# Brick by Brick

ANNUAL REPORT 2024

PMRC
Pakistan Mortgage Refinance Company Limited

Pakistan Mortgage Refinance Company Limited (PMRC) is dedicated to turning dreams into reality, brick by brick. We have helped many families become homeowners for the first time.

PMRC provides guidance at every step through professional advice and affordable financing support, laying the foundation for a stable future, one brick at a time.

# Corporate Information

## BOARD OF DIRECTORS

| | |
|---|---|
| Mr. Farrakh Qayyum | Chairman/Independent Director |
| Mr. Risha Mohyeddin | Director |
| Mr. Imran Sarwar | Director |
| Ms. Mehreen Ahmed | Director |
| Mr. Tayyeb Afzal | Director |
| Mr. Mudassir Hussain Khan | Managing Director / Chief Executive |
| Ms. Sonia Karim | Independent Director |
| Mr. Ahmed Taimoor Nasir | Director |
| Mr. Mubashar Maqbool | Independent Director |
| Mr. Shahid Alam Siddiqui | Director |
| Mr. Fouad Farrukh | Director |

## BOARD COMMITTEES

**Board Audit Committee**

| | |
|---|---|
| Mr. Mubashar Maqbool | Chairman, Independent Director |
| Mr. Tayyab Afzal | Member |
| Mr. Ahmed Taimoor Nasir | Member |

**Board Risk Committee**

| | |
|---|---|
| Mr. Imran Sarwar | Chairman |
| Ms. Mehreen Ahmed | Member |
| Mr. Shahid Alam Siddiqui | Member |

**Board HR Committee**

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

**Board Corporate Governance & Nominations Committee**

| | |
|---|---|
| Mr. Farrakh Qayyum | Chairman, Independent Director |
| Mr. Fouad Farrukh | 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. LEX Firma, Advocates, Barristers and Legal Consultants.

