PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----------(Rupees in '000)----------	
ASSETS			
Cash and balances with treasury banks	7	10,071	5,173
Balances with other banks	8	5,212,651	10,651,533
Lendings to financial institutions		-	-
Investments	9	21,995,366	13,804,680
Advances	10	33,684,884	34,401,920
Property and equipment	12	71,567	72,894
Right-of-use assets	13	27,302	44,854
Intangible assets	14	32,643	35,705
Deferred tax assets		-	-
Other assets	15	1,198,428	1,542,299
Total assets		62,232,912	60,559,058
LIABILITIES			
Bills payable		-	-
Borrowings	16	41,544,462	41,649,392
Deposits and other accounts		-	-
Lease liability against right-of-use assets	17	31,392	53,162
Subordinated debt	18	6,701,705	6,818,042
Deferred tax liabilities		-	-
Other liabilities	19	1,393,942	1,107,450
Total liabilities		49,671,501	49,628,046
NET ASSETS		12,561,411	10,931,012
REPRESENTED BY			
Share capital		6,237,759	6,237,759
Reserves		1,933,124	1,519,513
Deficit on revaluation of assets	20	161,085	(353,565)
Unappropriated profit		4,229,443	3,527,305
		12,561,411	10,931,012
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 33 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

	Note	Nine months ended		Quarter ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		(Rupees in '000)			
Mark-up / return / interest / profit earned	22	5,480,437	5,195,977	1,694,440	1,854,079
Mark-up / return / interest / profit expensed	23	2,294,762	2,879,342	720,605	944,545
Net mark-up / interest / profit earned		3,185,675	2,316,635	973,835	909,534
Non mark-up / interest income					
Fee and commission income	24	21,508	26,760	7,636	26,760
Dividend income		-	-	-	-
Foreign exchange income / (loss)		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on sale of securities		7,384	3,022	6,712	-
Other income		423	60	140	33
Total non-markup / interest income		29,315	29,842	14,488	26,793
Total income		3,214,990	2,346,477	988,323	936,327
Non mark-up / interest expense					
Operating expenses	25	529,327	397,757	181,867	158,651
Workers' Welfare Fund		42,205	37,476	17,694	15,531
Other charges		-	-	-	-
Total non-markup / interest expenses		571,532	435,233	199,561	174,182
Profit before provisions / credit loss allowance		2,643,458	1,911,244	788,762	762,145
Provisions / credit loss allowance and write offs charge/(reversal) - net	11	575,404	74,906	(77,376)	1,108
Extraordinary / unusal items		-	-	-	-
Profit before taxation		2,068,054	1,836,338	866,138	761,037
Taxation	26	-	-	-	-
Profit after taxation		2,068,054	1,836,338	866,138	761,037
		(Rupees)			
Basic and diluted earnings per share	27	3.32	2.94	1.39	1.22

The annexed notes from 1 to 33 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

	Nine months ended		Quarter ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(Rupees in '000)			
Profit after taxation for the period	2,068,054	1,836,338	866,138	761,037
Other comprehensive income / (loss)				
Items that may be reclassified to the statement of profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through Fair Value Through Other Comprehensive Income (FVOCI) / available-for-sale securities	514,650	(90,720)	451,803	31,043
Total comprehensive income for the period	2,582,704	1,745,618	1,317,941	792,080

The annexed notes from 1 to 33 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

	Share capital	Statutory reserve	Surplus/ (deficit) on revaluation of investments	Unappropriated profit	Total
	----------	----------	(Rupees in '000)	----------	----------
Balance as at December 31, 2022 (audited)	6,237,759	1,007,773	(448,961)	1,948,368	8,744,939
Total comprehensive income for the period					
Profit after taxation for the nine months ended September 30, 2023	-	-	-	1,836,338	1,836,338
Other comprehensive loss					
Movement in deficit on revaluation of investments	-	-	(90,720)	-	(90,720)
Total comprehensive income for the nine months ended September 30, 2023	-	-	(90,720)	1,836,338	1,745,618
Transfer to statutory reserve	-	367,268	-	(367,268)	-
Transactions with owners, recorded directly in equity					
Final dividend for the year ended December 31, 2022 @ Re. 0.75 per share declared on March 28, 2023	-	-	-	(467,832)	(467,832)
Balance as at September 30, 2023 (un-audited)	6,237,759	1,375,041	(539,681)	2,949,606	10,022,725
Total comprehensive income for the period					
Profit after taxation for the three months ended December 31, 2023	-	-	-	722,360	722,360
Other comprehensive income / (loss)					
Remeasurement loss on defined benefit plan	-	-	-	(189)	(189)
Movement in deficit on revaluation of investments	-	-	186,116	-	186,116
Total comprehensive income for the three months ended December 31, 2023	-	-	186,116	722,171	908,287
Transfer to statutory reserve	-	144,472	-	(144,472)	-
Balance as at December 31, 2023 (audited)	6,237,759	1,519,513	(353,565)	3,527,305	10,931,012
Impact of adoption of IFRS 9 (note 3.2)	-	-	-	(16,641)	(16,641)
Balance as at January 1, 2024 after adoption of IFRS 9	6,237,759	1,519,513	(353,565)	3,510,664	10,914,371
Total comprehensive income for the period					
Profit after taxation for the nine months ended September 30, 2024	-	-	-	2,068,054	2,068,054
Other comprehensive income					
Movement in deficit on revaluation of investments	-	-	514,650	-	514,650
Total comprehensive income for the nine months ended September 30, 2024	-	-	514,650	2,068,054	2,582,704
Transfer to statutory reserve	-	413,611	-	(413,611)	-
Transactions with owners recorded directly in equity					
Final dividend for the year ended December 31, 2023 @ Rs. 1.50 per share declared on March 5, 2024	-	-	-	(935,664)	(935,664)
Balance as at September 30, 2024 (un-audited)	6,237,759	1,933,124	161,085	4,229,443	12,561,411

