low and middle income groups.

Central Bank and MoF Uganda team meets Bank Alfalah Team alongwith PMRC

Delegates from Central Bank of Uganda and MoF (Uganda) meeting Bank Alfalah with PMRC for client exposure and feedback. Housing market outlook and challenges for growth were discussed.



Fostering Collaboration between PMRC and JHF

15, December 2023, In a dynamic display of international collaboration, the Pakistan Mortgage Refinance Company (PMRC) recently engaged in a comprehensive knowledge sharing meeting with the Japan Housing Finance Agency (JHF). The gathering served as a platform for PMRC to delve into the intricacies of JHF's respective products and services, sharing detailed information and valuable insights.

During the meeting, the Japan Housing Finance Agency presented a thorough overview of their products and services offering, shedding light on innovative solutions in the housing finance sector. This exchange of information not only deepened the understanding of each other's operations but also paved the way for potential collaborations and synergies.

The discussions went beyond the surface, delving into the challenges of the housing finance landscape in both countries. The insights shared during this meeting are expected to catalyse positive changes, fostering mutual growth and innovation within the housing finance domain.

Traning by PMRC on Credit Guarantee Scheme Reporting Requirements

PMRC conducted a training session for Partner Financial Institutions on Credit Guarantee Scheme and Data Reporting Requirements.

On June 6th, 2023, PMRC hosted a successful training session for Partner Financial Institutions (PFIs) on the Credit Guarantee Scheme (CGS) and data reporting requirements. Led by Mr. Jamil Akhtar, the session covered CGS parameters, claim conditions, and quarterly data reporting. Practical issues and improvements for refinance & CGS were also discussed. The session provided valuable knowledge and actionable insights for PFIs. PMRC's commitment to collaboration and continuous improvement shines through these initiatives, benefiting the financial ecosystem.

Partner Financial Institution's Capacity Building Training by PMRC

On October 10, 2023, Pakistan Mortgage Refinance Company (PMRC) successfully hosted a training session for Capacity Building of its Partner Financial Institutions (PFI's). The training was focused on the importance of best practices for housing finance, standardization of mortgage loan documentation and implementation of E&S standards. This training session was led by Mr. Jamil Akhtar, Head of Products along with Mr. Hasan Junaid Nasir, Head of Islamic Business. The session fostered valuable insights and experiences. It covered recommended E&S guidelines in line with PMRC's E&S Policy, equipping participants with practical knowledge for effective implementation of standards, E&S practices.

MRC & Akademos Signing Ceremony

The PMRC is pleased to announce its collaboration with Akademos for the execution of a comprehensive Housing Market Survey in Pakistan. This survey is designed to offer an extensive examination of the housing sector, with the objective of gaining insights into the current housing market conditions within the country. The primary objectives of this survey include evaluating housing unit shortages, analyzing the supply and demand disparities, assessing the availability of housing stock nationwide, and examining various factors that influence these dynamics. On the 8th of September 2023, a formal signing ceremony marked the commencement of our partnership with the Akademos team. Together, we embark on a mission to conduct a detailed study that will facilitate a thorough analysis of the housing market, enabling us to develop more effective solutions to address the challenges within this sector.

World Bank and the International Finance Corporation delegations visits PMRC

A delegation from the World Bank (WB) and the International Finance Corporation (IFC) paid a visit to the PMRC for an insightful project update and a discussion on the prevailing housing market conditions.

PMRC organised a capacity building session for Financial Institutions (FIs)

On 18th May 2023, PMRC hosted a successful capacity building session for Financial Institutions (FIs) focused on the importance of Environmental and Social (E&S) standards. Led by Mr. Jamil Akhtar, Head of Products and E&S Coordinator for PMRC, the session fostered valuable insights and experiences from 13 participating FIs. It covered recommended E&S guidelines in line with PMRC's comprehensive E&S Policy, equipping FIs with practical knowledge for effective implementation of environmental and social practices.

WB & IFC visit to PMRC

February 23, 2023 World Bank (WB) and International Finance Corporation (IFC) team visited PMRC for discussion on phase II of Credit Guarantee Scheme, Housing Market outlook including need for reconstruction of houses for flood affectees.

Mudassir H. Khan (MD/CEO PMRC) attended the Global Affordable Housing Conference organized by World Bank Group

Mudassir H. Khan (MD/CEO PMRC) attended the Global Affordable Housing Conference organized by World Bank Group from May 31- June 2, 2023 at the World Bank Group Headquarters in Washington D.C. The theme of the conference was “Looking ahead: unlocking access to affordable, green and resilient housing through innovation.” The 3-day hybrid event brought together an audience of entrepreneurs, financiers, policy makers, researchers and development partners to discuss innovative ideas and cutting-edge solutions to build and finance affordable and green housing around the world.

MD/CEO PMRC at World Economic Forum 2023 Davos

Mudassir H. Khan (MD/CEO PMRC) addressing to Accelerating Investment in Pakistan forum at annual meeting of World Economic Forum (WEF) at Davos, Switzerland, held on January 19, 2023. In the event, Mr. Khan emphasized importance of a clear roadmap to achieve economic prosperity by providing favorable investment environment and opportunities to both local and foreign investors. He also highlighted the importance of minimum quality standards and environmental and social safeguards especially in the low-cost environment of resilient housing.

Asian Secondary Mortgage Market Meeting 2023, Tokyo – Japan

On December 4th, the Pakistan Mortgage Refinance Company (PMRC) participated in the annual meeting of the Asian Secondary Mortgage Market Association (ASMMA) 2023 in Tokyo, Japan. The meeting was attended by representatives from mortgage refinancing organizations in Malaysia, Korea, Indonesia, Kazakhstan, Philippines, Mongolia, Kyrgyzstan, and Uzbekistan. Mr. Mudassir H. Khan (MD/CEO) and Mr. Farrukh Zaheer (Head of Treasury & FI) represented PMRC at the annual meeting.

ASMMA is an association of secondary mortgage organizations in Asia where members are provided an opportunity to exchange information, ideas, views, experiences, and best practices in their respective countries. The Association of Asian Secondary Mortgage Organizations (ASMMA) is an informal non-profit organization open to all secondary mortgage corporations in Asia.

During the meeting, the participating companies shared their corporate structures, products, services, mortgage market overviews, and discussed issues related to green housing finance. At the end of the meeting, Mr. Mudassir H. Khan (MD/CEO) was appointed as the chairman of ASMMA for 2024.

KMRC hosted Kenya Affordable Housing Conference

On November 22nd, 2023, KMRC hosted Kenya Affordable Housing Conference, during which PMRC was honored with a special invitation to share its extensive journey and expertise in the realm of Risk Sharing Facility. While addressing the forum Mr. Jamil Akhtar – Head of Products PMRC, illuminated the transformative impact of the Credit Guarantee Scheme (CGS) on the financial landscape of housing market in Pakistan. The discourse centered around elucidating how CGS has significantly changed the financial dynamics within the housing sector, underscoring the pivotal role it played in fostering advancements within the realm of affordable housing initiatives.

PMRC held a Round Table Conference for Partner Financial Institutions (PFIs)

PMRC held a successful Round Table Conference for Partner Financial Institutions (PFIs) on June 22, 2023. The conference was attended by "Habib Bank Limited", "Bank Alfalah", "Faysal Bank", "Bank of Punjab", and "JS Bank Limited". The conference aimed to explore innovative products development for the housing finance market. PMRC's Business team presented exciting new products with great potential to enhance the housing finance sector. New products included "Reverse Mortgage" and "100% LTV Mortgage"

Round table conference'23 – Green & Climate Resilient Housing needs in Pakistan

The PMRC (Pakistan Mortgage Refinance Company) has successfully convened a prestigious round table conference on September 5th,2023 dedicated to the exploration of Sustainable, Green, and Climate Resilient Housing in Pakistan. The event drew together a diverse assembly of speakers, each representing distinct backgrounds and expertise, to offer profound insights and comprehensive knowledge on this vital subject matter.

During the conference, significant attention was directed toward several key themes, notably Sustainable Urban Development within Emerging Markets, the Social Impact and Affordability of housing projects emphasizing sustainability, as well as the crucial aspect of funding. Distinguished professionals hailing from the banking sector, Housing Finance Companies (HFCs), Microfinance institutions, and Development Financial Institutions (DFIs) actively participated in the conference. Their participation was instrumental in contributing invaluable perspectives and strategies aimed at fostering the proliferation of green housing projects in Pakistan, with a specific focus on enhancing accessibility within the market.

The following distinguished speakers joined us to enhance awareness on the subject:

1. Emma Ahmed – Altair
2. Autif Mohammad Sayyed – IFC
3. Muhammad Ejaz – Arif Habib Dolmen
4. Nabeel Siddiqui – Modulus Tech

GROWTH AT A GLANCE

Balance Sheet (Rs. In '000')	2018	2019	2020	2021	2022	2023
Investments	1,009,632	8,821,820	10,202,696	10,238,557	20,564,969	13,804,680
Advances	1,200,000	7,729,232	14,967,077	23,714,838	33,662,362	34,401,920
Total Assets	3,749,678	19,576,545	28,835,374	50,211,026	55,553,941	60,559,058
Borrowings	-	7,565,788	15,248,741	35,187,449	38,940,150	41,649,392
Share Capital	3,658,506	3,658,506	3,658,506	6,237,759	6,237,759	6,237,759
Total Equity (Excluding Revaluation of Assets)	3,713,090	4,616,028	6,055,007	7,614,561	9,193,900	11,284,577

Operating Results (Rs. In '000')						
Net Interest Income	223,605	1,192,579	1,793,691	1,438,250	2,117,166	3,427,106
Operating Expenditure	166,877	272,060	315,170	352,922	417,442	603,103
Profit After Tax	55,037	901,842	1,436,338	1,066,433	1,579,217	2,558,698

Ratios						
Return on Assets	2.17%	7.73%	5.93%	2.70%	2.99%	4.41%
Return on Equity (Excluding Revaluation of Assets)	2.94%	21.66%	26.92%	15.60%	18.79%	24.99%
Cost to Income Ratio	74.62%	22.80%	17.54%	24.49%	19.66%	17.39%
Dividend Payout Ratio	0.00%	0.00%	0.00%	*19.50%	29.62%	36.57%
Earnings Per Share	0.22	2.46	2.5	1.71	2.5	4.1

* This represents Bonus Shares issued.

Capital Adequacy						
CET1 to RWA	541.98%	203.39%	141.67%	53.10%	64.43%	72.18%
Tier 1 Capital to RWA	541.98%	203.39%	141.67%	53.10%	64.43%	72.18%
Total Capital to RWA	541.98%	206.93%	143.62%	53.10%	65.13%	73.07%

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Mortgage Refinance Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Mortgage Refinance Company Limited (the Company) for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

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A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 6, 2024
UDIN: CR2023100688v0WpREax

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>

▪KARACHI ▪LAHORE ▪ISLAMABAD

ANNUAL STATEMENT OF INTERNAL CONTROLS

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

The management has implemented a system of internal controls, approved by the Board of Directors (BoD), to ensure that an organization's financial and operational objectives are met and that no compromise is made in implementing desired procedures and maintaining a suitable control environment in general. Nonetheless, all internal control systems, no matter how well-designed, have inherent limitations and therefore can only provide reasonable but not absolute assurance regarding the effectiveness of controls and the reliability of financial reporting. PMRC's internal control structure comprises various strategies, including different levels of monitoring activities, Organizational Structure, Policies, Procedure, and other measures. PMRC's BoD, through its board-level subcommittees, has ultimate responsibility for evaluating and ensuring an adequate and effective Internal Control System exists in the company.

A Shari'ah Board (SB), established by the BoD, ensures a strong governance framework around the Company's Islamic refinance business. The Shari'ah Compliance Department works under the direct supervision of the SB to monitor Shariah Non-Compliance Risk (SNCR), including compliance with the SBP's Islamic Banking regulations, directions, and guidelines issued by the SB, Compliance with Shariah Principles. The company follows the "three lines of defense" model, with the first line comprising Business/Primary Process Owners responsible to ensure that business risks are properly identified and mitigated, while ensuring that controls are adequately designed and operating effectively. The company's control functions, the second line, are responsible for conducting end-to-end reviews of processes to identify gaps and ensure that timely remedial action is taken for rectification. The Compliance Function is responsible for managing the compliance risk by enabling the company to conform with applicable laws, regulations, guidelines, and the company's own internal policies and procedures. As a result of these efforts, SBP assigned a Low Composite Risk Rating to the company under the Risk-Based Supervisory Framework applicable to all institutions under SBP's supervisory ambit.

The Risk Management Function, part of second line of defense, is responsible for the development and implementation of the Risk Management Framework according to the company's operational complexity and risk profile to manage and monitor the risks associated with various business activities. The Credit Risk Management Committee (CRMC), chaired by the Managing Director (MD)/Chief Executive Officer (CEO), and the Board Risk Management Committee (BRMC), provide strategic guidance as per the Risk Management Framework. The Management Committee (MANCOM), chaired by the MD/CEO, monitors, reviews, and provides oversight on regulatory, risk, and control-related matters to ensure that control observations and emerging risks are highlighted appropriately. For known gaps, remediation plans are reviewed and monitored by MANCOM to ensure that these gaps are addressed timely and effectively.