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

**Website**
www.pmrc.com.pk

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Step
by
Step

# 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.

# Day by Day

# 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.


Inch
by
Inch

# 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

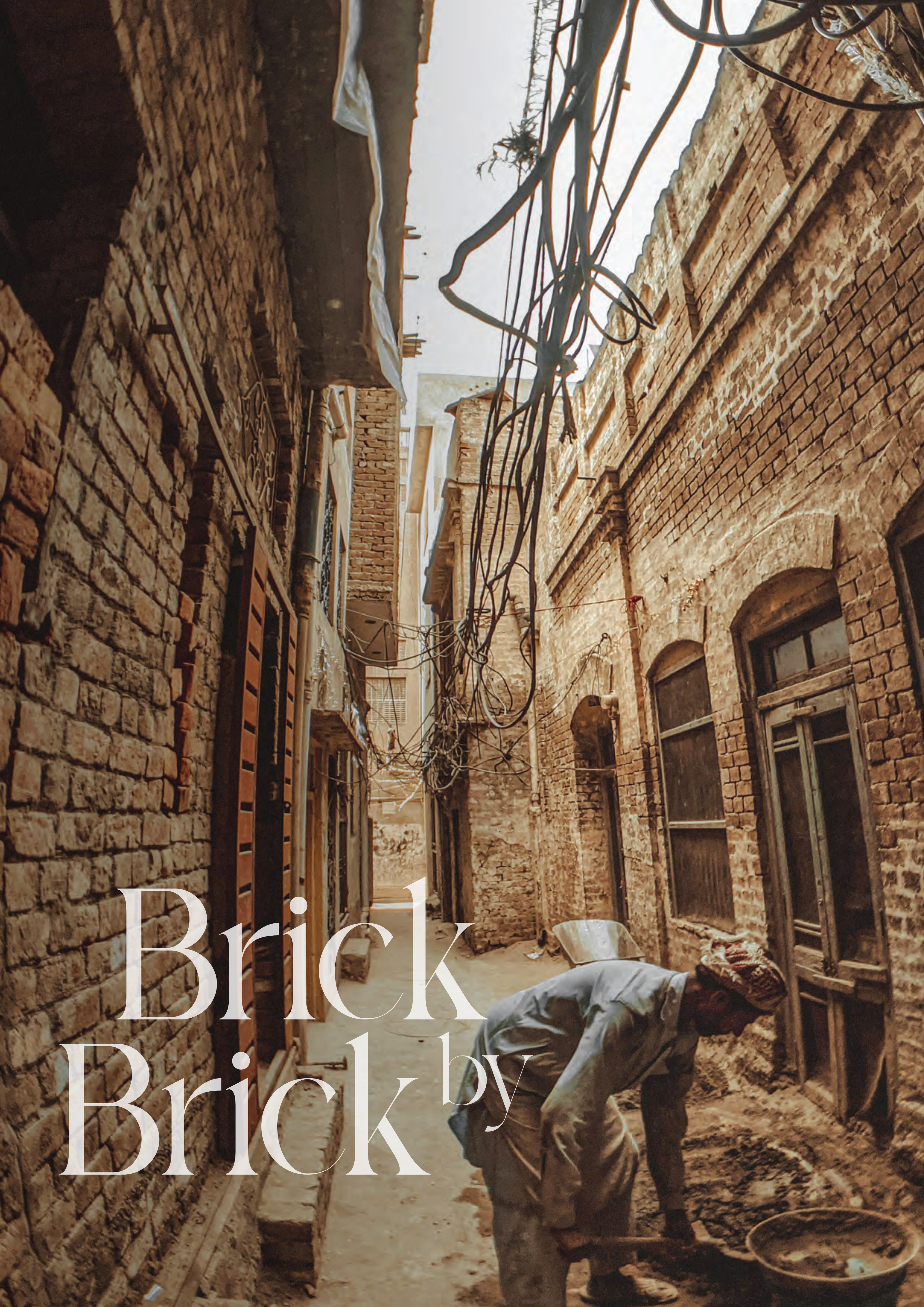
In the pursuit of excellence in our delivery, we continuously enhance the quality and performance of our service levels through collaboration, development and technology.