The annexed notes from 1 to 33 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

	Note	Nine months ended	
		September 30, 2024	September 30, 2023
		----------(Rupees in '000)----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before taxation		2,068,054	1,836,338
Adjustments for:			
Net mark-up / interest / profit earned		(3,185,675)	(2,316,635)
Depreciation	25	21,449	19,234
Depreciation right-of-use assets	25	17,552	17,552
Amortisation of intangible assets	25	5,094	6,089
Amortisation of transaction cost		10,754	16,664
Provision for Workers' Welfare Fund		42,205	37,476
Loss / (gain) on sale of property and equipment		(106)	(36)
Gain on sale of securities		(7,384)	(3,022)
Provision for defined benefit obligation		10,281	10,772
Interest expense on lease liability against right-of-use assets	23	2,919	4,583
Provisions / credit loss allowance and write offs - net	11	575,404	74,906
		(2,507,507)	(2,132,417)
		(439,453)	(296,079)
(Increase) / decrease in operating assets			
Advances		140,755	(2,317,874)
Other assets (excluding advance taxation and mark-up accrued)		59,636	(323,853)
		200,391	(2,641,727)
Increase / (decrease) in operating liabilities			
Borrowings		6,870,070	3,053,311
Other liabilities (excluding payable to defined benefit plan and mark-up payable)		208,113	595,700
		7,078,183	3,649,011
Mark-up / interest / profit received		5,754,513	5,195,977
Mark-up / interest / profit paid		(2,258,235)	(2,879,342)
Contribution to gratuity scheme		(10,634)	(10,281)
Income tax paid		(459)	(34)
Net cash (used in) / generated from operating activities		10,324,306	3,017,525
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities classified as FVOCI		(7,685,292)	15,993,802
Investments in property and equipment		(20,568)	(14,821)
Investments in intangible assets		(2,032)	(3,441)
Proceeds from sale of property and equipment		552	69
Net cash generated from investing activities		(7,707,340)	15,975,609
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(935,664)	(467,832)
Lease rentals paid against right-of-use assets	17	(24,689)	(19,776)
Long Tern Loan		3,000,000	-
Repayment of term finance certificates and sukuk certificates		(9,975,000)	-
Repayment of subordinated debt		(116,337)	(116,337)
Net cash used in financing activities		(8,051,690)	(603,945)
Net (decrease) / increase in cash and cash equivalents during the period		(5,434,724)	18,389,189
Cash and cash equivalents at the beginning of the period		10,658,156	226,103
Opening net credit allowance on cash and cash equivalents		(1,450)	-
		10,656,706	226,103
Impact of net credit loss allowance on cash and cash equivalents during the period		740	-
Cash and cash equivalents at the end of the period	28	5,222,722	18,615,292

The annexed notes from 1 to 33 and annexure form an integral part of these condensed interim financial statements.

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

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 9, 2024 (December 31, 2023: 'AAA' dated April 14, 2023). The rating reflects the highest possible credit quality rating with the lowest expectation of default risk.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) 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 (BCO); and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017.

Whenever the requirements of the Companies Act, 2017, the BCO or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS Accounting Standards or IFAS, the requirements of the Companies Act, 2017, the BCO and the said directives shall prevail.

2.2 These condensed interim financial statements of the Company do not include all the information and disclosures required in the annual audited financial statements and are limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 02 dated February 09, 2023 and IAS 34. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2023.

2.3 The SBP has deferred the applicability of IAS 40, 'Investment Property' for banking companies / DFIs in Pakistan through BSD Circular Letter No. 10 dated August 26, 2002, till further instructions. Further, the SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures', through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

2.4 The SBP has issued BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9. The impact of adoption of IFRS 9 is disclosed in note 3.2 to these condensed interim financial statements.

2.5 These standards, interpretations and amendments to the accounting and reporting standards that are effective in the current period

There are certain new and amended standards, issued by IASB, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Company's operations and are therefore not detailed in these condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 3.2.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Company's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements; and

- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and dereconition of financial liabilities.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2023 except for changes mentioned in notes 3.1 and 3.2.