Internal Audit, as the third line of defense, has full and unrestricted access to the Board Audit Committee (BAC) and provides independent assurance by conducting risk-based audits of activities and processes to evaluate the adequacy and effectiveness of the control environment. All material observations and weaknesses identified by the auditors, both internal and external, are reported to the BAC with agreed Management action plan with implementation timelines. PMRC strictly follows the SBP's instructions on Internal Controls over Financial Reporting (ICFR) and has completed SBP's stage-wise implementation roadmap. As part of this exercise, PMRC has documented a comprehensive ICFR Framework, which ensures effectiveness over internal control over financial reporting through timely review and updating of pertinent policies/procedures, establishing relevant control procedures, and testing of internal controls. PMRC's external auditors are engaged annually to provide a Long Form Report (LFR) on ICFR, which is presented to the BAC along with the progress on rectification of issues identified in the previous LFR. Based on the results achieved from the ongoing testing of internal controls, and audits conducted during the year 2023, the management considers that the PMRC's internal controls over financial reporting are sound in design and have been effectively implemented and being monitored.

PMRC's BoD endorses the management's evaluation, including the effectiveness of ICFR and efforts in the Directors' Report to have adopted above-mentioned internationally accepted standards to improve controls, processes, and to ensure effective risk management.

Head of Compliance	Head of Internal Audit	Chief Financial Officer	Managing Director / Chief Executive Officer

CODE OF CORPORATE GOVERNANCE

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

Pakistan Mortgage Refinance Company Limited (the Company) Year ended: December 31, 2023

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

For the purpose of better governance, the Board of Directors has however, adopted, the Code of Corporate Governance issued by SECP voluntarily, except for the matters as specified in the Shareholders’ Agreement dated July 2, 2020, (the Agreement), such as the appointment of directors including independent directors will be dealt in accordance with the Agreement.

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

Composition of the Board according to the Agreement

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

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

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

a	Male	8
b	Female	2

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

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

The Board has fixed the number of independent directors at Three (3) as per the aforementioned Shareholders’ Agreement.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies.

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.

6. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017, (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. During the year, the Board has arranged Directors' Training Program for following Directors and Executive.

    I. Ms. Mehreen Ahmed, Non-Executive Director
    II. Mr. Waseem Ahmed Hashmi, Head of Internal Audit

Eight (8) of the Directors on Board, including the Chief Executive Officer, and Four (4) of the Executives have already completed Directors' Training Program earlier, offered by the institutes that meet criteria specified by the Commission. One (1) Director is exempted from the directors' training program under the Code. Details of persons who have completed directors' trainings is as under:

Directors

i. Mr. Rehmat Ali Hasnie, Chairman/Non-Executive Director
ii. Mr. Risha A. Mohyeddin, Non-Executive Director
iii. Mr. Imran Sarwar, Non-Executive Director
iv. Ms. Mehreen Ahmed, Non-Executive Director
v. Mr. Tayyeb Afzal, Non-Executive Director
vi. Mr. Ahmed Taimoor Nasir, Non-Executive Director
vii. Ms. Sonia Karim, Non-Executive, Independent Director
viii. Mr. Shahid Sattar, Non-Executive, Independent Director
ix. Mr. Mudassir H. Khan, Managing Director/ Chief Executive Officer

Executives

i. Mr. Omair Yousuf Farooqi, Chief Financial Officer and Group Head Operations.
ii. Mr. Naved Hanif, Company Secretary
iii. Mr. Farrukh Zaheer, Head of Treasury & Financial Institutions
iv. Ms. Iffat Hina, Head of HR and Admin
v. Mr. Waseem Ahmed Hashmi, Head of Internal Audit

10. The Board has approved appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a	Audit Committee
	Mr. Shahid Sattar (Chairman, Independent Director)
	Mr. Tayyeb Afzal (Member)
	Mr. Ahmed Taimoor Nasir (Member)
b	HR Committee
	Mr. Farrakh Qayyum (Chairman, Independent Director)
	Mr. Risha Mohyeddin (Member)
	Ms. Sonia Karim (Member)

c	Risk Committee
	Mr. Imran Sarwar (Chairman)
	Ms. Mehreen Ahmed (Member)
	Mr. Shahid Alam Siddiqui (Member) *
d	Corporate Governance & Nominations Committee
	Mr. Farrakh Qayyum (Chairman, Independent Director)
	Mr. Rehmat Ali Hasnie (Member)
	Mr. Mudassir H. Khan (Member)

* The appointment of Mr. Shahid Alam Siddiqui was approved by the Board in their meeting held on December 13, 2023, in place of Mr. Khurshid Zafar Qureshi subject to Fit and Proper Test Clearance from the SBP. The Fit and Proper Test Clearance was received from SBP subsequently on February 13, 2024.

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

14. The frequency of meetings of the committees were as per following:

a	Audit Committee	Quarterly
b	HR Committee	Half Yearly
c	Risk Committee	Quarterly
d	Corporate Governance & Nomination Committee	At least once a year

15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

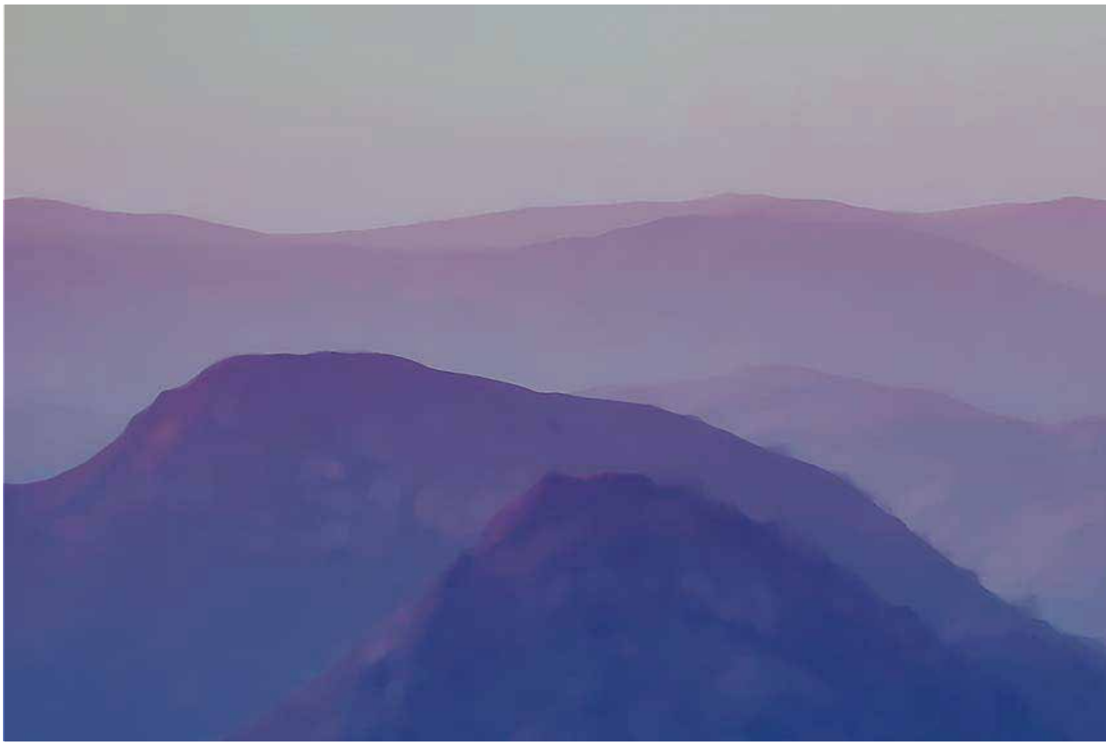
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors.

Rehmat Ali Hasnie
Chairman

Mudassir H. Khan
Managing Director / Chief Executive Officer

Dated: March 05, 2024



FINANCIALS

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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Mortgage Refinance Company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Mortgage Refinance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Afferguson&co

A. F. Ferguson & Co.
Chartered Accountants
Dated: March 6, 2024
Karachi
UDIN: AR202310068ITChgQa3m

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	**5,173**	4,588
Balances with other banks	6	**10,651,533**	221,515
Lendings to financial institutions		**-**	-
Investments	7	**13,804,680**	20,564,969
Advances	8	**34,401,920**	33,662,362
Fixed assets	9	**117,748**	146,817
Intangible assets	10	**35,705**	38,634
Deferred tax assets		**-**	-
Other assets	11	**1,542,299**	915,056
		60,559,058	55,553,941
LIABILITIES			
Bills payable		**-**	-
Borrowings	12	**41,649,392**	38,940,150
Deposits and other accounts		**-**	-
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt	13	**6,818,042**	7,050,716
Deferred tax liabilities		**-**	-
Other liabilities	14	**1,160,612**	818,136
		49,628,046	46,809,002
NET ASSETS		**10,931,012**	8,744,939
REPRESENTED BY			
Share capital	15	**6,237,759**	6,237,759
Reserves		**1,519,513**	1,007,773
Deficit on revaluation of assets	16	**(353,565)**	(448,961)
Unappropriated profit		**3,527,305**	1,948,368
		10,931,012	8,744,939
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 40 and annexure form an integral part of these financial statements.

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

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
Mark-up / return / profit / interest earned	18	**7,451,645**	5,015,891
Mark-up / return / profit / interest expensed	19	**4,024,539**	2,898,725
Net mark-up / return / profit / interest income		**3,427,106**	2,117,166
Non mark-up / interest income			
Fee and commission income	20	**33,508**	-
Dividend income		**-**	-
Foreign exchange income		**-**	-
Income / (loss) from derivatives		**-**	-
Gain on securities	21	**3,022**	4,901
Other income	22	**3,776**	1,323
Total non-markup / interest income		**40,306**	6,224
Total income		**3,467,412**	2,123,390
Non mark-up / interest expenses			
Operating expenses	23	**603,103**	417,442
Workers' Welfare Fund	24	**52,218**	32,229
Other charges		**-**	-
Total non-markup / interest expenses		**655,321**	449,671
Profit before provisions		**2,812,091**	1,673,719
Provisions and write offs - net	27	**253,393**	94,502
Extraordinary / unusal items		**-**	-
Profit before taxation		**2,558,698**	1,579,217
Taxation	25	**-**	-
Profit after taxation		**2,558,698**	1,579,217
		------------ (Rupees) ------------	
Basic and diluted earnings per share	26	**4.10**	2.53

The annexed notes 1 to 40 and annexure form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
Profit after taxation for the year		**2,558,698**	1,579,217
Other comprehensive income / (loss)			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in deficit on revaluation of investments		**95,396**	(201,599)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement (loss) / gain on defined benefit plan	30.8.2	**(189)**	122
Total comprehensive income for the year		**2,653,905**	1,377,740

The annexed notes 1 to 40 and annexure form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Statutory reserve	Deficit on revaluation of assets	Unappropriated profit	Total
			(Rupees in '000)		
Balance as at January 01, 2022	6,237,759	691,930	(247,362)	684,872	7,367,199
Total comprehensive income for the year					
Profit after taxation for the year ended December 31, 2022	-	-	-	1,579,217	1,579,217
Other comprehensive income / (loss)					
Remeasurement gain on defined benefit plan	-	-	-	122	122
Movement in deficit on revaluation of assets	-	-	(201,599)	-	(201,599)
Total comprehensive income for the year ended December 31, 2022	-	-	(201,599)	1,579,339	1,377,740
Transfer to statutory reserve	-	315,843	-	(315,843)	-
Balance as at December 31, 2022	6,237,759	1,007,773	(448,961)	1,948,368	8,744,939
Total comprehensive income for the year					
Profit after taxation for the year ended December 31, 2023	-	-	-	2,558,698	2,558,698
Other comprehensive income / (loss)					
Remeasurement loss on defined benefit plan	-	-	-	(189)	(189)
Movement in deficit on revaluation of assets	-	-	95,396	-	95,396
Total comprehensive income for the year ended December 31, 2023	-	-	95,396	2,558,509	2,653,905
Transfer to statutory reserve	-	511,740	-	(511,740)	-
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 December 31, 2023	6,237,759	1,519,513	(353,565)	3,527,305	10,931,012

The annexed notes 1 to 40 and annexure form an integral part of these financial statements.

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

CASH FLOW STATEMENT

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		**2,558,698**	1,579,217
Adjustment for:			
Depreciation	23	**49,196**	47,501
Amortisation of intangible assets	23	**7,929**	3,923
Amortisation of transaction cost		**21,865**	18,600
Provision for Workers' Welfare Fund	24	**52,218**	32,229
Gain on sale of fixed assets	22	**(3,641)**	(11)
Gain on sale of securities	21	**(3,022)**	(4,901)
Provision for defined benefit obligation	30.8.1	**14,363**	11,567
Interest expense on lease liability against right-of-use assets	19	**5,864**	7,608
Provisions and write offs - net	8.3	**253,393**	94,502
		398,165	211,018
		2,956,863	1,790,235
Increase in operating assets			
Advances		**(992,951)**	(10,042,026)
Others assets (excluding advance taxation)		**(649,066)**	(372,774)
		(1,642,017)	(10,414,800)
Increase / (decrease) in operating liabilities			
Borrowings		**2,709,242**	(2,247,299)
Other liabilities (excluding lease liability and payable to defined benefit plan)		**320,065**	197,459
		3,029,307	(2,049,840)
Contribution paid to gratuity scheme		**(22,217)**	(9,901)
Income tax paid		**(42)**	(88)
Net cash generated from / (used in) operating activities		**4,321,894**	(10,684,394)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**6,419,567**	(2,090,575)
Net investments in held-to-maturity securities		**-**	983,545
Investments in operating fixed assets		**(20,300)**	(11,414)
Investments in intangible assets		**(5,000)**	(18,914)
Proceeds from sale of fixed assets		**3,814**	179
Net cash generated from / (used in) investing activities		**6,398,081**	(1,137,179)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		**(467,832)**	-
Lease rentals paid against right-of-use assets		**(28,006)**	(26,366)
Receipts from issuance of term finance certificates		**-**	7,000,000
Payments on maturity of term finance certificates		**-**	(1,000,000)
Repayment of subordinated debt		**(232,674)**	-
Net cash (used in) / generated from financing activities		**(728,512)**	5,973,634
Net increase / (decrease) in cash and cash equivalents		**9,991,463**	(5,847,939)
Cash and cash equivalents at the beginning of the year		**9,642,183**	15,490,122
Cash and cash equivalents at the end of the year	28	**19,633,646**	9,642,183

The annexed notes 1 to 40 and annexure form an integral part of these financial statements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 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.