### 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.



# Brick by Brick

# 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.

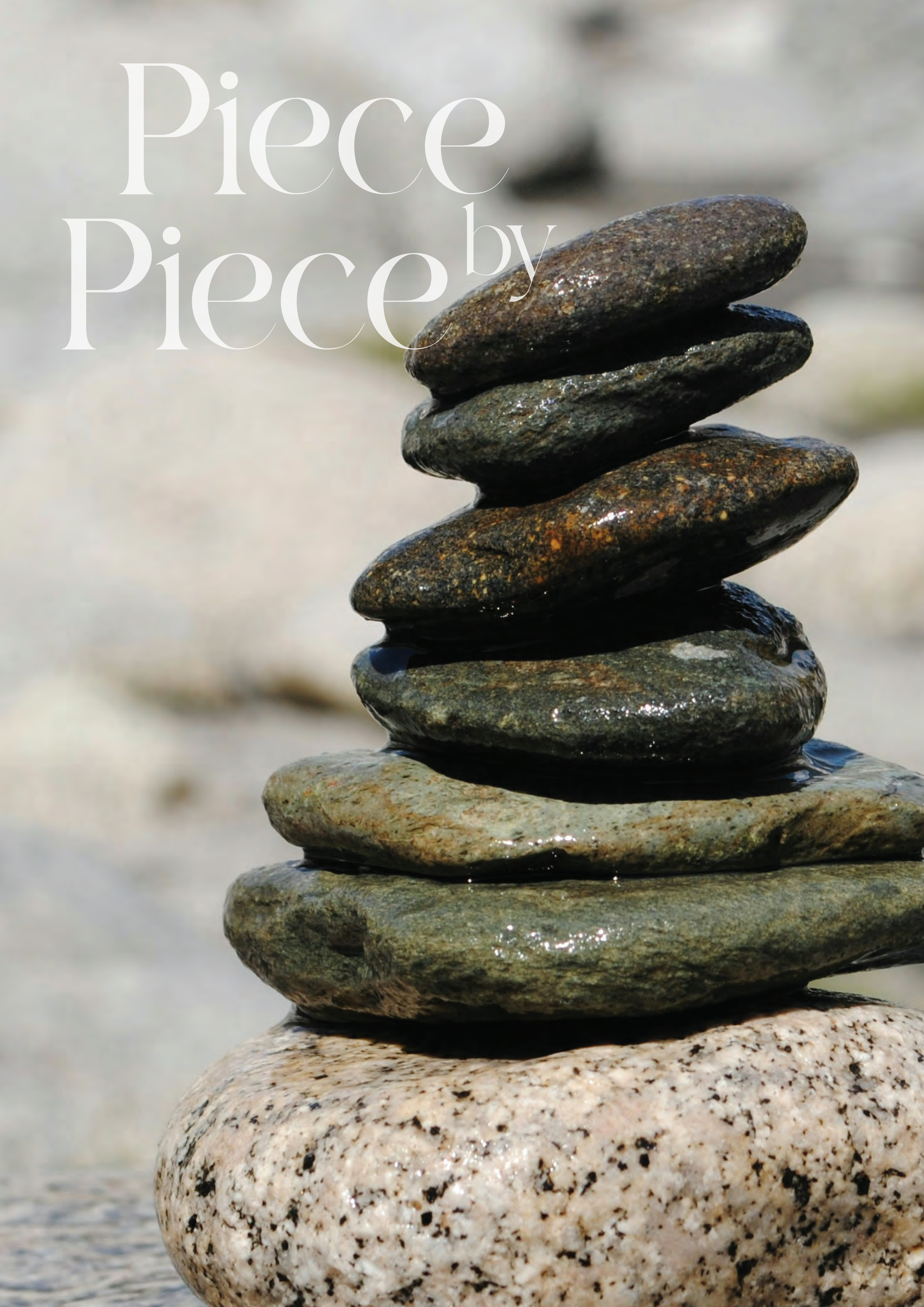
**Long Term**
**AAA (Triple A)**

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.

# Piece by Piece



# 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.

# Key Service Areas

### Refinance & Pre-Finance Products

PMRC provides housing refinance and pre-finance solutions to Financial Institutions (FIs) enabling them to expand their housing loan portfolios across all segments of society, including low, middle and high income customers.

### Conventional & Islamic Financing

PMRC provides financing through both conventional and Islamic modes, catering to a diverse range of borrowers.

### Trustee of Credit Guarantee Trust (CGT)

PMRC acts as the trustee of the CGT established by the Government of Pakistan, ensuring support for **low-cost housing finance**.

### Capital Market

Inline with its mandate of promoting Capital Market in the country, PMRC issues bonds and sukuk to raise funds providing long term liquidity to primary mortgage lenders.

### Finance facility for Low and Middle Income Segment

PMRC provides financing facilities to FIs to generate housing loans tailored for low and middle-income segment, ensuring broader access to affordable housing.

### Developer Finance

Recognizing the limited availability of developer financing in Pakistan, PMRC offers financing facility aimed at supporting developers, thereby promoting the construction of new housing projects.

### Green Financing Initiatives

PMRC is committed to promoting sustainable development by launching green financing facility, enabling Partner Financial Institutions (PFIs) to extend solar financing solutions to their customers.

### Financing for Government Employees

PMRC has tailored financing facility specifically designed for government employees, facilitating their access to housing finance with favorable terms.

### Financing for Pensioners

PMRC has tailored financing facility specifically designed for pensioners.

### Diverse Clientele

PMRC serves a wide range of FIs, including commercial and microfinance banks, DFIs, Housing Finance Companies (HFCs), Microfinance Institutions (MFIs), and Non-Banking Financial Institutions (NBFIs).

### International & Asian Market Memberships

PMRC is a proud member of the International & Asian Secondary Mortgage Market Associations (ISMMA & ASMMA), aligning itself with global mortgage financing standards.