3.1 Adoption of new forms for the preparation of the condensed interim financial statements

The SBP, via its BPRD Circular No. 02 dated February 09, 2023, issued revised forms for the preparation of the annual/condensed interim quarterly financial statements of banks and DFIs, effective from January 1, 2023. However, their applicability was deferred to periods beginning on or after January 1, 2024, as per BPRD Circular Letter No. 07 of 2023, dated April 13, 2023. The implementation of the revised forms resulted in certain changes in the presentation and disclosure of various elements of the condensed interim financial statements. A significant change relates to right-of-use assets and corresponding lease liabilities, which are now presented separately on the face of the statement of financial position. There is no impact of this change on the condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Company has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation.

3.2 IFRS 9 - 'Financial Instruments'

As directed by the SBP vide BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks / DFIs with effect from January 01, 2024. Moreover, SBP also issued application instructions on IFRS 9 for banks / DFIs in Pakistan for ensuring smooth and consistent implementation of the standard in the banks / DFIs.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

There are a few matters which include maintenance of general provision, income recognition on islamic financings and fair valuation of subsidised loans, the treatments of which are still under deliberation with the SBP. The Company has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

3.2.1 Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at Fair Value Through Profit or Loss account (FVTPL)
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at amortised cost

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortised cost except for derivatives which are being measured at FVTPL. The Company does not have any financial liability measured at FVTPL.

3.2.2 Application to the Company's financial assets

Debt based financial assets

Debt based financial assets held by the Company include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private term financer certificates, cash and balances with treasury banks, balances with other banks, and other financial assets.

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in Market Trasury Bills (MTBs), Pakistan Investment Bonds (PIBs) and Term Finance Certificates (TFCs) held under AFS portfolio as of December 31, 2023 to hold to collect and sell model based on the business model assessment. However, certain investments that do not meet the SPPI criteria due to equity converison features embedded in terms of these TFCs have been reclassified as FVTPL.

3.2.3 Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its condensed interim statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Collateral furnished by the Company under due from and due to institutions are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermeined purchase price, and the criteria for derecognition are therefore not met.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the condensed interim statement of profit and loss account.

3.2.4 Expected Credit Loss

The Company assesses on a forward-looking basis the ECL associated with all advances and other debt financial assets not held at FVTPL. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Company rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Company recognises the LTECLs for these instruments. The Company uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at segment level.

Currently, all financial assets of the Company are recognised under Stage 1 except for the exposure as disclosed in note 10.6 to these condensed interim financial statements.

Forward looking information

In its ECL models, the Company relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Write-offs

The Company's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

3.2.5 Adoption impacts

The Company has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 16.641 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balance as at Decmeber 31, 2023 (Audited)	Category before adoption of IFRS 9	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Balance as at January 1, 2024	IFRS 9 Category
	(Rupees in '000)		(Rupees in '000)				
Assets							
Cash and balances with treasury banks	5,173	Loans and receivables	(6)	-	-	5,167	Amortised cost
Balances with other banks	10,651,533	Loans and receivables	(1,444)	-	-	10,650,089	Amortised cost
Lendings to financial institutions	-	Loans and receivables	-	-	-	-	Amortised cost
Investments							
- Classified as AFS	13,804,680	AFS	-	(13,804,680)	-	-	
- Classified as FVOCI	-		(5)	13,504,920		13,504,915	FVOCI
- Classified as FVTPL	-		-	-	299,760	299,760	FVTPL
Advances	34,401,920	Loans and receivables	(14,765)	-		34,387,155	Amortised cost
Property and equipment	72,894		-	-	-	72,894	Outside the scope of IFRS 9
Right-of-use assets	44,854		-	-	-	44,854	Outside the scope of IFRS 9
Intangible assets	35,705		-	-	-	35,705	Outside the scope of IFRS 9
Other assets	1,542,299	Loans and receivables	(421)	-	-	1,541,878	Amortised cost
	60,559,058		(16,641)	(299,760)	299,760	60,542,417	
Liabilities							
Borrowings	41,649,392		-	-	-	41,649,392	Amortised cost
Lease liability against right-of-use assets	53,162		-	-	-	53,162	Amortised cost
Subordinated debt	6,818,042		-	-	-	6,818,042	Amortised cost
Other liabilities	1,107,450		-	-	-	1,107,450	Amortised cost
	49,628,046		-	-	-	49,628,046	
Net assets	10,931,012		(16,641)	(299,760)	299,760	10,914,371	

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments and estimates made by the management in the application of its accounting policies and the related estimates and judgments are the same as those applied to the annual audited financial statements of the Company for the year ended December 31, 2023, except for changes mentioned in note 3.2.

5 BASIS OF MEASUREMENT

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

- Obligation in respect of staff retirement benefit scheme is carried at present value of defined benefit obligation; and

- Investments classified as FVOCI and FVTPL are carried at fair value.