1.2 The Company's objectives interalia include promoting, developing and improving the housing finance market of Pakistan by providing financing 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.

1.3 The Company has been assigned a rating of 'AAA' by VIS Credit Rating Company Limited dated April 14, 2023 (2022: 'AAA' dated April 12, 2022). The rating reflects the highest possible credit quality rating with the lowest expectation of default risk.

2 BASIS OF PRESENTATION

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

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017;

- Directives issued by the 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 IFRSs, the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives shall prevail.

The SBP has deferred the applicability of 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 IFRS 7 'Financial Instruments: Disclosures', through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.2 Standards, interpretations and amendments to the accounting and reporting standards that are effective in the current year

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

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2024
- IFRS 16 - 'Sale and leaseback' (amendments)	January 1, 2024
- IAS 1 - 'Non current liabilities with covenants' (amendments)	January 1, 2024

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

The SBP vide its BPRD Circular Letter No. 7 dated April 13, 2023 notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2024 for all DFIs. SBP via the same Circular has finalised the instructions on IFRS 9 for ensuring smooth and consistent implementation of the standard in the DFIs.

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

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

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. The business model reflects how group of financial assets are managed to meet a particular business objective. Financial assets that do not meet the Solely Payments of Principal and Interest (SPPI) criteria are measured at Fair Value through Profit or Loss (FVTPL) regardless of the business model in which they are held. The Company's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, Fair Value through Other Comprehensive Income ('FVOCI') or FVTPL. The Company has analysed the impact of initial application of IFRS 9 on its financial assets as follows:

Debt securities

Debt securities currently classified as Available-for-Sale (AFS) and those pass SPPI test, are expected to be measured at fair value through Other Comprehensive Income (OCI) under IFRS 9 as the Company's business model is to hold the assets to collect contractual cash flows, but also to sell those investments. Debt securities currently classified as Held-to-Maturity (HTM) and those passes SPPI test are expected to be measured at amortised cost under IFRS 9 as the Company's business model is to hold the assets to collect contractual cash flows.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments). At initial recognition, an impairment allowance is required for Expected Credit Losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

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

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilised, stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing Prudential Regulations (PRs) requirements.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Company has performed an ECL assessment taking into account the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward-looking information.

- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Company expects to receive, including any form of collateral.

- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

a) Stage 1 - Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Company shall recognise an allowance based on the 12-month ECL.

b) Stage 2 - Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Company shall recognise an allowance for the lifetime ECL for all exposures categorised in this stage based on the actual maturity profile.

c) Stage 3 - Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Company shall recognise ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per PRs.

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

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Company's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Company for the quarter ending March 31, 2024.

Impact of adoption of IFRS 9

The Company will adopt IFRS 9 in its entirety effective January 1, 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The actual impact of adopting IFRS 9 on the Company's financial statements in the year 2024 will be dependent on the financial instruments that the Company would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Nevertheless, the Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023 and based on this assessment, the Company does not expect any material effect on the Capital Adequacy Ratio (CAR) and equity as of December 31, 2023.

2.4 Critical accounting estimates and judgments

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

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

i) classification, valuation and provisioning of investments (notes 4.3 and 7);

ii) classification and provisioning of loans and advances (notes 4.7 and 8);

iii) provision for defined benefit plan (notes 4.10 and 30);

iv) lease liability and right-of-use assets (notes 4.5.2 and 9);

v) other provisions (note 4.12); and

vi) estimation of useful lives of operating fixed assets and intangible assets (notes 4.5.1, 4.6, 9 and 10).

3 BASIS OF MEASUREMENT

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

- Obligation in respect of staff retirement benefit is carried at present value of defined benefit obligation;
- Investments classified as AFS are carried at fair value; and
- Right-of-use assets and their related lease liability are carried at present value of future lease rentals adjusted for any lease payments made at or before the commencement date of the lease.

3.1 Functional and presentation currency

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

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent balances with treasury banks, balances with other banks in current and deposit accounts and Market Treasury Bills having original maturity of three months or less.

4.2 Lendings to / borrowings from financial and other institutions

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

(a) Sale of securities under repurchase agreements

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

(b) Purchase of securities under resale agreements

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

Clean lending

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

4.3 Investments

4.3.1 Classification

The Company classifies its investment portfolio into the following categories:

Held-to-Maturity

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

Available-for-Sale

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

4.3.2 Initial recognition and measurement

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

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

4.3.3 Subsequent measurement

Held-to-Maturity

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

Available-for-Sale

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

4.3.4 Reclassification

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

4.4 Impairment

4.4.1 Impairment of investments

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

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

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

4.4.2 Impairment of non-financial assets

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

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

4.5 Fixed assets and depreciation

4.5.1 Tangible assets - owned

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repair and maintenance expenditure are charged to the profit and loss account as and when incurred. The asset, or part thereof, is derecognised when the asset is sold or written off at its carrying amount on the date of derecognition.

Gain / loss on disposal of fixed assets is recognised in the profit and loss account in the period in which disposal is made.

4.5.2 Lease liability and right-of-use assets

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

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

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

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

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

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

4.5.3 Capital work-in-progress

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

4.6 Intangible assets and amortisation

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

Subsequent costs are included in the asset’s carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

4.7 Advances

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

4.7.1 Islamic financing and related assets

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

4.8 Borrowings

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

4.9 Subordinated debt

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

4.10 Employees compensated absences

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

4.11 Staff retirement benefits

Defined benefit plan - staff gratuity fund

The Company operates a funded gratuity scheme for its employees as per the policy of the Company. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation as at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for actuarial valuations. Valuations are conducted by an independent actuary with the last valuation conducted as at December 31, 2023.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period and recognised as an expense to the profit and loss account. Past service cost is the change in the present value of defined benefit obligation resulting from a plan amendment or curtailment and is recognised as an expense in the profit and loss account when the plan amendment or curtailment occurs. Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the profit and loss account.

Defined contribution plan - staff provident fund

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

4.12 Financial instruments

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

Offsetting of financial assets and financial liabilities

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

4.13 Other provisions

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

4.14 Commitments

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

4.15 Taxation

Income tax expense comprises charge for current and prior years and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items, recognised either directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively. The Company is currently exempt from tax as disclosed in note 25 to these financial statements.

4.16 Revenue recognition

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

- Mark-up / return / interest income on advances,investments and lendings is recognised on a time proportion basis taking into account effective yield on the instruments except in case of advances and investments classified as non-performing under the SBP's PRs on which mark-up/return/profit/interest is recognised on a receipt basis.

- Fee and commission income and remuneration for trustee and advisory services are recognised as services are rendered.

- Premium or discount on debt securities is amortised using the effective interest method.

- Gains and losses on disposal of assets are recognised in the period in which these arise.

- Return on bank deposits is recognised on a time proportion basis using the effective interest method.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.18 Statutory reserve

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

4.19 Segment reporting

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

4.19.1 Business segments

Mortgage financing

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

4.19.2 Geographical segments

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

4.20 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.21 Dividend distribution

Dividends and appropriations to reserves, which are approved subsequent to the date of the statement of financial position are, except where required by law, recognised in the year in which these are approved and disclosed as a non-adjusting event after the balance sheet date.

	Note	**2023**	2022
		(Rupees in '000)	
5 CASH AND BALANCES WITH TREASURY BANKS			
With State Bank of Pakistan in:			
Local currency current account	5.1	**5,132**	4,548
With National Bank of Pakistan in:			
Local currency current account		**31**	31
Local currency deposit account	5.2	**10**	9
		41	40
		5,173	4,588

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

5.2 This represents deposit account maintained with National Bank of Pakistan. This carries mark-up at the rate of 19.00% (2022: 13.50%) per annum.

	Note	**2023**	2022
6 BALANCES WITH OTHER BANKS		(Rupees in '000)	
In Pakistan			
In current account		**3,595**	910
In deposit account	6.1 & 6.2	**10,647,938**	220,605
		10,651,533	221,515

6.1 This include deposit accounts in local currency maintained with other banks. These carry mark-up at rates ranging from 8.76% to 22.50% (2022: 11.00% to 16.00%) per annum.

6.2 This include term deposit receipt (TDR) amounting to Rs. 6,400 million (2022: Nil) and is due to mature on January 05, 2024. This carry mark-up at rate of 22.35% per annum (2022: Nil).

7 INVESTMENTS

7.1 Investments by type

	Note	2023 Cost / amortised cost	2023 Provision for diminution	2023 (Deficit) / surplus	2023 Carrying value	2022 Cost / amortised cost	2022 Provision for diminution	2022 (Deficit) / surplus	2022 Carrying value
		(Rupees in '000)							
AFS securities									
Federal government securities		13,758,485	-	(353,565)	13,404,920	20,714,050	-	(452,255)	20,261,795
Non-government debt securities		399,760	-	-	399,760	299,880	-	3,294	303,174
	7.3	14,158,245	-	(353,565)	13,804,680	21,013,930	-	(448,961)	20,564,969
Total investments		14,158,245	-	(353,565)	13,804,680	21,013,930	-	(448,961)	20,564,969

7.2 Investments by segments

	2023 Cost / amortised cost	2023 Provision for diminution	2023 (Deficit) / surplus	2023 Carrying value	2022 Cost / amortised cost	2022 Provision for diminution	2022 (Deficit) / surplus	2022 Carrying value
Federal government securities								
Market Treasury Bills	8,973,377	-	3,563	8,976,940	9,406,843	-	9,237	9,416,080
Pakistan Investment Bonds	4,785,108	-	(357,128)	4,427,980	11,307,207	-	(461,492)	10,845,715
	13,758,485	-	(353,565)	13,404,920	20,714,050	-	(452,255)	20,261,795
Non-government debt securities								
Unlisted	399,760	-	-	399,760	299,880	-	3,294	303,174
Total investments	14,158,245	-	(353,565)	13,804,680	21,013,930	-	(448,961)	20,564,969

7.3 Quality of available-for-sale securities

Details regarding quality of AFS securities are as follows:

	2023	2022
	Cost	
	(Rupees in '000)	
Federal government securities - Government guaranteed		
Market Treasury Bills	8,973,377	9,406,843
Pakistan Investment Bonds	4,785,108	11,307,207
	13,758,485	20,714,050
Non-government debt securities		
Unlisted		
- A+	299,760	299,880
- AAA	100,000	-
	399,760	299,880
	14,158,245	21,013,930

7.4 Investments given as collateral

	2023 Cost / amortised cost	2023 Deficit / (surplus)	2023 Carrying Value	2022 Cost / amortised cost	2022 Deficit	2022 Carrying Value
	(Rupees in '000)					
Pakistan Investment Bonds	1,003,469	(19,769)	983,700	5,961,204	(204,773)	5,756,431
Market Treasury Bills	7,955,380	2,556	7,957,936	-	-	-
	8,958,849	(17,213)	8,941,636	5,961,204	(204,773)	5,756,431

8 ADVANCES

	Note	Performing 2023	Performing 2022	Non-Performing 2023	Non-Performing 2022	Total 2023	Total 2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		**16,015,981**	19,556,776	**-**	-	**16,015,981**	19,556,776
Islamic financing and related assets	8.2	**18,733,834**	14,200,088	**-**	-	**18,733,834**	14,200,088
Advances - gross	8.1	**34,749,815**	33,756,864	**-**	-	**34,749,815**	33,756,864
Provision against advances							
- Specific		**-**	-	**-**	-	**-**	-
- General		**347,895**	94,502	**-**	-	**347,895**	94,502
	8.3	**347,895**	94,502	**-**	-	**347,895**	94,502
Advances - net of provision		**34,401,920**	33,662,362	**-**	-	**34,401,920**	33,662,362

8.1 Particulars of advances (gross)

	2023	2022
	(Rupees in '000)	
In local currency	**34,749,815**	33,756,864

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

8.3 Particulars of provision against advances

	2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
	(Rupees in '000)					
Opening balance	**-**	**94,502**	**94,502**	-	-	-
Charge for the year	**-**	**253,393**	**253,393**	-	94,502	94,502
Reversals during the year	**-**	**-**	**-**	-	-	-
	-	**253,393**	**253,393**	-	94,502	94,502
Amounts written off	**-**	**-**	**-**	-	-	-
Closing balance	**-**	**347,895**	**347,895**	-	94,502	94,502

8.3.1 The Company's financing activities largely belongs to the banking industry which includes Banks, DFIs, Micro finance institutions, whose financial health by and large is dependent upon the smooth and timely recovery of loans from their customer. Any adverse implication on the recovery of loans extended by financial institutions may impact the timely recovery of the Company's loans as well. Besides financing banking institutions, the Company has also initiated its financial services to Non-Banking Financial Institutions including Housing Financing Companies and Micro Finance Institutions. Generally, these institutions have low / middle income targeted borrowers who are more prone to macroeconomic challenges and may be adversely affected to fulfil their obligations. Considering the aforesaid issues, a general provision reserve of Rs. 347.895 million has been created so that any unforeseen losses can be addressed through this reserve.