PMRC's achievements in 2024, with expanded market share in housing finance to over 16%, propelled by the introduction of innovative products and solutions is shaping the future of housing finance.

# Chairman's Statement

I am delighted to share the performance of Pakistan Mortgage Refinance Company (PMRC) for the year ended December 31, 2024. This year, PMRC demonstrated remarkable financial strength, with total assets reaching a record PKR 68 billion and profit of PKR 2.8 billion, 10.6% higher than the previous year, reinforcing our position as a leading Development Finance Institution in Pakistan.

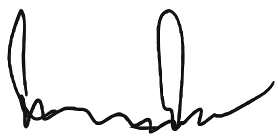
On the economic front, Pakistan exhibited resilience and adaptability despite global and domestic challenges. Following a contraction of 0.2% in FY2023, the economy rebounded with a 2.5% GDP growth in FY2024. Inflation, which peaked at 29.2% in FY2023, moderated to 23.4% in FY2024, and further declined to 7.2% in H1-FY2025, reflecting the positive impact of targeted policy measures and favorable external conditions. Additionally, 9 percent reduction in the Policy Rate has provided a more favorable environment for economic and financing activities; looking ahead, I am optimistic that this momentum will continue, with GDP growth projected to exceed 3% in FY2025, driven by stabilization efforts, effective inflation control, and prudent fiscal management by the Government of Pakistan.

PMRC's achievements in 2024, with expanded market share in housing finance to over 16%, propelled by the introduction of innovative products and solutions is shaping the future of housing finance. This was further strengthened through active participation of PMRC in policy development and its contribution in industry forums. The recognition we received for hosting the first International Affordable, Green and Resilient Housing Conference and research initiatives during the year, underscores our position as a thought leader in the sector. None of these milestones would have been possible without the tireless efforts of our exceptional team. Which is why we continue to invest in our staff with 1668 no. of man-hours of training and development and a special focus on their mental and physical wellbeing. This commitment supports PMRC's goals of empowering employees to excel and adapt to evolving industry needs. We are also conscious of our corporate and social responsibility and remain committed with contributions towards supporting education, healthcare and community welfare.

As a company we have always attached high priority to governance and have voluntarily adopted the 'Code of Corporate Governance' despite being unlisted. Last year, we again engaged the Pakistan Institute of Corporate Governance ("PICG") for evaluating Board's performance as an external independent evaluator. The overall rating of the Board was highly reassuring, particularly in respect of our composition, expertise, effective risk management, adequate system of compliance and internal controls. We have always focused on upholding our values and remain steadfast to our vision of development and growth of the housing and mortgage market in Pakistan especially for the low- and middle-income families.

Looking ahead, we are excited to continue driving sustainable growth, strengthening market infrastructure, and enhancing financial inclusion. As we enter 2025, Pakistan's economic fundamentals appear strong with declining inflation and rising investor confidence. We are optimistic that these elements will also foster further growth in housing finance across the country.

In conclusion, I extend my profound appreciation to my esteemed colleagues on the Board, CEO and his management team, and the dedicated staff of PMRC for their relentless commitment and hard work. I also express my sincere gratitude to our regulators and valued stakeholders for their continued guidance and support in our collective endeavors to make mortgage finance more accessible and affordable for the people of Pakistan.



**Farrakh Qayyum**
**Chairman**

**Date: February 25, 2025**

Our financial performance in 2024, remained exceptionally strong, with more than 12% YoY growth in our asset base, surpassing PKR 68 billion and a profit of PKR 2.8 billion up by 10.6% YoY.

# CEO Statement

I am pleased to share that 2024 was another year of impressive growth and resilience for PMRC. Our unwavering commitment to excellence, innovation, and market leadership has solidified our position as one of the fastest-growing Development Finance Institutions (DFIs) in the country.