5.1 Functional and presentation currency

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

6 FINANCIAL RISK MANAGEMENT POLOCIES

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2023. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
7 CASH AND BALANCES WITH TREASURY BANKS		----------(Rupees in '000)----------	
With State Bank of Pakistan in:			
Local currency current account	7.1	10,029	5,132
With National Bank of Pakistan in:			
Local currency current accounts		31	31
Local currency deposit account	7.2	11	10
		42	41
Less: Credit loss allowance held against cash and balances with treasury banks	7.3	-	-
Cash and balances with treasury banks - net of credit loss allowance		10,071	5,173

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

7.2 This represents deposit account maintained with National Bank of Pakistan. This carries mark-up at the rate of 18% (December 31, 2023: 19.00%) per annum.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
7.3 Credit loss allowance / provision for diminution in value of cash and balances with treasury banks		----------(Rupees in '000)----------	
Opening balance		-	-
Impact of adoption of IFRS 9		6	-
Reversal during the period		(6)	-
Closing balance		-	-

8 BALANCES WITH OTHER BANKS

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
In Pakistan			
In current accounts		1,072	3,595
In deposit accounts	8.1	5,212,283	10,647,938
		5,213,355	10,651,533
Less: Credit loss allowance held against balances with other banks	8.2	(704)	-
Balances with other banks - net of credit loss allowance		5,212,651	10,651,533

8.1 These represent deposit accounts in local currency maintained with other banks. These carry mark-up / profit at rates ranging from 8.05% to 18% (December 31, 2023: 8.76% to 22.50%) per annum. The comparative figures also include term deposit receipts (TDRs) amounting Rs. 6,400 million that carried mark-up at the rate of 22.35% per annum.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
8.2 Credit loss allowance for diminution in value of balances with other banks	----------(Rupees in '000)----------	
Opening balance	-	-
Impact of adoption of IFRS 9	1,444	-
Reversal during the period	(740)	-
Closing balance	704	-

9 INVESTMENTS

9.1 Investments by type

	(Un-audited) September 30, 2024				(Audited) December 31, 2023			
	Cost / amortised cost	Credit loss allowance	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	Deficit	Carrying value
	(Rupees in '000)							
FVOCI securities / AFS securities								
Federal government securities	21,434,585	-	161,085	21,595,670	13,758,485	-	(353,565)	13,404,920
Non-government debt securities	100,000	(4)	-	99,996	100,000	-	-	100,000
	21,534,585	(4)	161,085	21,695,666	13,858,485	-	(353,565)	13,504,920
FVTPL securities / AFS securities								
Non-government debt securities	299,700	-	-	299,700	299,760	-	-	299,760
Total investments	21,834,285	(4)	161,085	21,995,366	14,158,245	-	(353,565)	13,804,680

9.2 Investments given as collateral

	(Un-audited) September 30, 2024			(Audited) December 31, 2023		
	Cost / amortised cost	(Deficit) / surplus	Carrying value	Cost / amortised cost	(Deficit) / surplus	Carrying value
	(Rupees in '000)					
Pakistan Investment Bonds	4,388,156	63,021	4,451,177	1,003,469	(19,769)	983,700
Market Treasury Bills	1,487,804	839	1,488,642	7,955,380	2,556	7,957,936
	5,875,959	63,860	5,939,819	8,958,849	(17,213)	8,941,636

9.3 Credit loss allowance / provision for diminution in value of investments

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----------(Rupees in '000)----------	
Opening balance	-	-
Impact of adoption of IFRS 9	5	-
Reversal for the period	(1)	-
Closing balance	4	-

9.4 Particulars of credit loss allowance / provision against debt securities

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
	----------(Rupees in '000)----------			
Domestic				
Performing - Stage 1	21,534,585	(4)	-	-

10 ADVANCES

	Note	Performing September 30, 2024 (Un-audited)	Performing December 31, 2023 (Audited)	Non-performing September 30, 2024 (Un-audited)	Non-performing December 31, 2023 (Audited)	Total September 30, 2024 (Un-audited)	Total December 31, 2023 (Audited)
		---------- (Rupees in '000) ----------					
Loans, cash credits, running finances, etc.		14,157,012	16,015,981	1,289,696	-	15,446,708	16,015,981
Islamic financing and related assets		19,177,117	18,733,834	-	-	19,177,117	18,733,834
Advances - gross		33,334,129	34,749,815	1,289,696	-	34,623,825	34,749,815
Credit loss allowance / provision against advances							
- Stage 1	10.3	10,683	-	-	-	10,683	-
- Stage 3	10.3	-	-	580,363	-	580,363	-
- General	10.3	347,895	347,895	-	-	347,895	347,895
Advances - net of credit loss allowance / provision		32,975,551	34,401,920	709,333	-	33,684,884	34,401,920

10.1 Particulars of advances (gross)

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----------(Rupees in '000)----------	
In local currency	34,623,825	34,749,815

10.2 Advances include Rs. 1,289.696 million (December 31, 2023: Nil) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) September 30, 2024 Non-performing loans	(Un-audited) September 30, 2024 Credit loss allowance	(Audited) December 31, 2023 Non-performing loans	(Audited) December 31, 2023 Credit loss allowance
	---------- (Rupees in '000) ----------			
Domestic				
Substandard - Stage 3	1,289,696	580,363	-	-