8.3.2 Particulars of provision against advances

	2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
	(Rupees in '000)					
In local currency	**-**	**347,895**	**347,895**	-	94,502	94,502

9 FIXED ASSETS

	Note	2023	2022
		(Rupees in '000)	
Property and equipment	9.1	**114,427**	146,817
Capital work-in-progress	9.2	**3,321**	-
		117,748	146,817

9.1 Property and Equipment

	Note	Right-of-use asset	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
		2023					
		(Rupees in '000)					
At January 01, 2023							
Cost		**117,010**	**31,493**	**17,594**	**41,807**	**37,857**	**245,761**
Accumulated depreciation		**(48,754)**	**(9,970)**	**(5,928)**	**(23,659)**	**(10,633)**	**(98,944)**
Net book value		**68,256**	**21,523**	**11,666**	**18,148**	**27,224**	**146,817**
Year ended December 31, 2023							
Opening net book value		**68,256**	**21,523**	**11,666**	**18,148**	**27,224**	**146,817**
Additions		**-**	**-**	**-**	**9,303**	**7,676**	**16,979**
Disposals							
Cost		**-**	**-**	**-**	**(4,454)**	**(2,446)**	**(6,900)**
Accumulated depreciation		**-**	**-**	**-**	**4,281**	**2,446**	**6,727**
	9.1.1	**-**	**-**	**-**	**(173)**	**-**	**(173)**
Depreciation charge for the year	23	**(23,402)**	**(6,299)**	**(2,578)**	**(9,067)**	**(7,850)**	**(49,196)**
Closing net book value		**44,854**	**15,224**	**9,088**	**18,211**	**27,050**	**114,427**
At December 31, 2023							
Cost		**117,010**	**31,493**	**17,594**	**46,656**	**43,087**	**255,840**
Accumulated depreciation		**(72,156)**	**(16,269)**	**(8,506)**	**(28,445)**	**(16,037)**	**(141,413)**
Net book value		**44,854**	**15,224**	**9,088**	**18,211**	**27,050**	**114,427**
Rate of depreciation (% per annum)		**20%**	**20%**	**10% - 20%**	**20% - 50%**	**20%**	

	Note	Right-of-use asset	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
		2022					
		(Rupees in '000)					
At January 01, 2022							
Cost		117,010	31,493	17,246	32,273	37,857	235,879
Accumulated depreciation		(25,352)	(3,674)	(2,851)	(17,705)	(3,225)	(52,807)
Net book value		91,658	27,819	14,395	14,568	34,632	183,072
Year ended December 31, 2022							
Opening net book value		91,658	27,819	14,395	14,568	34,632	183,072
Additions		-	-	348	11,066	-	11,414
Disposals							
Cost		-	-	-	(1,532)	-	(1,532)
Accumulated depreciation		-	-	-	1,364	-	1,364
	9.1.1	-	-	-	(168)	-	(168)
Depreciation charge for the year	23	(23,402)	(6,296)	(3,077)	(7,318)	(7,408)	(47,501)
Closing net book value		68,256	21,523	11,666	18,148	27,224	146,817
At December 31, 2022							
Cost		117,010	31,493	17,594	41,807	37,857	245,761
Accumulated depreciation		(48,754)	(9,970)	(5,928)	(23,659)	(10,633)	(98,944)
Net book value		68,256	21,523	11,666	18,148	27,224	146,817
Rate of depreciation (% per annum)		20%	20%	10% - 20%	20% - 50%	20%	

9.1.1 Details of disposal made to related parties during the year

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of the purchaser
	(Rupees in '000)				
Electrical, office and computer equipment					
Mobile Phone	190	-	2	Sale to CEO / Managing Director	Mr. Mudassir Hussain Khan
Mobile Phone	50	-	1	Sale to Employee	Mr. Naved Hanif
Mobile Phone	50	-	1	Sale to Employee	Mr. Farrukh Zaheer
Mobile Phone	50	2	2	Sale to Ex- Employee	Mr. Shahzad Khan
Laptop	177	-	2	Sale to Employee	Mr. Zahid Hussain Gokal
Laptop	277	-	3	Sale to Employee	Mr. Waseem Ahmed Hashmi
Laptop	277	-	3	Sale to Employee	Mr. Farrukh Zaheer
Laptop	234	-	2	Sale to Employee	Mr. Badar Munir
Laptop	234	-	2	Sale to Employee	Ms. Iffat Hina
Laptop	272	121	121	Sale to Ex- Employee	Mr. Shahzad Khan
Total	**1,811**	**123**	**139**		

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

	Note	2023	2022
		(Rupees in '000)	
Electrical, office and computer equipment		**4,681**	7,902
Vehicles		**-**	2,393
Furniture and fixtures		**1,446**	-
		6,127	10,295

9.2 Capital work-in-progress

		2023	2022
Leasehold improvements		**2,499**	-
Electrical, office and computer equipment		**822**	-
		3,321	-

10 INTANGIBLE ASSETS

	Note	2023	2022
Intangible assets	10.1	**21,565**	29,494
Capital work-in-progress	10.2	**14,140**	9,140
		35,705	38,634

10.1 Intangible assets

Computer software

	Note	2023	2022
At January 01			
Cost		**40,590**	11,903
Accumulated amortisation		**(11,096)**	(7,173)
Net book value		**29,494**	4,730
Year ended December 31			
Opening net book value		**29,494**	4,730
Additions		**-**	28,687
Amortisation charge for the year	23	**(7,929)**	(3,923)
Closing net book value		**21,565**	29,494
At December 31			
Cost		**40,590**	40,590
Accumulated amortisation		**(19,025)**	(11,096)
Net book value		**21,565**	29,494
Rate of amortisation (% per annum)		**20%**	20%
Useful life		**5 years**	5 years

10.2 This represents advance paid to Auto Soft Dynamics (Private) Limited against deployment of Management Information Systems (MIS) and risk modules of credit system.

		Note	2023	2022
11	**OTHER ASSETS**		(Rupees in '000)	
	Mark-up / return / profit / interest accrued in local currency		**1,265,046**	793,935
	Advances, deposits and prepayments		**66,930**	88,168
	Advance taxation (payments less provisions)		**27,099**	27,057
	Receivable from Credit Guarantee Trust - net		**183,224**	5,896
			1,542,299	915,056
	Less: Provision held against other assets		**-**	-
			1,542,299	915,056

		Note	2023	2022
12	**BORROWINGS**			
	Secured			
	Term finance certificates	12.2	**18,700,000**	18,700,000
	Sukuk certificates	12.3	**4,100,000**	4,100,000
	Repurchase agreement borrowings	12.4	**8,900,179**	5,851,409
	Total secured		**31,700,179**	28,651,409
	Unsecured			
	Borrowings from Government of Pakistan under World Bank - Housing Finance Project	12.5	**9,949,213**	10,288,741
			41,649,392	38,940,150
12.1	**Particulars of borrowings with respect to currencies**			
	In local currency		**41,649,392**	38,940,150

12.2 These certificates have maturity of three to ten years and carry rate of interest ranging from 8.41% to 20.89% (2022: 8.25% to 14.33%) per annum. The principal is payable at maturity whereas interest is payable semi-annually.

12.3 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.

12.4 These represent borrowings from various financial institutions at mark-up rates ranging from 22.12% to 22.15% (2022: 9.40% to 15.50%) per annum and are due to mature latest by January 12, 2024. The market value of securities given as collateral against these borrowings is given in note 7.4 to these financial statements.

12.5 This represents borrowing from Government of Pakistan under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum. The interest 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.

13 SUBORDINATED DEBT

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

	2023	2022
Issue amount (Rupees in '000)	7,050,716	7,050,716
Outstanding principal (Rupees in '000)	6,818,042	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
Principal redemption	Semi-annually	Commencing from April 15, 2023
Mark-up	3% per annum	3% per annum

		Note	2023	2022
14	**OTHER LIABILITIES**		(Rupees in '000)	
	Mark-up/return/profit/interest payable in local currency		**572,223**	481,058
	Accrued expenses		**44,622**	58,926
	Withholding tax payable		**5,365**	4,145
	Unearned income		**165,310**	94
	Provision for government levies		**155,145**	102,895
	Lease liability against right-of-use assets		**53,162**	75,304
	Payable to defined benefit plan	30.4	**3,780**	11,445
	Provision for employees' benefit		**161,005**	84,269
			1,160,612	818,136

15 SHARE CAPITAL

15.1 Authorised capital

2023	2022		2023	2022
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	**10,000,000**	10,000,000

15.2 Issued, subscribed and paid up capital

2023	2022		2023	2022
(Number of shares)				
623,775,900	623,775,900	Ordinary shares of Rs. 10 each fully paid in cash	**6,237,759**	6,237,759

15.2.1 List of shareholders as at December 31, 2023 and December 31, 2022 is as follows:

Name of Shareholders	**2023**		2022	
	Number of shares held	**Percentage of shareholding**	Number of shares held	Percentage of shareholding
Ministry of Finance – Islamic Republic of Pakistan	180,000,000	28.86%	180,000,000	28.86%
National Bank of Pakistan	90,000,000	14.43%	90,000,000	14.43%
Habib Bank Limited	75,000,000	12.02%	75,000,000	12.02%
United Bank Limited	75,000,000	12.02%	75,000,000	12.02%
International Finance Corporation	75,000,000	12.02%	75,000,000	12.02%
Askari Bank Limited	45,000,000	7.22%	45,000,000	7.22%
Bank Alfalah Limited	45,000,000	7.22%	45,000,000	7.22%
Allied Bank Limited	30,000,000	4.81%	30,000,000	4.81%
Bank AL Habib Limited	7,500,000	1.20%	7,500,000	1.20%
House Building Finance Company Limited	1,001,250	0.16%	1,001,250	0.16%
Bank Makramah Limited (formerly Summit Bank Limited)	274,500	0.04%	274,500	0.04%
Directors *	150	-	150	-

* Nil figures due to rounding off.

16 DEFICIT ON REVALUATION OF ASSETS

	Note	2023	2022
		(Rupees in '000)	
Deficit on revaluation of:			
Available-for-sale securities	7.2	**(353,565)**	(448,961)

17 CONTINGENCIES AND COMMITMENTS

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

18 MARK - UP / RETURN / PROFIT / INTEREST EARNED

	Note	2023	2022
		(Rupees in '000)	
On:			
Loans and advances		**3,910,887**	2,296,280
Investments		**3,174,236**	1,817,406
Lendings to financial institutions		**85,557**	205,445
Balances with banks	18.1	**280,965**	696,760
		7,451,645	5,015,891

18.1 The amount also includes markup on TDRs amounting to Rs. 69.107 million (2022: Rs. 376.778 million).

19 MARK - UP / RETURN / PROFIT / INTEREST EXPENSED

	Note	2023	2022
		(Rupees in '000)	
On:			
Borrowings from Government of Pakistan under Housing Finance Project		**304,880**	308,663
Repurchase agreement borrowings		**1,185,621**	406,799
Clean borrowings		**12,403**	-
Term finance certificates		**1,958,791**	1,615,991
Sukuk certificates		**348,453**	348,143
		3,810,148	2,679,596
Subordinated debt		**208,527**	211,521
Lease liability against right-of-use assets		**5,864**	7,608
		4,024,539	2,898,725

20 FEE AND COMMISSION INCOME

	Note	2023	2022
Trustee fee	20.1	**33,508**	-

20.1 This represents fee for trustee services rendered to Credit Guarantee Trust. The Company, vide the Addendum First Supplemental to the Trust Deed executed between the Government of Pakistan and the Company, is entitled to a Trustee fee at the rate of 25% of the premium received from the guarantees issued under the Low Income Scheme. The aggregate Trustee fee charged by the Company shall be amortised over the period of all the guarantees issued under the Low Income Scheme.