Our financial performance in 2024, remained exceptionally strong, with more than 12% YoY growth in our asset base, surpassing PKR 68 billion and a profit of PKR 2.8 billion up by 10.6% YoY. Our advances increased despite a notable decline in housing finance in Pakistan with fresh disbursements reaching PKR 11.5 billion, enhancing our share of total mortgage financing to over 16%. The Compound Annual Growth Rate (CAGR) for our cumulative advances stands at an impressive 52%.

In line with our strategic focus on market development, we introduced a suite of innovative products, including green financing with a focus on solar and 100% Loan-to-Value (LTV) home loans. Additionally, we played a pivotal role in revamping housing finance programs and continue to be actively engaged in policy development. Our contributions to special committees formed by the central bank focused on enhancing housing laws, regulations, and expanding the housing market. Moreover, our capacity-building initiatives led to the successful organization of 12 training sessions attended by industry professionals.

PMRC's efforts have gained international recognition, as Chairman of the Asian Secondary Mortgage Market Association (ASMMA) we proudly hosted the International Affordable, Green & Resilient Housing Conference and the flagship ASMMA Annual conference in 2024. These significant events brought together key stakeholders, financial regulators, experts, and participants from countries such as Malaysia, Indonesia, Japan, the Philippines, Uzbekistan, and Mongolia. The conference was a forum for promoting housing finance and exchanging best practices to foster global collaboration in the housing sector.

In partnership with Akedamos, we also launched a comprehensive research study on Pakistan's housing sector. The research revealed a critical shortage of approximately 2.1 million housing units, particularly in urban areas where demand is the highest. Beyond this numerical gap, we identified challenges such as substandard construction, overcrowding, and affordability issues that continue to plague the housing market with a housing deficit of 15-27 million. Nevertheless, this research has empowered PMRC to identify key intervention opportunities aimed at improving affordability, housing quality, and addressing the supply-demand imbalance. With these insights, we remain committed to driving meaningful change, fostering a more inclusive and sustainable housing environment in Pakistan.

As part of our mandate, PMRC also acted as a trustee for the Government's Risk Sharing Facility, successfully onboarding multiple partner financial institutions. This expansion brought the covered portfolio to over PKR 40 billion. We further strengthened our position by executing our first transaction under the Bai Muajjal structure while maintaining our AAA / A-1+ credit rating for the fifth consecutive year. Our control environment remained robust, with zero operational losses and no significant issues raised by external auditors. For the third consecutive year, we proudly maintained a Low Composite Risk Rating, a testament to our sound governance, risk management, and compliance standards.

Additionally, our focus and investment in technology has ensured 100% IT uptime with strengthened cybersecurity protocols. We continue to maintain a Disaster Recovery Site and have successfully carried out business continuity drills to ensure that our operations remain functional even under unforeseen circumstances.

Internally, we focused on staff development and engagement, and launching a structured internship program to attract top-tier talent. Employee wellness remained a priority, with various team-building activities, infrastructure improvements, and wellness initiatives fostering a dynamic and vibrant workplace culture.

As we move forward, PMRC remains steadfast in its commitment to sustainable growth, financial inclusion, and strengthening market infrastructure for housing finance. Together, we will continue to navigate challenges, seize opportunities, and create lasting value for all stakeholders.

In conclusion, I would like to extend my heartfelt gratitude for our Board members for their continued support, the regulators, our partner financial institutions, and all key stakeholders for their unwavering support in making 2024, a landmark year for PMRC. I also want to express my deepest appreciation to every member of the PMRC team for their dedication, hard work, and commitment to excellence. Together, we have reached extraordinary milestones, and I am confident that, with the same spirit, we will continue to achieve even greater success in the years ahead.

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

Standing Left to Right: Risha Mohyeddin, Ahmed Taimoor Nasir, Fouad Farrukh, Mudassir H. Khan, Tayyeb Afzal, Mehreen Ahmed, Imran Sarwar, Mubashar Maqbool

Missing: Farrakh Qayyum, Sonia Karim, 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, 2024.