10.3 **Particulars of credit loss allowance / provision againt advances**

	(Un-audited) September 30, 2024						(Audited) December 31, 2023		
	Expected Credit Loss			Specific	General	Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)						(Rupees in '000)		
Opening balance	-	-	-	-	347,895	347,895	-	94,502	94,502
Impact of adoption of IFRS 9	14,765	-	-	-	-	14,765	-	-	-
Charge for the period / year	-	-	580,363	-	-	580,363	-	253,393	253,393
Reversals during the period	(4,082)	-	-	-	-	(4,082)	-	-	-
Closing balance	10,683	-	580,363	-	347,895	938,941	-	347,895	347,895

10.4 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, the Company has maintained a general provision reserve of Rs. 347.895 million against the micro finance sector, so that any unforeseen losses can be addressed through this

10.5 **Advances - particulars of credit loss allowance / provision against advances**

	(Un-audited) September 30, 2024						(Audited) December 31, 2023		
	Expected Credit Loss			Specific	General	Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)						(Rupees in '000)		
Opening balance	-	-	-	-	347,895	347,895	-	94,502	94,502
Impact of adoption of IFRS 9	14,765	-	-	-	-	14,765	-	-	-
Balance as at January 1 after adopting IFRS 9	14,765	-	-	-	347,895	362,660	-	94,502	94,502
New advances	1,156	-	-	-	-	1,156	-	-	-
Advances derecognised or repaid	(4,089)	-	-	-	-	(4,089)	-	-	-
Transfer to stage 3	(886)	-	580,363	-	-	579,477			
Charge for the period / year									
- specific provision	-	-	-	-	-	-	-	-	-
- general provision	-	-	-	-	-	-	-	253,393	253,393
	(3,819)	-	580,363	-	-	576,544	-	253,393	253,393
Closing balance	10,946	-	580,363	-	347,895	939,204	-	347,895	347,895

10.6 **Advances - Category of classification**

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Credit loss allowance / provision held
	(Rupees in '000)			
Domestic				
Performing - Stage 1	33,334,129	10,683	34,749,815	-
General provision	-	347,895		347,895
	33,334,129	358,578	34,749,815	347,895
Non-performing - Stage 3				
Substandard	1,289,696	580,363	-	-
Total	34,623,825	938,941	34,749,815	347,895

	Note	(Un-audited) Nine months ended September 30, 2024	September 30, 2023
11 Provisions / credit loss allowance and write offs - net		----------(Rupees in '000)----------	
(Reversal) / charge for credit loss allowance / provision on:			
Cash and balances with treasury banks	7.3	(6)	-
Balances with other banks	8.2	(740)	-
Lendings to financial institutions	9.3	-	-
Investments	9.3	(1)	-
Advances	10.3	576,281	74,906
Other assets	15.2	(130)	-
		575,404	74,906

	Note	(Un-audited) Septembet 30, 2024	(Audited) December 31, 2023
12 PROPERTY AND EQUIPMENT		----------(Rupees in '000)----------	
Property and equipment		70,644	69,573
Capital work-in-progress	12.1	923	3,321
		71,567	72,894

12.1 This represents advance paid to Orphic Design against renovation of Gym Area.

12.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

	(Un-audited) Nine months ended September 30, 2024	September 30, 2023
	----------(Rupees in '000)----------	
Capital work-in-progress	923	153
Property and equipment		
Furniture and fixtures	2,543	-
Leasehold improvements	4,336	-
Vehicle	-	7,676
Electrical, office and computer equipment	16,084	6,992
	22,963	14,668
Total	23,886	14,821

12.3 Disposal of property and equipment

The net book value of property and equipment disposed of during the period is as follows:

Electrical, office and computer equipment	209	33
Furniture and fixtures	115	-
Leasehold improvements	122	-
Total	446	33

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
13 RIGHT-OF-USE ASSETS	----------(Rupees in '000)----------	
At January 1		
Cost	117,010	117,010
Accumulated depreciation	(72,156)	(48,754)
Net carrying amount at January 1	44,854	68,256
Depreciation charge for the period / year	(17,552)	(23,402)
Closing net carrying amount	27,302	44,854

13.1 This disclosure has been added in pursuant to the new format prescribed by SBP. Accordingly, comparative numbers have been reclassified for property and equipment and right-of-use-assets.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
14 INTANGIBLE ASSETS	----------(Rupees in '000)----------	
Computer software	22,493	21,565
Capital work-in-progess	10,150	14,140
	32,643	35,705

14.1 Additions to intangible assets

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

	Note	(Un-audited) Nine months ended September 30, 2024	(Un-audited) Nine months ended September 30, 2023
		----------(Rupees in '000)----------	
Computer software		6,022	-