	Note	2023	2022
		(Rupees in '000)	
21 GAIN ON SECURITIES			
Realised - net	21.1	**3,022**	4,901
21.1 Realised gain on:			
Federal government securities		**3,022**	4,901
22 OTHER INCOME			
Gain on sale of fixed assets - net		**3,641**	11
Penalty recovered from customers / vendors		**130**	862
Recovery from outgoing employee		**-**	450
Others		**5**	-
		3,776	1,323
23 OPERATING EXPENSES			
Total compensation expense	23.1	**415,725**	277,092
Property expense			
Rent and taxes		**-**	-
Insurance		**656**	772
Utilities		**3,600**	2,880
Security expenses		**759**	581
Repairs and maintenance		**-**	3,243
Depreciation	9.1	**29,701**	29,698
		34,716	37,174
Information technology expenses			
Software maintenance		**18,197**	8,461
Rent-disaster recovery site		**1,511**	876
Website maintenance		**279**	3,069
Hardware maintenance		**648**	244
Network charges		**3,448**	2,034
Depreciation	9.1	**9,067**	7,318
Amortisation	10.1	**7,929**	3,923
		41,079	25,925
Other operating expenses			
Directors' fees and allowances	32.1	**13,610**	14,890
Fees and allowances to Shariah Board	32.4	**9,956**	7,205
Director's evaluation expense		**980**	800
Legal and professional charges		**7,189**	11,436
Fees and subscription		**3,959**	3,387
Outsourced services costs	29.1	**7,082**	5,074
Travelling and conveyance		**13,577**	5,388
Depreciation	9.1	**10,428**	10,485
Training and development		**3,021**	240
Postage and courier charges		**285**	173
Communication		**1,444**	1,499
Stationery and printing		**2,233**	1,552
Marketing, advertisement and publicity		**3,009**	1,244
Research and Development		**16,275**	-
Auditors' remuneration	23.2	**2,501**	2,671
Insurance		**6,364**	4,808
Donations	23.3	**5,000**	3,500
Vehicle repair and maintenance		**935**	227
Entertainment		**19**	11
Staff engagement		**426**	368
Others		**3,290**	2,293
		111,583	77,251
		603,103	417,442

		Note	2023	2022
			(Rupees in '000)	
23.1	**Total compensation expense**			
	Managerial remuneration			
	Fixed		**227,293**	170,230
	Other benefits			
	Provision for cash bonus / awards		**156,964**	79,059
	Charge for defined benefit plan	30.8.1	**14,363**	11,567
	Contribution to defined contribution plan	31	**11,288**	9,557
	Medical		**-**	455
	Conveyance		**144**	83
	Compensated absences		**5,125**	5,866
	Others		**548**	275
			415,725	277,092
23.2	**Auditors' remuneration**			
	Audit fee for annual financial statements		**656**	533
	Half yearly review fee		**246**	196
	Special certifications and sundry advisory services		**1,081**	1,650
	Tax advisory services		**430**	-
	Out-of-pocket expenses		**88**	292
			2,501	2,671
23.3	**Detail of donations made during the year**			
	Donations individually exceeding Rs. 100,000			
	The Citizens Foundation		**500**	1,000
	Alkhidmat Foundation Pakistan		**-**	1,000
	Akhuwat Foundation		**500**	1,000
	SOS Children's Villages Pakistan		**500**	500
	The Kidney Centre Post-Graduate training Institute		**1,000**	-
	Karachi Down Syndrome Program		**1,000**	-
	Family Educational Services Foundation		**1,000**	-
	Marie Adelaide Leprosy Centre		**500**	-
			5,000	3,500
24	**WORKERS' WELFARE FUND**			
	Provision for Workers' Welfare Fund	24.1	**52,218**	32,229

24.1 Sindh Workers' Welfare Fund Act (SWWF Act) had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs. 0.50 million, is required to pay SWWF in respect of that year a sum equal to two percent of such income. Accordingly, as a result of abundant caution, the management has maintained a provision for SWWF in the financial statements amounting to Rs. 155.087 million which includes a provision of Rs. 52.218 million of the current year.

25 TAXATION

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

26 BASIC EARNINGS PER SHARE

	2023	2022
	(Rupees in '000)	
Profit for the year	**2,558,698**	1,579,217
	(Number of shares)	
Weighted average number of ordinary shares	**623,775,900**	623,227,955
	(Rupees)	
Basic earnings per share	**4.10**	2.53

26.1 Diluted earnings per share

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

27 PROVISIONS AND WRITE OFFS - NET

	Note	2023	2022
		(Rupees in '000)	
Provision against loans and advances	8.3	**253,393**	94,502

28 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	5	**5,173**	4,588
Balances with other banks	6	**10,651,533**	221,515
Market Treasury Bills (having original maturity of 3 months or less)	7	**8,976,940**	9,416,080
		19,633,646	9,642,183

28.1 Market Treasury Bills with original maturity of three month or less have been considered as cash and cash equivalents. The comparative figures have also been adjusted.

29 STAFF STRENGTH

		2023	2022
		(Number)	
Permanent	29.1	**37**	33
On Company's contract		**2**	2
Outsourced		**8**	9
Company's own staff strength at the end of the year		**47**	44

29.1 This represents 8 (2022: 9) employees of outsourcing service companies who were assigned to perform janitorial and other services.

30 DEFINED BENEFIT PLAN

30.1 As mentioned in note 4.11, the Company operates a funded gratuity scheme for its employees as per the policy of the Company. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn gross salary for each year of eligible service with the Company subject to a minimum qualifying period of service of two years. The Company's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method.

30.2 Number of employees under the defined benefit plan

	2023	2022
	(Number)	
The number of employees covered under the defined benefit plan as at December 31	**36**	34

30.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:	Note	2023	2022
		(Per annum)	
Discount rate		**15.50%**	14.50%
Expected long term salary increase rate		**14.50%**	13.50%
Salary increase rate for the next year		**16.00%**	16.00%
Mortality rates		**SLIC (2001-05)-1**	SLIC (2001-05)-1

30.4 Reconciliation of payable to defined benefit plan

	Note	2023	2022
		(Rupees in '000)	
Present value of defined benefit obligation	30.6	**58,651**	40,742
Less: Fair value of plan assets	30.7	**(54,871)**	(29,297)
Payable		**3,780**	11,445

30.5 Movement in defined benefit plan

	Note	2023	2022
At the beginning of the year		**11,445**	9,901
Current service cost	30.8.1	**12,789**	10,466
Net interest expense	30.8.1	**1,574**	1,101
Actual contributions by the Company		**(22,217)**	(9,901)
Re-measurement loss / (gain)	30.8.2	**189**	(122)
Closing balance		**3,780**	11,445

30.6 Movement in payable under defined benefit obligation

	Note	2023	2022
Opening balance		**40,742**	28,049
Current service cost		**12,789**	10,466
Interest cost on defined benefit obligation		**6,757**	3,864
Benefits paid by the Company to outgoing members		**(5,948)**	(2,143)
Re-measurement loss recognised in OCI during the year	30.8.2	**4,311**	506
Closing balance		**58,651**	40,742

30.7 Movement in fair value of plan assets

	Note	2023	2022
Fair value at the beginning of the year		**29,297**	18,148
Interest income on plan assets		**5,183**	2,763
Actual contribution by the Company - net		**22,217**	9,901
Benefits paid by the Company to outgoing members		**(5,948)**	(2,143)
Re-measurement gain recognised in OCI during the year	30.8.2	**4,122**	628
Fair value at the end of the year		**54,871**	29,297

30.8 Charge for defined benefit plan

30.8.1 Cost recognised in profit and loss account

	2023	2022
Current service cost	**12,789**	10,466
Net interest on defined benefit plan	**1,574**	1,101
	14,363	11,567

30.8.2 Re-measurements recognised in OCI during the year

	2023	2022
Loss / (gain) on obligation		
- financial assumptions	**1,042**	1,444
- demographic assumptions	**734**	-
- experience adjustments	**2,535**	(938)
	4,311	506
Net return on plan assets over interest income	**(4,122)**	(628)
Total re-measurement loss / (gain) recognised in OCI	**189**	(122)

30.9 Components of plan assets

	2023	2022
Balances with Banks (including accrued income)	**98**	32
Market Treasury Bills (including accrued income)	**54,773**	29,265
	54,871	29,297

30.10 Sensitivity analysis

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

	2023	2022
	(Rupees in '000)	
0.5% increase in discount rate	**56,977**	39,140
0.5% decrease in discount rate	**60,441**	42,467
0.5% increase in expected rate of salary increase	**60,318**	42,381
0.5% decrease in expected rate of salary increase	**57,080**	39,206

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

30.11 The expected charge for the next financial year commencing January 1, 2024 works out to Rs 13.708 million (2022: Rs. 14.363 million).

30.12 Maturity profile

The weighted average duration of the obligation is 5.90 years (2022: 8.15 years).

30.13 Expected maturity analysis of undiscounted defined benefit obligation

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10
	(Rupees)					
Undiscounted payments	28,908,287	2,480,717	3,357,766	4,025,054	4,582,324	123,990,743

30.14 Funding Policy

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

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

30.15 Description of risks

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

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

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

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

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

31 DEFINED CONTRIBUTION PLAN

The Company operates a provident fund scheme for its employees as per the policy of the Company. Equal monthly contributions at the rate of 10% per annum (2022: 10% per annum) of basic salaries are made both by the Company and employees. Contributions made to the provident fund during the year are as follows:

	2023	2022
	(Rupees in '000)	
Contribution made by the Company	**11,288**	9,557
Contribution made by employees	**11,288**	9,557

The number of employees covered under the defined contribution plan as at December 31, 2023 are 37 (2022: 34).

32 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

32.1 Total compensation expense

Items	Directors				Managing Director / Chief Executive Officer		Key Management Personnel	
	Chairman		Non-Executive					
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)							
Fees and allowances etc.	1,380	1,800	12,230	13,090	-	-	-	-
Managerial remuneration								
Fixed	-	-	-	-	52,004	43,640	84,491	70,219
Other benefits								
Bonus	-	-	-	-	28,000	25,000	29,583	16,321
Charge for defined benefit plan	-	-	-	-	5,612	4,387	4,540	3,899
Contribution to defined contribution plan	-	-	-	-	3,298	2,772	4,570	3,773
Medical	-	-	-	-	156	100	-	-
Compensated absences	-	-	-	-	1,732	1,732	2,290	1,758
Others	-	-	-	-	1,280	790	5,539	1,632
Total	1,380	1,800	12,230	13,090	92,082	78,421	131,013	97,602
Number of persons	1	1	11	11	1	1	10	11

32.2 Managing Director / Chief Executive Officer (MD/CEO) is entitled to Company maintained cars in accordance with the terms of his employment and is entitled to life insurance benefits in accordance with the policy of the Company. In addition, the MD / CEO is also provided with driver, corporate club membership, medical and security arrangements in accordance with the terms of his employment.

The term "Key Management Personnel" means any executive or key executive reporting directly to the MD / CEO.

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

2023								
Sr. No.	Name of Director	For Board Meetings	For Board Committees				
			Audit Committee	Risk Committee	Human Resource Committee	Nomination Committee	Total Amount Paid
		(Rupees in '000)					
1	Mr. Rehmat Ali Hasnie	1,500	-	0	-	180	1,680
2	Mr. Imran Sarwar	750	-	360	-	-	1,110
3	Ms. Mehreen Ahmed	1,250	-	660	-	-	1,910
4	Mr. Farrakh Qayyum	1250	-	0	360	150	1,760
5	Mr. Risha A Mohyeddin	1000	-	0	300	-	1,300
6	Mr. Muhammad Aslam Ghauri*	500	300	0	-	150	950
7	Mr. Khurshid Zafar Qureshi****	1000	-	600	-	-	1,600
8	Ms. Sonia Karim	1250	-	0	300	-	1,550
9	Mr. Osman Asghar Khan**	500	360	0	-	-	860
10	Mr. Ahmed Taimoor Nasir**	750	450	0	-	-	1,200
11	Mr. Tayyeb Afzal	1250	780	0	-	-	2,030
12	Mr. Shahid Sattar***	500	360	0	-	-	860
	Total amount paid	**11,500**	**2,250**	**1,620**	**960**	**480**	**16,810**

* Directorship of Mr. Muhammad Aslam Ghauri was withdrawn by the Minsitry of Finance during the year.
** Mr. Osman Asghar Khan has resigned as director on the Board during the current year.
*** Mr. Ahmed Taimoor Nasir and Mr.Shahid Sattar have been appointed as directors during the year.
**** Directorship of Mr. Khurshid Zafar Qureshi has been withdrawn by Askari Bank Limited during the year.

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

32.4 Remuneration paid to Shariah Board Members

	2023		2022	
	Chairman	**Resident Member**	Chairman	Resident Member
Managerial remuneration and allowances (including bonus)	**4,246**	**5,710**	3,900	3,305
Total number of persons	**1**	**1**	1	1

33 FAIR VALUE MEASUREMENT

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

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

33.1 Fair value of financial assets

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

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

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

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

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

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal government securities	**-**	**13,404,920**	**-**	**13,404,920**
Non-government debt securities	**-**	**399,760**	**-**	**399,760**

	2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	20,261,795	-	20,261,795
Non-government debt securities	-	303,174	-	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	Fair value of fixed and floater Pakistan Investment Bonds are derived using the PKRV and PKFRV rates respectively available on Mutual Funds Association of Pakistan (MUFAP).
Market Treasury Bills	Fair value of Market Treasury Bills are derived using the PKRV rates available on MUFAP.
Term finance certificates	Investment in term finance certificates are valued based on the debt instrument prices as published at the close of each business day by MUFAP.

34 TRUST ACTIVITIES

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

35 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

	2023			2022		
	Directors	**Key management personnel**	**Other related parties**	Directors	Key management personnel	Other related parties
Statement of financial position	(Rupees in '000)					
Cash and balances with treasury banks						
In current account	**-**	**-**	**31**	-	-	31
In deposit accounts	**-**	**-**	**10**	-	-	9
	-	**-**	**41**	-	-	40
Balances with other banks						
In current account	**-**	**-**	**3,595**	-	-	910
In deposit accounts	**-**	**-**	**6,414,924**	-	-	2,031
	-	**-**	**6,418,519**	-	-	2,941
Lendings to financial institutions						
Opening balance	**-**	**-**	**-**	-	-	-
Lendings during the year	**-**	**-**	**16,784,084**	-	-	26,269,078
Repaid during the year	**-**	**-**	**(16,784,084)**	-	-	(26,269,078)
Closing balance	**-**	**-**	**-**	-	-	-
Advances						
Opening balance	**-**	**100,645**	**7,135,712**	-	44,233	5,918,270
Disbursements during the year	**-**	**5,739**	**5,386,921**	-	69,942	1,700,000
Repaid / settled during the year	**-**	**(15,111)**	**(3,693,797)**	-	(13,530)	(482,558)
Closing balance	**-**	**91,273**	**8,828,836**	-	100,645	7,135,712
Other assets						
Interest / mark-up accrued	**-**	**-**	**299,885**	-	35	78,650
Other receivable	**-**	**-**	**183,224**	-	-	168,432
	-	**-**	**483,109**	-	35	247,082
Borrowings						
Opening balance	**-**	**-**	**11,500,000**	-	-	14,184,693
Borrowings during the year	**-**	**-**	**46,121,332**	-	-	74,589,373
Settled during the year	**-**	**-**	**(46,121,332)**	-	-	(77,274,066)
Closing balance	**-**	**-**	**11,500,000**	-	-	11,500,000
Other liabilities						
Interest / mark-up payable	**-**	**-**	**221,839**	-	-	90,919
Payable to defined benefit plan	**-**	**-**	**3,780**	-	-	11,445
Unearned income	**-**	**-**	**159,751**	-	-	-
Closing balance	**-**	**-**	**385,370**	-	-	102,364

RELATED PARTY TRANSACTIONS

	2023			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 / profit / interest earned	**-**	**3,612**	**906,787**	-	3,032	974,328
Fee and Commission Income	**-**	**-**	**33,508**	-	-	-
Expense						
Mark-up / return / profit / interest paid	**-**	**-**	**1,230,474**	-	-	1,061,126
Directors fees and allowances	**13,610**	**-**	**-**	14,890	-	-
Remuneration paid to key management personnel	**-**	**223,095**	**-**	-	176,023	-
Contribution to defined contribution plan	**-**	**-**	**11,288**	-	-	9,557
Charge for defined benefit plan	**-**	**-**	**14,363**	-	-	11,567
Operating expenses	**-**	**-**	**377**	34	-	-

35.1 In addition to the above, the Company has an outstanding balance of sub-ordinated loan amounting to Rs. 6,818.042 million (2022: Rs. 7,050.716 million) and borrowing under World Bank- Housing Finance Project amounting to Rs. 9,949.213 million (2022: Rs. 10,288.741 million) from the Ministry of Finance.