## Macroeconomic Review

Pakistan's economy in 2024, faced considerable challenges such as inflation, currency depreciation and energy sector issues related to  and circular debt. Despite the difficult environment, certain sectors showed resilience including IT and agriculture. Notwithstanding the pressures, government's efforts to address fiscal and energy issues, along with the growth potential of high-value industries, laid the groundwork for long-term recovery.

Macroeconomic fundamentals showed considerable improvement with a slowdown in the National CPI inflation, which decreased to 12.6% in December 2024 (on a 12-month moving average), down from 30.8% in December 2023. This was accompanied by successful fiscal consolidation leading to a fiscal surplus, a current account surplus driven by higher exports and remittances, and a supportive monetary policy by the Central Bank. These developments have led to a rise in business and consumer confidence as seen through a notable increase in private sector credit and a significant rise of the Pakistan Stock market.

Global commodity prices, particularly for oil, food, and other key imports, became more favourable, easing pressure on Pakistan's import costs and inflationary trends. The State Bank of Pakistan (SBP) lowered the Policy Rate gradually during the year, ending with 13% in December 2024. This decision marked a significant adjustment in monetary policy, with a total reduction of 900 basis points (bps) over the course of the year. The rate cut was driven by inflation outcomes that met expectations, along with stability in the fiscal and external sectors and an improved outlook for economic growth.

The fiscal balance recorded a surplus of Rs. 495 bn (0.4% of GDP), compared to a deficit of Rs. 862 bn (-0.8% of GDP) in the previous year. Likewise, the primary surplus rose to Rs. 3,124 bn (3.0% of GDP), up from a surplus of Rs. 1,430 billion (1.4% of GDP) last year, with Pakistan's economy recording a real GDP growth of 2.5% in FY 2024.

The housing market also experienced a slowdown, with banks primarily targeting larger, established customers with stable financial profiles and a quicker ability to repay loans. However, this focus, coupled with the discontinuation of the Mera Pakistan Mera Ghar (MPMG) scheme and persistently high interest rates, led to a decline in financing to the low and middle-income. As a result, the real estate market remained stagnant throughout 2023, and 2024. However, with interest rates now on a declining trend, the mortgage market is expected to pick up and witness positive growth.

## Financial Performance

As the fastest-growing Development Financial Institution (DFI), the Company again demonstrated remarkable progress in 2024, achieving a 12.7% growth in total assets, which reached Rs. 68.2 billion as of December 31, 2024. This robust asset growth contributed to a profit after tax of Rs. 2.83 billion, up from Rs. 2.56 billion in the previous year. As a result, Earnings Per Share (EPS) for 2024, increased to Rs. 4.53, compared to Rs. 4.10 in 2023. The Company has adopted International Financial Reporting Standard 9 (IFRS 9), and the impacts of its implementation are comprehensively detailed in Note 4.2 of the annual financial statements.

| Financial Highlights | 2024 | 2023 |
|---|---|---|
| | Rs. In "000" | |
| **Financial Position** | | |
| Shareholder's Equity- Excluding Revaluation of Assets | 13,411,172 | 10,931,012 |
| Total Assets | 68,256,493 | 60,559058 |
| Subordinated Loan | 2,839,356 | 6,818,042 |
| Term Finance Certificates/Sukuk | 13,162,500 | 22,800,000 |
| Borrowings | 28,274,958 | 18,849,392 |
| Investments | 27,396,823 | 13,804,680 |
| Disbursements | 11,530,000 | 8,867,000 |
| **Financial Performance** | | |
| Net Mark-up/Return/Profit/Interest Earned | 4,144,560 | 3,427,106 |
| Profit After Tax | 2,828,793 | 2,558,698 |
| **Ratios** | | |
| EPS | 4.53 | 4.10 |

## Movement in Reserves

| Particulars | 2024 | 2023 |
|---|---|---|
| | Rs. In "000" | |
| **Opening Balance** | **10,931,012** | **8,744,939** |
| Impact of Adoption of IFRS 9 | 13,579 | - |
| Unappropriated Profit | 3,394,552 | 2,046,958 |
| Transfer to Statutory Reserve | (565,759) | (511,740) |
| Other Comprehensive Income | 573,453 | 95,207 |
| Dividend paid | (935,664) | (467,832) |
| **Closing Balance** | **13,411,172** | **10,931,012** |

## Capital Ratios

The Company maintained a strong financial standing with a capital base significantly exceeding both regulatory benchmarks and Basel capital requirements. The Capital Adequacy Ratio (CAR) stood at 92.16%, far surpassing the required regulatory minimum of 11.5%, underlining its ability to absorb potential risks and future challenges, while adhering to global best practices.