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----------(Rupees in '000)----------	
15 OTHER ASSETS			
Mark-up / return / interest / profit accrued in local currency		990,970	1,265,046
Advances, deposits and prepayments		56,924	66,930
Advance taxation		27,558	27,099
Receivable from Credit Guarantee Trust - net		123,267	183,224
		1,198,719	1,542,299
Less: Credit loss allowance held against other assets	15.1	(291)	-
Other assets - net of credit loss allowance		1,198,428	1,542,299
15.1 Credit loss allowance held against other assets			
Mark-up / return / interest / profit accrued in local currency	15.2	291	-
15.2 Movement in credit loss allowance held against other assets			
Opening balance		-	-
Impact of adoption of IFRS 9		421	-
Reversal for the period		(130)	-
Closing balance		291	-
16 BORROWINGS			
Secured			
TFC	16.1	13,162,500	18,700,000
Sukuk certificates	16.2	-	4,100,000
Repurchase agreement borrowings	16.3	5,821,418	8,900,179
Long Term Loan	16.4	3,000,000	-
Total secured		21,983,918	31,700,179
Unsecured			
Borrowings from Government of Pakistan under World Bank - Housing Finance Project	16.5	9,779,448	9,949,213
Bai Muajjal	16.6	6,781,096	-
Clean Borrowing	16.7	3,000,000	-
		41,544,462	41,649,392

16.1 These certificates have maturity of three to ten years and carry rate of interest ranging from 9.35% to 19.87% (2023: 8.41% to 20.89%) per annum. The principal is payable annually or at maturity whereas interest is payable semi-annually. Further, TFCs amounting to Rs. 5,537.5 million have matured during the period.

16.2 The sukuk certificates amounting to Rs. 4,100 million have matured during the period. These sukuk certificates carried fixed rate of profit ranging from 8.25% to 8.63% per annum.

16.3 These represent borrowings from various financial institutions including SBP at mark-up rates ranging from 17.53% to 17.58% (December 31, 2023: 22.12% to 22.15%) per annum and are due to mature latest by October 18, 2024. The market value of securities given as collateral against these borrowings is given in note 9.2 to these condensed interim financial statements.

16.4 Long Term borrowing carry interest rate of 18.36% per annum (December 31, 2023: Nil).

16.5 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.

16.6 Bai Muajjal borrowings carry profit rate ranging from 16.65% to 16.70% per annum (December 31, 2023: Nil) and are due to mature latest by November 8, 2024

16.7 Clean borrowings carry interest rate of 17.25% per annum (December 31, 2023: Nil).

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
17 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS	----------(Rupees in '000)----------	
Opening balance	53,162	75,304
Interest expense	2,919	5,864
Lease payments inlcuding interest	(24,689)	(28,006)
Closing balance	31,392	53,162
17.1 Liabilities outstanding		
Not later than one year	31,392	29,362
Later than one year and upto five years	-	23,800
Total at the year end	31,392	53,162

For the purpose of discounting, interest rate of 9.26% has been used.

18 SUBORDINATED DEBT

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

Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Issue amount (Rupees in '000)	7,050,716	7,050,716
Outstanding principal (Rupees in '000)	6,701,705	6,818,042
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	Semi-annually
Mark-up	3% per annum	3% per annum

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
19 OTHER LIABILITIES		----------(Rupees in '000)----------	
Mark-up / return / interest / profit payable in local currency		608,750	572,223
Unearned income		241,215	165,310
Provision for government levies		197,382	155,145
Provision for employees' benefit		177,820	161,005
Accrued expenses		157,624	44,622
Withholding tax payable		7,720	5,365
Payable to defined benefit plan		3,427	3,780
Payable to defined contribution plan		4	-
		1,393,942	1,107,450
20 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of debt securities measured at FVOCI / AFS securities	9.1	161,085	(353,565)

21 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2024 and December 31, 2023.

	Note	(Un-audited) Nine months ended September 30, 2024	September 30, 2023
22 MARK-UP / RETURN / INTEREST / PROFIT EARNED		----------(Rupees in '000)----------	
On:			
Loans and advances		3,316,836	2,760,697
Investments		1,560,132	2,229,748
Lendings to financial institutions		522,738	40,777
Balances with banks (including term deposit receipts)		80,731	164,755
		5,480,437	5,195,977
23 MARK-UP / RETURN / INTEREST / PROFIT EXPENSED			
On:			
Borrowings from Government of Pakistan under Housing Finance Project		221,051	227,273
Repurchase agreement borrowings		426,737	764,406
TFC		1,336,938	1,451,330
Long Term Loan		54,325	-
Clean borrowing		6,281	12,373
Bai Muajjal		10,744	-
Sukuk certificates		84,242	260,736
		2,140,318	2,716,118
Subordinated debt		151,525	158,641
Lease liability against right-of-use assets		2,919	4,583
		2,294,762	2,879,342
24 FEE AND COMMISSION INCOME			
Trustee fee	24.1	21,508	26,760

24.1 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 0.25 times of the premium received by the Trust from the guarantees issued under the Low Income Scheme. The aggregate trustee fee charged by the Company has been amortised over the period of the guarantees issued under the Low Income Scheme.