36 CAPITAL ADEQUACY , LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

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

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

	2023	2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,237,759**	6,237,759
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**10,895,307**	8,706,306
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**10,895,307**	8,706,306
Eligible Tier 2 Capital	**133,806**	94,502
Total Eligible Capital (Tier 1 + Tier 2)	**11,029,113**	8,800,808
Risk Weighted Assets (RWAs):		
Credit Risk	**10,704,506**	10,370,936
Market Risk	**-**	-
Operational Risk	**4,389,725**	3,295,442
Total	**15,094,231**	13,666,378
Common Equity Tier 1 Capital Adequacy Ratio	**72.18%**	64.43%
Tier 1 Capital Adequacy Ratio	**72.18%**	64.43%
Total Capital Adequacy Ratio	**73.07%**	65.13%

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

Capital Management

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

- Common Equity Tier 1 Capital (CET1), which includes fully paid up capital, general reserves, statutory reserves as per the financial statements and net un-appropriated profits after all regulatory adjustment applicable on CET1.

- Additional Tier 1 Capital (ADT1), which includes perpetual non-cumulative preference shares and share premium resulting from the same. The Company did not have any ADT1 as of December 31, 2023.

- Tier 2 Capital, which includes general provisions, surplus on revaluation of AFS securities after all regulatory adjustments applicable on Tier 2.

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

Capital Adequacy Ratio	**2023**		2022	
	Required	**Actual**	Required	Actual
CET1 to total RWA	6.00%	72.18%	6.00%	64.43%
Tier 1 Capital to total RWA	7.50%	72.18%	7.50%	64.43%
Total Capital to total RWA	11.50%	73.07%	11.50%	65.13%

	2023	2022
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**10,895,307**	8,706,306
Total Exposures	**65,935,065**	57,607,442
Leverage Ratio	**16.52%**	15.11%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**4,468,457**	12,007,270
Total Net Cash Outflow	**17,781**	42,744
Liquidity Coverage Ratio	**25131%**	28091%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**41,349,463**	48,530,833
Total Required Stable Funding	**31,453,613**	32,094,461
Net Stable Funding Ratio	**131.46%**	151.21%

36.1 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosure is available at https://pmrc.com.pk/wp-content/uploads/2023/02/Liquidity-Capital-Adequacy-Leverage-Disclosure.pdf.

37 RISK MANAGEMENT

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

Categories of risk

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

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

Risk responsibilities

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

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

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

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

37.1 Credit risk

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

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

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

Stress testing

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

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

37.1.1 Investment in debt securities

	Gross investments 2023	Gross investments 2022	Non-performing investments 2023	Non-performing investments 2022	Provision held 2023	Provision held 2022
	(Rupees in '000)					
Credit risk by industry sector						
Government	**13,404,920**	20,261,795	**-**	-	**-**	-
Financial institutions	**299,760**	303,174	**-**	-	**-**	-
Others	**100,000**	-	**-**	-	**-**	-
	13,804,680	20,564,969	**-**	-	**-**	-
Credit risk by public / private sector						
Public / Government	**13,404,920**	20,261,795	**-**	-	**-**	-
Private	**399,760**	303,174	**-**	-	**-**	-
	13,804,680	20,564,969	**-**	-	**-**	-

37.1.2 Advances

	Gross advances 2023	Gross advances 2022	Non-performing advances 2023	Non-performing advances 2022	Provision held 2023	Provision held 2022
	(Rupees in '000)					
Credit risk by industry sector						
Financial institutions	**34,603,043**	33,609,552	**-**	**-**	**347,875**	94,482
Others	**146,772**	147,312	**-**	**-**	**20**	20
	34,749,815	33,756,864	**-**	**-**	**347,895**	94,502
Credit risk by public / private sector						
Public / Government	**3,609,654**	5,698,222	**-**	**-**	**49,574**	26,016
Private	**31,140,161**	28,058,642	**-**	**-**	**298,321**	68,486
	34,749,815	33,756,864	**-**	**-**	**347,895**	94,502

37.1.3 Concentration of advances

The Company's top 10 funded and non funded exposures aggregated to Rs. 28,375 million (2022: Rs. 26,629 million)

37.1.4 Advances - Province / Region-wise Disbursement and Utilisation

Province / Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Sindh	**8,867,000**	**2,119,000**	**5,748,000**	**-**	**-**	**1,000,000**	**-**
Total	**8,867,000**	**2,119,000**	**5,748,000**	**-**	**-**	**1,000,000**	**-**

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Sindh	14,550,000	1,950,000	11,200,000	-	-	1,400,000	-
Total	14,550,000	1,950,000	11,200,000	-	-	1,400,000	-

37.2 Market Risk

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

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

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

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

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

	2023			2022		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**5,173**	**-**	**5,173**	4,588	-	4,588
Balances with other banks	**10,651,533**	**-**	**10,651,533**	221,515	-	221,515
Lendings to financial institutions	**-**	**-**	**-**	-	-	-
Investments	**13,804,680**	**-**	**13,804,680**	20,564,969	-	20,564,969
Advances	**34,401,920**	**-**	**34,401,920**	33,662,362	-	33,662,362
Fixed assets	**117,748**	**-**	**117,748**	146,817	-	146,817
Intangible assets	**35,705**	**-**	**35,705**	38,634	-	38,634
Other assets	**1,542,299**	**-**	**1,542,299**	915,056	-	915,056
	60,559,058	**-**	**60,559,058**	55,553,941	-	55,553,941

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

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

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

37.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

			2023									
			Exposed to Yield / Interest risk									
On-balance sheet financial instruments	**Effective Yield / Interest rate**	**Total**	**Upto 1 Month**	**Over 1 to 3 Months**	**Over 3 to 6 Months**	**Over 6 Months to 1 Year**	**Over 1 to 2 Years**	**Over 2 to 3 Years**	**Over 3 to 5 Years**	**Over 5 to 10 Years**	**Above 10 Years**	**Non-interest bearing financial instruments**
		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	19.00%	5,173	10	-	-	-	-	-	-	-	-	5,163
Balances with other banks	15.63%	10,651,533	10,647,938	-	-	-	-	-	-	-	-	3,595
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	17.33%	13,804,680	-	8,976,940	60	461,519	50,120	50,120	2,244,805	2,021,117	-	-
Advances	12.43%	34,401,920	137,875	2,097,485	2,016,355	5,320,915	9,126,433	5,896,442	4,806,132	4,957,660	42,624	-
Other assets		1,542,299	-	-	-	-	-	-	-	-	-	1,542,299
		60,405,605	10,785,823	11,074,425	2,016,415	5,782,434	9,176,553	5,946,562	7,050,937	6,978,776	42,624	1,551,057
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	7.25%	41,649,392	8,900,179	3,100,000	6,369,764	169,764	1,439,528	6,839,528	1,579,057	6,697,642	6,553,929	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	3.00%	6,818,042	-	-	116,337	116,337	232,674	232,674	465,347	1,163,368	4,491,306	-
Other liabilities		1,160,612	-	-	-	-	-	-	-	-	-	1,160,612
		49,628,046	8,900,179	3,100,000	6,486,101	286,101	1,672,202	7,072,202	2,044,404	7,861,010	11,045,235	1,160,612
On-balance sheet gap		10,777,559	1,885,643	7,974,425	(4,469,686)	5,496,332	7,504,351	(1,125,640)	5,006,532	(882,234)	(11,002,611)	390,445
Total yield / interest risk sensitivity gap			1,885,643	7,974,425	(4,469,686)	5,496,332	7,504,351	(1,125,640)	5,006,532	(882,234)	(11,002,611)	
Cumulative yield / interest risk sensitivity gap			1,885,643	9,860,068	5,390,382	10,886,715	18,391,066	17,265,426	22,271,959	21,389,725	10,387,114	

			2022									
			Exposed to Yield / Interest risk									
On-balance sheet financial instruments	Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	13.50%	4,588	9	-	-	-	-	-	-	-	-	4,579
Balances with other banks	13.84%	221,515	220,605	-	-	-	-	-	-	-	-	910
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	11.75%	20,564,969	5,072,310	4,996,167	2,137,826	4,895,967	434,765	-	1,944,035	1,083,899	-	-
Advances	8.37%	33,662,362	240,552	4,394,686	2,767,916	4,132,036	8,297,298	8,911,694	3,887,516	1,030,664	-	-
Other assets		915,056	-	-	-	-	-	-	-	-	-	915,056
		55,368,490	5,533,476	9,390,853	4,905,742	9,028,003	8,732,063	8,911,694	5,831,551	2,114,563	-	920,545
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	11.55%	38,940,150	5,851,409	-	1,305,775	205,775	9,711,549	411,549	11,223,099	4,057,749	6,173,245	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	3.00%	7,050,716	-	-	141,014	141,014	282,029	282,029	564,057	1,410,143	4,230,430	-
Other liabilities		818,136	-	-	-	-	-	-	-	-	-	818,136
		46,809,002	5,851,409	-	1,446,789	346,789	9,993,578	693,578	11,787,156	5,467,892	10,403,675	818,136
On-balance sheet gap		8,559,488	(317,933)	9,390,853	3,458,953	8,681,214	(1,261,515)	8,218,116	(5,955,605)	(3,353,329)	(10,403,675)	102,409
Total yield / interest risk sensitivity gap			(317,933)	9,390,853	3,458,953	8,681,214	(1,261,515)	8,218,116	(5,955,605)	(3,353,329)	(10,403,675)	
Cumulative yield / interest risk sensitivity gap			(317,933)	9,072,920	12,531,873	21,213,087	19,951,572	28,169,688	22,214,083	18,860,754	8,457,079	

Reconciliation to total assets	**2023**	2022
	(Rupees in '000)	
Balance as per balance sheet	**60,559,058**	55,553,941
Less: non financial assets		
Fixed assets	**117,748**	146,817
Intangible assets	**35,705**	38,634
	153,453	185,451
Total financial assets	**60,405,605**	55,368,490

Reconciliation to total liabilities	**2023**	2022
	(Rupees in '000)	
Balance as per balance sheet	**49,628,046**	46,809,002
Less: non financial liabilities	**-**	-
Total financial liabilities	**49,628,046**	46,809,002

37.3 Operational Risk

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

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

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

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

Operational risk disclosures – Basel II Specific

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

37.4 Liquidity Risk

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

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

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

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

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

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

	2023													
	Total	**Upto 1 Day**	**Over 1 to 7 days**	**Over 7 to 14 days**	**Over 14 days to 1 Month**	**Over 1 to 2 Months**	**Over 2 to 3 Months**	**Over 3 to 6 Months**	**Over 6 to 9 Months**	**Over 9 months to 1 year**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 5 years**	**Over 5 years**
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	5,173	5,173	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	10,651,533	4,251,533	6,400,000	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	13,804,680	-	-	-	-	8,976,940	-	60	461,459	60	50,120	50,120	2,244,805	2,021,117
Advances	34,401,920	94,354	11,268	-	32,252	167,939	1,929,546	2,016,355	1,056,842	4,264,074	9,126,433	5,896,442	4,806,132	5,000,283
Fixed assets	117,748	-	-	-	6,635	3,314	3,304	9,887	9,873	9,610	37,256	27,786	8,934	1,148
Intangible assets	35,705	-	-	-	14,628	488	488	1,465	1,465	1,445	5,781	5,750	4,195	-
Other assets	1,542,299	24,161	120,761	-	53,635	184,524	598,290	477,322	4,819	31,918	19,275	19,275	2,500	5,821
	60,559,058	4,375,221	6,532,029	-	107,151	9,333,204	2,531,628	2,505,089	1,534,458	4,307,107	9,238,865	5,999,373	7,066,565	7,028,368
Liabilities														
Borrowings	41,649,392	-	4,861,724	4,038,455	-	-	3,100,000	6,369,764	-	169,764	1,439,528	6,839,528	1,579,057	13,251,571
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	6,818,042	-	-	-	-	-	-	116,337	-	116,337	232,674	232,674	465,347	5,654,674
Other liabilities	1,160,612	-	29,489	41,662	51,876	1,610	410,801	273,641	12,249	12,423	43,126	24,885	38,652	220,195
	49,628,046	-	4,891,213	4,080,118	51,876	1,610	3,510,801	6,759,742	12,249	298,525	1,715,328	7,097,087	2,083,057	19,126,440
Net assets	10,931,012	4,375,221	1,640,816	(4,080,118)	55,275	9,331,594	(979,173)	(4,254,653)	1,522,208	4,008,582	7,523,537	(1,097,714)	4,983,509	(12,098,072)
Share capital	6,237,759													
Reserves	1,519,513													
Unappropriated profit	3,527,305													
Deficit on revaluation of assets	(353,565)													
	10,931,012													