## Business Overview

The Company remained dedicated to its mission of promoting and facilitating homeownership by building strong partnerships with Participating Financial Institutions (PFIs). Through these strategic alliances, the Company successfully disbursed Rs. 11.5 billion in 2024, making a significant contribution to the housing market and providing crucial financial support to individuals seeking to own their homes.

In line with its efforts to expand its reach, the Company has enhanced its network of PFIs by adding Aasan Ghar, a specialised housing finance company and the National Bank of Pakistan (NBP) to its list of partners. Collaborating with Aasan Ghar, a platform focused on simplifying homeownership, and NBP, one of Pakistan's largest commercial banks, allows the Company to significantly enhance its ability to offer diverse and inclusive housing finance solutions. These partnerships will enable the Company to serve a broader customer base, providing more accessible opportunities for homeownership across different segments of the population.

The Company holds a share of over 16% of Pakistan's outstanding mortgage market. This reflects its strong presence and ability to support a substantial portion of the housing market, providing essential financial products that help individuals and families access homeownership. This highlights the Company’s continued commitment to driving growth in the mortgage sector, while also supporting economic development through increased access to affordable housing.

In continuation of the update provided in our 2023 Annual Report, as well as in our reports on the quarterly financial statements for 2024, regarding the Company's acquisition plan for House Building Finance Company (HBFC), we are pleased to share that the consent of the International Finance Corporation (IFC) was obtained for the proposed plan. Additionally, the transaction was also approved by the Company's shareholders. The Company is now set to proceed to the next stage, which involves meeting with the negotiation committee upon invitation from the Privatisation Commission.

### Affordable, Green, and Resilient Housing: A Landmark Conference

The Company successfully organized the International Affordable, Green, and Resilient Housing Conference, bringing together a diverse group of global leaders, industry experts, and policymakers. The conference provided a dynamic platform for sharing insights, exploring innovative solutions, and fostering collaborations focused on addressing the pressing challenges of affordable housing, sustainability, and resilience.

The event offered valuable perspectives on the latest trends, technologies, and policy frameworks driving the development of green and resilient housing solutions. Discussions centred on creating housing options that are not only affordable but also environmentally sustainable and capable of withstanding the impacts of climate change and urbanization.

Moreover, the conference played a pivotal role in strengthening international partnerships and inspiring actionable strategies to address housing challenges on a global scale. This event contributed to advancing the Company's commitment to a more inclusive, resilient, and sustainable housing market.

### Launch of Green-Solar Financing Product

The Company launched a green financing product aimed at supporting the adoption of solar energy solutions. By introducing this product, the Company is not only contributing to the global movement toward environmental sustainability but also empowering customers to reduce their carbon footprint and energy costs. This initiative aligns with the Company’s long-term commitment to fostering sustainable development and supporting the adoption of green technologies that contribute to a more environmentally conscious society.

**Launch of a Comprehensive Research on Demand, Supply, and Stakeholder Perspectives**

The Company launched a comprehensive research project to thoroughly assess the demand, supply, and market dynamics within the housing finance sector. This in-depth study was aimed at gaining valuable insights into the current market landscape, uncovering emerging trends, identifying growth opportunities, and highlighting potential challenges. The results of this research will serve as a cornerstone for developing more focused and effective solutions, enabling the Company to better address the increasing demand for affordable, sustainable housing. This proactive approach highlights the Company's dedication to staying ahead of market trends and aligning its strategies with future growth prospects.