	(Un-audited) Nine months ended September 30, 2024	September 30, 2023
25 OPERATING EXPENSES	----------(Rupees in '000)----------	
Total compensation expense	355,353	265,308
Property expense		
Insurance	602	446
Utilities cost	5,005	2,491
Security	845	524
Repairs and maintenance	473	109
Depreciation	17,552	17,552
	24,477	21,122
Information technology expenses		
Software maintenance	11,418	14,183
Rent-disaster recovery site	1,496	1,130
Hardware maintenance	279	466
Depreciation	7,662	6,848
Amortisation	5,094	6,089
Network charges	2,327	2,560
	28,276	31,276
Balance carried forward	408,106	317,706

	(Un-audited) Nine months ended	
	September 30, 2024	September 30, 2023
	----------(Rupees in '000)----------	
.Balance brought forward	408,106	317,706
Other operating expenses		
Directors' fees and allowances	19,770	6,840
Fees and allowances to Shariah Board	8,484	7,226
Legal and professional charges	10,190	5,149
Fees and subscription	4,171	2,749
Outsourced services costs	4,864	3,878
Travelling and conveyance	5,196	6,843
Depreciation	13,787	12,386
Training and development	4,455	2,323
Postage and courier charges	225	217
Communication	1,079	1,074
Printing and stationery	679	622
Marketing, advertisement and publicity	2,347	1,465
Research and development	1,695	16,275
Donations	4,500	3,000
Auditors' remuneration	30,461	2,128
Insurance	4,975	4,615
Vehicle repairs and maintenance	290	860
Entertainment	874	579
Others	3,179	1,822
	121,221	80,051
	529,327	397,757

26 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.

27 BASIC AND DILUTED EARNINGS PER SHARE

	(Un-audited) Nine months ended	
	September 30, 2024	September 30, 2023
	----------(Rupees in '000)----------	
Profit for the period	2,068,054	1,836,338
	(Number of shares)	
Weighted average number of ordinary shares	623,775,900	623,775,900
	--------------(Rupees)--------------	
Basic earnings per share	3.32	2.94

27.1 Diluted earnings per share

Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue as at September 30, 2024 and September 30, 2023.

28 CASH AND CASH EQUIVALENTS

	Note	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
		----------(Rupees in '000)----------	
Cash and balances with treasury banks	7	10,071	6,241
Balances with other banks	8	5,212,651	2,668,612
MTBs (having original maturity of 3 months or less)	28.1	-	15,940,439
		5,222,722	18,615,292

28.1 MTBs with original maturity of three months or less having been considered as cash and cash equivalent.

29 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities is based on quoted market price. Quoted debt securities are carried at amortised 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.

In the opinion of the management, the fair value of the remaining financial assets and liabilities is not significantly different from their respective carrying amounts.

29.1 Fair value of financial assets

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

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

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

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

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

	(Un-audited)			
	September 30, 2024			
	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	-	21,595,670	-	21,595,670
Non-government debt securities	-	399,698	-	399,698

	(Audited)			
	December 31, 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

Valuation techniques and inputs used in determination of fair values

Item	Valuation approach and input used
PIB	Fair value of fixed and floater PIBs are derived using the PKRV and PKFRV rates respectively available on Mutual Funds Association of Pakistan (MUFAP).
MTB	Fair value of MTBs are derived using the PKRV rates available on MUFAP.
TFC	Investment in TFCs are valued based on the debt instrument prices as published at the close of each business day by MUFAP.

30 RELATED PARTY TRANSACTIONS AND BALANCES

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

Transactions with related parties of the Company are carried out on contractual basis in terms of the policy as approved by the Board of Directors (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 'Condensed Interim Statement of Changes in Equity'. All other transactions between the Company and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment.

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

	(Un-audited)			(Audited)		
	September 30, 2024			December 31, 2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Statement of financial position						
Cash and balances with treasury banks						
Local currency current accounts	-	-	31	-	-	31
Local currency deposit account	-	-	11	-	-	10
	-	-	42	-	-	41
Credit loss allowance held against cash and balances with treasury banks	-	-	-	-	-	-
Balances with other banks						
In current account	-	-	1,072	-	-	3,595
In deposit accounts	-	-	3,762	-	-	6,414,924
	-	-	4,834	-	-	6,418,519
Credit loss allowance held against balances with other banks	-	-	1	-	-	-
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	24,862,796	-	-	16,784,084
Repayments during the period	-	-	(24,862,796)	-	-	(16,784,084)
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	91,273	8,828,836	-	100,645	7,135,712
Addition during the period	-	81,417	2,500,000	-	5,739	5,386,921
Repayments during the period	-	(10,305)	(533,235)	-	(15,111)	(3,693,797)
Closing balance	-	162,385	10,795,601	-	91,273	8,828,836
Credit loss allowance held against advances	-	33	3,258	-	-	-
Other assets						
Interest / mark-up accrued	-	-	469,265	-	-	299,885
Other receivable	-	-	123,267	-	-	183,224
	-	-	592,532	-	-	483,109
Credit loss allowance held against other assets	-	-	142	-	-	-

	(Un-audited) September 30, 2024			(Audited) December 31, 2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	---------- (Rupees in '000) ----------					
Borrowings						
Opening balance	-	-	11,500,000	-	-	11,500,000
Borrowings during the period	-	-	14,316,103	-	-	46,121,332
Settled during the period	-	-	(15,582,503)	-	-	(46,121,332)
Closing balance	-	-	10,233,600	-	-	11,500,000
Other liabilities						
Interest / mark-up payable	-	-	287,371	-	-	221,839
Payable to defined benefit plan	-	-	3,427	-	-	3,760
Payable to defined contribution plan	-	-	4	-	-	-
Unearned income	-	-	236,408			159,751
	-	-	527,210	-	-	385,370