	2022													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	4,588	4,588	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	221,515	221,515	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	20,564,969	-	-	-	5,072,310	2,065,883	1,942,484	1,834,713	4,895,966	60	434,885	120	1,944,275	2,374,273
Advances	33,662,362	219,604	9,217	-	32,576	437,118	1,171,530	1,425,321	826,011	3,095,953	9,240,094	6,138,930	5,146,189	5,919,819
Fixed assets	146,817	-	-	-	2,938	2,905	2,889	8,544	8,234	8,176	32,109	29,941	43,380	7,701
Intangible assets	38,634	-	-	-	9,817	676	676	2,030	2,030	1,841	5,840	5,780	9,944	-
Other assets	915,056	14,806	12,330	-	20,560	303,649	213,944	247,869	6,610	33,748	26,439	26,039	1,877	7,185
	55,553,941	460,513	21,547	-	5,138,201	2,810,231	3,331,523	3,518,477	5,738,851	3,139,778	9,739,367	6,200,810	7,145,665	8,308,978
Liabilities														
Borrowings	38,940,150	-	-	-	5,851,408	-	-	205,775	-	205,775	9,711,550	1,511,550	11,223,099	10,230,993
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,050,716	-	-	-	-	-	-	141,014	-	141,014	282,029	282,029	564,057	5,640,573
	818,136	-	4,182	-	166,794	-	313,278	165,634	5,173	109,818	29,362	23,895	-	-
	46,809,002	-	4,182	-	6,018,202	-	313,278	512,423	5,173	456,607	10,022,941	1,817,474	11,787,156	15,871,566
Net assets														
	8,744,939	460,513	17,365	-	(880,001)	2,810,231	3,018,245	3,006,054	5,733,678	2,683,171	(283,574)	4,383,336	(4,641,491)	(7,562,588)
Share capital														
Reserves	6,237,759													
Unappropriated profit	1,007,773													
Deficit on revaluation of assets	1,948,368													
	(448,961)													
	8,744,939													

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

	2023									
	Total	**Upto 1 Month**	**Over 1 to 3 Months**	**Over 3 to 6 Months**	**Over 6 Months to 1 Year**	**Over 1 to 2 Years**	**Over 2 to 3 Years**	**Over 3 to 5 Years**	**Over 5 to 10 Years**	**Above 10 Years**
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	**5,173**	**5,173**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balances with other banks	**10,651,533**	**10,651,533**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Lending to financial institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments	**13,804,680**	**-**	**8,976,940**	**60**	**461,519**	**50,120**	**50,120**	**2,244,805**	**2,021,117**	**-**
Advances	**34,401,920**	**137,875**	**2,097,484**	**2,016,355**	**5,320,916**	**9,126,433**	**5,896,442**	**4,806,132**	**4,957,660**	**42,624**
Fixed assets	**117,748**	**6,635**	**6,618**	**9,887**	**19,484**	**37,256**	**27,786**	**8,934**	**1,148**	**-**
Intangible assets	**35,705**	**14,628**	**976**	**1,465**	**2,910**	**5,781**	**5,750**	**4,195**	**-**	**-**
Deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**1,542,299**	**198,557**	**782,813**	**477,322**	**36,737**	**19,275**	**19,275**	**2,500**	**5,821**	**-**
	60,559,058	**11,014,401**	**11,864,831**	**2,505,089**	**5,841,564**	**9,238,865**	**5,999,373**	**7,066,565**	**6,985,745**	**42,624**
Liabilities										
Bills payable	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings	**41,649,392**	**8,900,179**	**3,100,000**	**6,369,764**	**169,765**	**1,439,528**	**6,839,528**	**1,579,057**	**6,697,642**	**6,553,928**
Deposits and other accounts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities against assets subject to finance lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subordinated debt	**6,818,042**	**-**	**-**	**116,337**	**116,337**	**232,674**	**232,674**	**465,347**	**1,163,368**	**4,491,306**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	**1,160,612**	**123,028**	**412,411**	**273,641**	**24,673**	**43,126**	**24,885**	**38,652**	**220,195**	**-**
	49,628,046	**9,023,207**	**3,512,411**	**6,759,742**	**310,775**	**1,715,328**	**7,097,087**	**2,083,057**	**8,081,205**	**11,045,234**
Net assets	**10,931,012**	**1,991,194**	**8,352,420**	**(4,254,653)**	**5,530,789**	**7,523,537**	**(1,097,714)**	**4,983,509**	**(1,095,460)**	**(11,002,610)**
Share capital	**6,237,759**									
Reserves	**1,519,513**									
Unappropriated profit	**3,527,305**									
Deficit on revaluation of assets	**(353,565)**									
	10,931,012									

	2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	4,588	4,588	-	-	-	-	-	-	-	-
Balances with other banks	221,515	221,515	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	20,564,969	5,072,310	4,008,367	1,834,713	4,896,026	434,885	120	1,944,275	2,374,273	-
Advances	33,662,362	261,397	1,608,648	1,425,321	3,921,964	9,240,094	6,138,930	5,146,189	5,919,819	-
Fixed assets	146,817	2,938	5,794	8,544	16,410	32,109	29,941	43,380	7,701	-
Intangible assets	38,634	9,817	1,352	2,030	3,871	5,840	5,780	9,944	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	915,056	47,696	517,593	247,869	40,358	26,439	26,039	1,877	7,185	-
	55,553,941	5,620,261	6,141,754	3,518,477	8,878,629	9,739,367	6,200,810	7,145,665	8,308,978	-
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	38,940,150	5,851,408	-	205,775	205,775	9,711,550	1,511,550	11,223,099	10,230,993	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	7,050,716	-	-	141,014	141,014	282,029	282,029	564,057	5,640,573	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	818,136	170,976	313,278	165,634	114,991	29,362	23,895	-	-	-
	46,809,002	6,022,384	313,278	512,423	461,780	10,022,941	1,817,474	11,787,156	15,871,566	-
Net assets	8,744,939	(402,123)	5,828,476	3,006,054	8,416,849	(283,574)	4,383,336	(4,641,491)	(7,562,588)	-
Share capital	6,237,759									
Reserves	1,007,773									
Unappropriated profit	1,948,368									
Deficit on revaluation of assets	(448,961)									
	8,744,939									

38 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 5, 2024 have proposed a final cash dividend in respect of the year ended December 31, 2023 of Rs. 1.5 per share (2022: Re. 0.75 per share). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

39 GENERAL

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

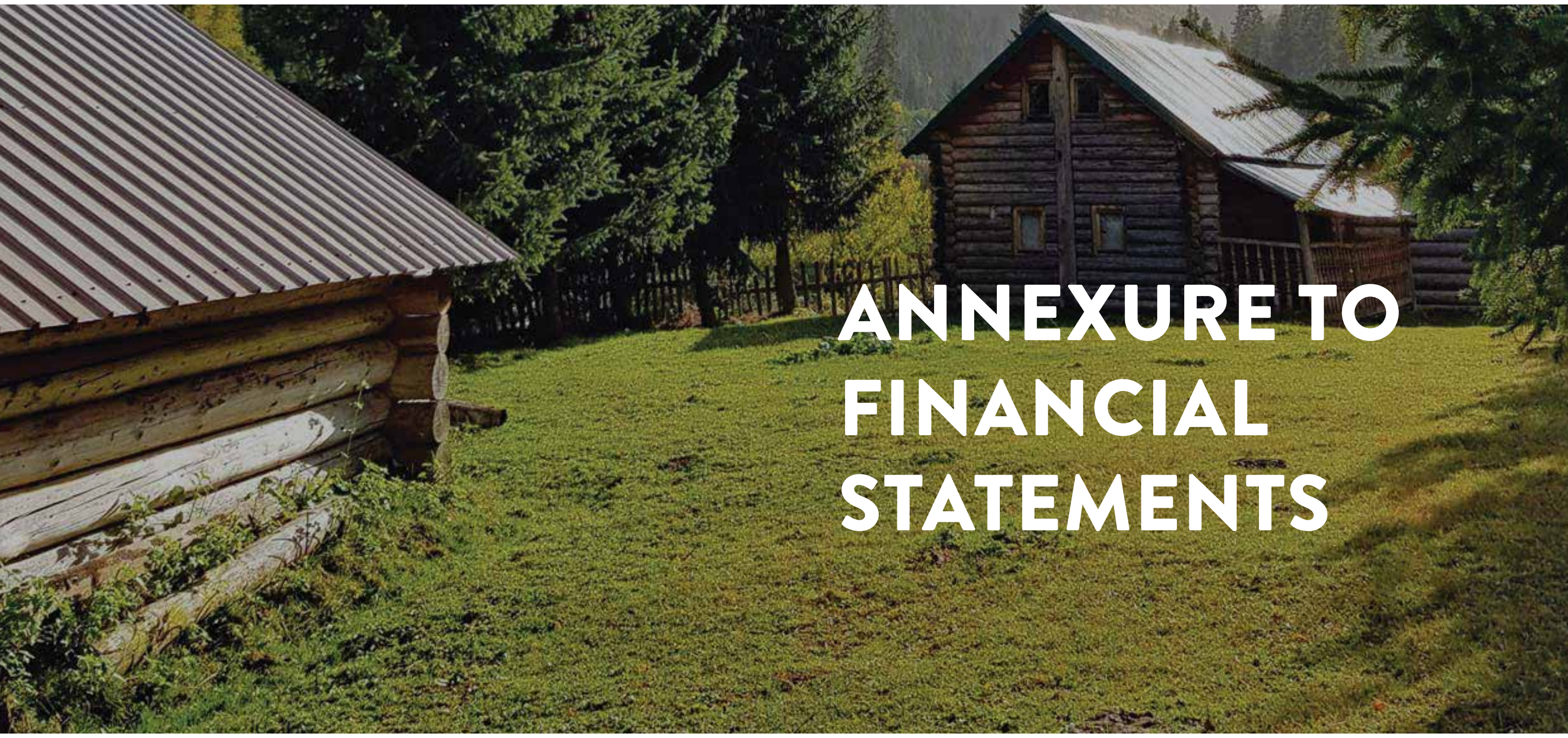
39.2 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

39.3 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of better presentation and comparison and to reflect the substance of the transactions. There have been no significant reclassifications or rearrangements in these financial statements during the current year.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 05, 2024 by the Board of the Company.

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



ANNEXURE TO FINANCIAL STATEMENTS

SHARI'AH BOARD REPORT 2022

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

بسم الله الرحمن الرحيم

الحمد لله رب العلمين والصلاة والسلام علي سيد الانبياء وخاتم النبيين وعلي آله واصحابه اجمعين

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

Scope of the Report

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

Management Responsibility

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

Shariah Board's Approvals

SB approves the valuation of portfolio of Islamic Refinance Business (Advances) and Sukuk (Musharakah Borrowing) of the Islamic business of the Company, which stands at Rs. 18.7 Bn and 4.1 Bn respectively as at December 31, 2023.

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

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

1. Compliance Program
2. Master Credit Guarantee / Risk Sharing Facility (RSF) Agreement
3. Guarantee Agreement
4. Islamic Scheme Manual of Credit Guarantee
5. Internal Audit Plan
6. Bond Issuance Manual
7. Expenditure Policy 2023
8. Termination Agreement – Cancellation of Asset Purchase Agreement
9. Shariah Compliance Manual along with checklists

Shari'ah Compliance Review (SCR)

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

They reviewed profit distribution among the investors with respect to the pool management guidelines. It also verified distribution of profit and loss to the investors (Sukuk holders) prior to the disbursement.

It reviewed treasury deal tickets (PMRC Islamic Business Mudarabah based borrowing from conventional side of PMRC) in light of the Shari'ah guidelines as given by the Shari'ah Board of PMRC.

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

Training and Capacity Building

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

All the training sessions have been conducted as per the plan approved by the Shari'ah Board.

Shari'ah Board Opinion

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

Based on above, we opine that;

i. Business affairs of PMRC Islamic Business, specifically the transactions, documentation and procedures performed and executed by PMRC during the year of 2023 are, by and large, in compliance with fatwas/opinions/advices issued by the Shari'ah Board.
ii. PMRC has complied with directives, regulations, instructions, and guidelines related to Shari'ah compliance issued by State Bank of Pakistan (SBP) in accordance with the rulings of the SBP's Shari'ah Supervisory Committee (SAC).
iii. PMRC has a mechanism in place to ensure Shari'ah compliance in its operations through SCU.
iv. PMRC has a well-defined charity policy in place to ensure that earnings realized from sources or means prohibited by Shari'ah are credited to the charity account to warrant that the income distributed among stakeholders generally remains Halal and pure.
v. In the year 2023, no charity amount is recovered from the customers on account of delays in payments.
vi. The allocation of Profit and Losses to investors, which was reviewed by SCU on a monthly basis, is in conformity with the Shari'ah principles and Pool Management Guidelines of SBP.

Recommendations

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

- In light of the Federal Shariah Court (FSC) verdict advocating the Islamization of Pakistan's Economy, we recommend that the management to formulate a comprehensive roadmap for the conversion of PMRC's conventional business and all related operations into an Islamic framework. This activity shall make PMRC ready for conversion when required.

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

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

وصلى الله تعالي علي سيدنا ومولانا ونبينا محمد وآله واصحابہ وبارک وسلم

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

Mufti Ehsan Waquar Ahmad
Chairman Shari'ah Board

Date: March 05, 2024

شریعہ بورڈ رپورٹ ۲۰۲۳

یہ رپورٹ ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے ضمن میں بورڈ آف ڈائریکٹرز کو پیش کی گئی ۔

بسم اللہ الرحمن الرحیم

الحمد للہ رب العلمین والصلاۃ والسلام علي سيد الانبياء وخاتم النبيين وعلي آله واصحابه اجمعين

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

رپورٹ کا دائرہ کار

اس رپورٹ کا دائرہ شرعی نقطہ نظر سے PMRC کے اسلامک بزنس آپریشنز کے احوال، اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات بنام "اسلامک بینکنگ انسٹی ٹیوشنز (IBIs) اور ڈی ایف آئیز (DFIs) کے قیام اور شریعت کے مطابق کاروبار اور آپریشنز کے آغاز کے رہنما اصول، معیارات" کے تحت بیان کرنا ہے۔

انتظامی ذمہ داری

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

شریعہ بورڈ کی اپرووِلز

شریعہ بورڈ نے کمپنی کے اسلامی کاروبار کے اسلامک ری فنانس بزنس (ایڈوانسز) اور صکوک (مشارکہ کی بنیاد پر حاصل کی گئی انویسٹمنٹ) کے پورٹ فولیو کی تشخیص کی منظوری دی، جو کہ 31 دسمبر 2023 تک بالترتیب 18.7 بلین روپے اور 4.1 بلین ہے۔

شریعہ بورڈ نے "مشارکہ مارگیج ری فنانس" پراڈکٹ میں کی جانے والی ترمیم کا جائزہ لیا اور اس کی منظوری دی ہے۔ یہ ترمیم جاری کردہ ضوابط اور پی ایم آر سی کی کاروباری ضروریات کو مدِ نظر رکھتے ہوئے کی گئی ہے۔ اس کے نتیجے میں شرعی ڈھانچے میں کوئی تبدیلی نہیں آئی۔

پی ایم آر سی اسلامک بزنس کے شریعہ کمپلائنس نظام میں بہتری کی غرض سے چیریٹی پالیسی، پول مینجمنٹ پالیسی، ممکنہ شریعہ نان کمپلائنس رسک لسٹ، شریعہ کمپلائنس فریم ورک اور سروس لیول ایگریمنٹ (SLA) وغیرہ پہلے ہی تیار کر لی گئی تھیں۔ مزید برآں، شریعہ بورڈ نے ریگولیٹر (SBP) کی ہدایت کے مطابق شریعہ کمپلائنس کو یقینی بنانے کے لیے درج ذیل پالیسیوں، طریقہ کار اور منصوبوں کا جائزہ لیا اور ان کی منظوری دی:

Compliance Program (کمپلائنس پروگرام)

2. Master Credit Guarantee / Risk Sharing Facility (RSF) Agreement (ماسٹر گارنٹی ایگریمنٹ)
3. Guarantee Agreement (گارنٹی ایگریمنٹ)
4. Islamic Scheme Manual of Credit Guarantee (اسلامک اسکیم مینول آف کریڈٹ گارنٹی)
5. Internal Audit Plan (انٹرنل آڈٹ پلان)
6. Bond Issuance Manual (بانڈ ایشوئنس مینول)
7. Expenditure Policy 2023 (ایکسپنڈیچر پالیسی ۲۰۲۳)
8. Termination Agreement – Cancellation of Asset Purchase Agreement (ٹرمینیشن ایگریمنٹ)
9. Shariah Compliance Manual along with checklists (شریعہ کمپلائنس مینول)

شریعہ کمپلائنس ریویو (SCR)

زیرِ نظر سال کے دوران، شریعہ کمپلائنس یونٹ (SCU) کی طرف سے درج ذیل سرگرمیاں انجام دی گئیں:

- اس یونٹ نے پول مینجمنٹ کے رہنما اصول کے حوالے سے سرمایہ کاروں کے درمیان منافع کی تقسیم کا جائزہ لیا۔
- اس یونٹ نے تقسیم سے قبل سرمایہ کاروں (صکوک ہولڈرز) میں منافع اور نقصان کی تقسیم کی بھی تصدیق کی۔

- اس یونٹ نے پی ایم آر سی کے شریعہ بورڈ کی طرف سے دیے گئے شرعی رہنما اصول کی روشنی میں ٹریژری ڈیل ٹکٹس (پی ایم آر سی اسلامک بزنس مشارکہ فائنانسنگ کے لیے مضاربہ کی بنیاد پر بوقت ضرورت پی ایم آر سی کنونشل سے رقم لیتا ہے) کا جائزہ لیا۔
- شریعہ کمپلائنس یونٹ نے کاروباری ٹیم کو شریعہ بورڈ سے مختلف نوعیت کی ٹرانزیکشنز (لین دین) کی منظوری حاصل کرنے میں بھی سہولت فراہم کی۔
- شریعہ کمپلائنس یونٹ نے شرعی ڈھانچے اور طریقہ کار کی ترقی کے لیے بھی اپنے تعاون کو بڑھایا۔

تربیت اور افرادِ کار کی صلاحیتوں میں اضافہ

تربیت اور صلاحیت کی تعمیر کے لیے سال 2023 کے دوران، پی ایم آر سی نے اسلامک بزنس آپریشنز کے لیے عملے کو تربیت دینے کی ضرورت کی نشاندہی کی۔ اس مقصد کے لیے اس نے اسلامی طرزِ مالیات اور روایتی اور شریعت کے مطابق پراڈکٹس کے درمیان فرق کے بارے میں آگاہی پیدا کرنے کے لیے سیشنز کا انعقاد کیا۔ اس نے کمپنی کے اسلامی کاروبار کے شرعی تعمیل کے ماحول کو بڑھانے کے لیے اندرونی اور بیرونی تربیتی سیشنز کی سہولت بھی فراہم کی۔ تمام تربیتی سیشنز کے جدول کو شریعہ بورڈ نے منظور کیا ہے۔

شریعہ بورڈ کی رائے

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

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

i) پی ایم آر سی اسلامک بزنس کے کاروباری معاملات، خاص طور پر 2023 کے دوران پی ایم آر سی کے ذریعہ کئے گئے لین دین، دستاویزات اور طریقہ کار، بڑے پیمانے پر، شرعی بورڈ کے جاری کردہ فتاوی/ آراء/ مشوروں کے مطابق ہیں۔

ii) پی ایم آر سی نے SBP کی شریعہ نگران کمیٹی (SAC) کے احکام کے مطابق اسٹیٹ بینک آف پاکستان (SBP) کی طرف سے جاری کردہ شرعی تعمیل سے متعلق ہدایات، ضوابط، ہدایات اور رہنما اصول کی تعمیل کی ہے۔

iii) پی ایم آر سی کے پاس ایس سی یو (SCU) کے ذریعے اپنے کاموں کو شرعی اصولوں کے مطابق عمل کرنے کا مؤثر ایک طریقہ کار موجود ہے۔

iv) پی ایم آر سی کے پاس اس بات کو یقینی بنانے کے لیے ایک اچھی طرح سے متعین چیریٹی پالیسی (Charity Policy) موجود ہے کہ شریعت کی طرف سے ممنوع ذرائع سے حاصل ہونے والی کمائی کو چیریٹی اکاؤنٹ میں جمع کرایا جائے تاکہ اس بات کی ضمانت دی جاسکے کہ اسٹیک ہولڈرز میں تقسیم کی جانے والی آمدنی عام طور پر حلال اور خالص رہے۔

v) سال 2023 میں، ادائیگیوں میں تاخیر کی وجہ سے صارفین سے چیرٹی کی مد میں کوئی رقم وصول نہیں کی گئی۔

vi) سرمایہ کاروں کے لیے منافع اور نقصان کی بنیاد پر تقسیم کی گئی رقم شرعی اصولوں اور SBP کے پول مینجمنٹ گائیڈ لائنز کے مطابق ہے۔ چنانچہ ان ہی اصولوں کی روشنی میں شریعہ کمپلائنس یونٹ نے ماہانہ بنیادوں پر اس کا جائزہ بھی لیا ہے۔

سفارشات

شریعہ بورڈ کی سفارشات درج ذیل ہیں :

- وفاقی شرعی عدالت (FSC) کے فیصلے کی روشنی میں جو پاکستان کی معیشت کی اسلامائزیشن پر زور دیتا ہے، ہم انتظامیہ سے تجویز کرتے ہیں کہ وہ (PMRC) کے روایتی کاروبار اور تمام متعلقہ آپریشنز کو اسلامی فریم ورک میں تبدیل کرنے کے لیے ایک جامع روڈ میپ تیار کرے۔ یہ سرگرمی (PMRC) کو ضرورت پڑنے پر وفاقی شرعی عدالت کے فیصلے کے مطابق آپریشنز کو تبدیلی کے لیے قبل از وقت تیار کردے گی۔

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

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

وصلى الله تعالي علي سيدنا ومولانا ونبينا محمد وآله واصحابه وبارك وسلم

ڈاکٹر مفتی محمد یونس علی
ریذیڈنٹ شریعہ ممبر بورڈ اینڈ ہیڈ شریعہ کمپلائنس یونٹ

مفتی احسان وقار احمد
چیئرمین شریعہ بورڈ

Date: March 05, 2024

ANNEXURE TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 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 year ended December 31, 2023 are as follows:

		Note	2023	2022
			(Rupees in '000)	
(A)	**Statement of financial position**			
	ASSETS			
	Balances with other banks		**130,191**	29,197
	Islamic financing and related assets - net	1	**18,718,206**	14,200,088
	Other assets		**821,918**	312,873
			19,670,315	14,542,158
	LIABILITIES			
	Due to financial institutions	2	**4,100,000**	4,100,000
	Due to head office		**14,258,765**	9,850,949
	Other liabilities		**204,602**	96,716
			18,563,367	14,047,665
	NET ASSETS		**1,106,948**	494,493
	REPRESENTED BY			
	Islamic banking fund		**150,000**	150,000
	Reserves		**191,390**	68,899
	Unappropriated profit		**765,558**	275,594
			1,106,948	494,493
	CONTINGENCIES AND COMMITMENTS	3		

		Note	2023	2022
(B)	**Profit and loss account**			
	Profit / return earned	4	2,089,795	900,421
	Profit / return expensed	5	1,450,059	665,841
	Net profit / return		639,736	234,580
	Other income			
	Fee and commission income		19,480	-
	Dividend income		-	-
	Foreign exchange income		-	-
	Income / (loss) from derivatives		-	-
	Gain / (loss) on securities		-	-
	Other income		-	-
			19,480	-
	Total income		659,216	234,580
	Other expenses			
	Operating expenses		18,634	12,627
	Workers' Welfare Fund		12,499	4,439
	Total other expenses		31,133	17,066
	Profit before provisions		628,083	217,514
	Provisions and write offs - net		15,628	-
	Profit before taxation		612,455	217,514
	Taxation		-	-
	Profit after taxation		612,455	217,514

	Note	2023	2022
		(Rupees in '000)	

1 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	2023	2022
Musharakah financing		18,733,656	14,199,377
Employee staff loans		178	711
Gross Islamic Financing and related assets		18,733,834	14,200,088
Less: General provision against Islamic financing		(15,628)	-
Islamic Financing and related assets- net of provision		**18,718,206**	**14,200,088**

2 DUE TO FINANCIAL INSTITUTION

	Note	2023	2022
Sukuk certificates	2.1	4,100,000	4,100,000

2.1 This represents redeemable capital under the Islamic mode of musharakah (Shirkat-ul-Aqd), in the form of Shariah compliant sukuk certificates at expected rates of profit ranging from 8.25% to 8.63% (2022: 8.25% to 8.63%) per annum by way of private placement, pursuant to the provisions of section 66 of the Companies Act, 2017.

3 CONTINGENCIES AND COMMITMENTS

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

4 PROFIT / RETURN EARNED

	2023	2022
	(Rupees in '000)	
Profit earned on:		
Financing	2,075,566	864,885
Balances with banks	14,229	35,536
	2,089,795	900,421

5 PROFIT / RETURN EXPENSED

	2023	2022
Profit expensesd on:		
Financing	1,450,059	665,841

6 POOL MANAGEMENT

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

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

The Company is maintaining two musharakah pools and the average rate of profit earned on the assets tagged in the pools during the year range from 6.10% to 16.92% (2022: 5.33% to 14.75%) per annum. There is little or no risk of default in assets tagged against these pools.

Profit is payable on semi-annual basis. Profit rate of 8.25% per annum and 8.63% per annum was distributed to the investors. The profit accrued to investors amounted to Rs. 255.750 million and Rs. 86.300 million representing share of profit at the rate of 8.25% and 8.63% respectively. The actual income earned through the pools is 9.99% and 9.99% respectively. The surplus profits have been kept in a special reserve and will be evaluated at the end of the musharakah term.

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PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED

Finance & Trade Center, 4th Floor, Block-A
Shahrah-e-Faisal, Karachi -74400 Pakistan
Tel: +92 21 35633366 - 68, +92 21 35631573 | Fax: +92 21 35633365
www.pmrc.com.pk | info@pmrc.com.pk

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www.theartstore.biz