	(Un-audited) September 30, 2024			(Un-audited) September 30, 2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	---------- (Rupees in '000) ----------					
Statement of profit and loss account						
Income						
Mark-up / return / interest / profit earned	-	3,916	1,127,000	-	2,674	535,982
Fee and commission income	-	-	21,508	-	-	26,760
Expense						
Mark-up / return / interest / profit expensed	-	-	822,663	-	-	1,035,746
Directors' fees and allowances	19,770			6,840		
Remuneration of key management personal	-	216,498	-	-	172,254	-
Contribution to defined contribution plan	-	-	11,454	-	-	8,275
Charge for defined benefit plan	-	-	10,281	-	-	10,772

30.1 In addition to the above, the Company has outstanding sub-ordinated loan amounting to Rs. 6,701.705 million and borrowing under World Bank - Housing Finance Project amounting to Rs. 9,779.448 million respectively from the Ministry of Finance.

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----------(Rupees in '000)----------	
Minimum Capital Requirement (MCR):		
Paid-up capital	6,237,759	6,237,759
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	12,367,684	10,895,307
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	12,367,684	10,895,307
Eligible Tier 2 Capital	277,871	133,806
Total Eligible Capital (Tier 1 + Tier 2)	12,645,555	11,029,113

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----------(Rupees in '000)----------	
Risk Weighted Assets (RWAs):		
Credit Risk	9,342,859	10,704,506
Market Risk	-	-
Operational Risk	4,389,725	4,389,725
Total	13,732,584	15,094,231
Common Equity Tier 1 Capital Adequacy Ratio	90.06%	72.18%
Tier 1 Capital Adequacy Ratio	90.06%	72.18%
Total Capital Adequacy Ratio	92.08%	73.07%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	12,367,684	10,895,307
Total Exposure	51,008,872	65,935,065
Leverage Ratio	24.25%	16.52%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	15,665,922	4,468,457
Total Net Cash Outflow	155,590	17,781
Liquidity Coverage Ratio	10,069%	25,131%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	44,292,162	41,349,463
Total Required Stable Funding	27,246,173	31,453,613
Net Stable Funding Ratio	162.56%	131.46%

32 GENERAL

32.1 These condensed interim financial statements have been prepared in accordance with the format as prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and related clarifications / modifications.

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

32.3 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of compliance with the prescribed format by SBP and for better presentation and comparison and to reflect the substance of the transactions. There have been no significant reclassifications or rearrangements in these condensed interim financial statements during the current period.

33 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 2024 by the Board of Directors of the Company.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
ANNEXURE TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

The Company is managing the opearations of its Shariah Compliant products through its Head Office. The statement of financial position and profit and loss account for the nine months ended September 30, 2024 are as follows:

		Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
(A)	**Statement of financial position**		-------- Rupees in '000 --------	
	ASSETS			
	Balances with other banks		827,334	130,191
	Islamic financing and related assets - net	1	19,162,059	18,718,206
	Other assets		450,530	821,918
			20,439,923	19,670,315
	LIABILITIES			
	Due to financial institutions		-	4,100,000
	Due to head office		18,583,743	14,258,765
	Other liabilities		143,111	204,602
			18,726,854	18,563,367
	NET ASSETS		1,713,069	1,106,948
	REPRESENTED BY			
	Islamic banking fund		150,000	150,000
	Reserves		312,614	191,390
	Unappropriated profit		1,250,455	765,558
			1,713,069	1,106,948

		(Un-audited) For the nine months ended September 30, 2024	(Un-audited) For the nine months ended September 30, 2023
(B)	**Statement of profit and loss account**	-------- Rupees in '000 --------	
	Profit / return earned	2,024,449	1,442,554
	Profit / return expensed	1,402,199	1,014,247
	Net profit / return	622,250	428,307
	Other income		
	Fee and commission income	10,479	-
	Dividend income	-	-
	Foreign exchange income	-	-
	Income / (loss) from derivatives	-	-
	Gain / (loss) on securities	-	-
	Other income	-	-
		10,479	-
	Total income	632,729	428,307
	Other expenses		
	Operating expenses	14,808	17,001
	Workers' Welfare Fund	12,370	8,566
	Total other expenses	27,178	25,567
	Profit before provisions / credit loss allowance	605,551	402,740
	Provisions / credit loss allowance and write offs - net	(570)	15,318
	Profit before taxation	606,121	387,422
	Taxation	-	-
	Profit after taxation	606,121	387,422

1 ISLAMIC FINANCING AND RELATED ASSETS - NET

This represents Islamic financing under musharakah financing facility. The tenure of this financing facility varies from 3 years to 13 years with profit rates ranging from 6.50% to 19.03% (2023: 6.50% to 21.76%) per annum.