## Future Outlook

The economic outlook for Pakistan in 2025, is expected to remain moderate, with growth largely contingent upon the successful implementation of critical energy sector and fiscal reforms. According to projections, GDP growth is anticipated to be around 3.2% for fiscal year 2025, as per the International Monetary Fund (IMF). Both the World Bank (WB) and the Asian Development Bank (ADB) have similarly estimated a 3% growth in GDP for the same period. Despite these positive projections, Pakistan's current account balance is anticipated to remain negative at -0.9% in 2025, which reflects ongoing challenges in managing external trade and finance. To support economic stability, Pakistan is targeting approximately $1 billion in funding from the IMF. The country's monetary policy is expected to maintain a moderate stance throughout 2025, with interest rates projected to hover around 10% as part of efforts to control inflation and stabilize the economy.

The PMRC team has already developed a comprehensive roadmap for the mortgage finance business of PFIs. This roadmap will be leveraged to enable timely interventions, such as adjusting rates and introducing new products, to better serve market needs.

The introduction of the Loan-to-Value (LTV) product, subject to regulatory approvals, will further enhance PMRC's ability to attract customers. The LTV guarantee will become a primary requirement for utilizing PMRC's refinance facilities, thereby increasing demand for the company's offerings.

In 2025, PMRC plans to launch a new product specifically tailored for women, aimed at fostering financial inclusion. This initiative will enable PFIs to offer discounted rates to women borrowers, supporting gender equity while expanding access to homeownership.

PMRC has taken the lead and successfully revitalized a Pakistan Bankers Association (PBA) sub-committee focused on housing. To further enhance efforts in the mortgage sector, a dedicated task team has been formed within PBA's priority sector lending committee, with the PMRC Managing Director serving as its Chairman. This task force will be responsible for driving key mortgage-related initiatives, ensuring strategic alignment and focused action within the housing finance sector.

## Maximizing Human Capital

The Company optimizes the value of investments in human capital through strategic recruitment, employee development, and fostering strong engagement initiatives. Together with broader human resources initiatives supporting diversity and inclusion, organisational and individual development, and the recognition of high performance, the Company is building a culture of excellence.

The Company partnered with Indus Hospital to organize a Breast Cancer awareness session, emphasizing the importance of early screenings and self-examinations. This initiative aimed to raise awareness and inspire individuals to prioritize proactive health measures in the fight against breast cancer. By educating participants on the significance of regular screenings, the session empowered them to take control of their health and make informed decisions, ultimately contributing to the creation of healthier, more informed communities.

The Company proudly inaugurated its newly renovated cafe, an initiative aimed at transforming the space into a vibrant social hub for employees. The cafe was redesigned with a focus on fostering collaboration, relaxation, and interaction, offering modern decor, spacious seating areas, and a comfortable environment for both breaks and quiet work sessions. Further, the Company unveiled a newly renovated gym facility to support the well-being of its employees. The modern gym is equipped with advanced fitness equipment and designed to promote both physical and mental health, encouraging employees to maintain an active and balanced lifestyle.

The Company reinforced its commitment to staff development by expanding training programs to enhance both functional and soft skills, as well as addressing areas like Islamic finance and statutory requirements. The training initiatives focused on improving operational efficiency, technical proficiency, compliance, leadership, and fostering a collaborative workplace environment. Over 1,668 man-hours were invested in these programs, ensuring staff were well-equipped to meet challenges and contribute to the company's success. This commitment to continuous improvement supports PMRC's goal of empowering employees to excel and adapt to evolving industry needs.

## Corporate Social Responsibility

At PMRC, our success is closely secured to the achievements of our communities, customers, and employees. We strive to operate in a way that creates shared value for all our stakeholders. Corporate Social Responsibility (CSR) serves as a key driver of sustainable change and remains one of the most important pillars of our business.

To support effective CSR initiatives, PMRC contributed Rs. 5 million to various charitable causes, including those focused on health and education.

## Sustainability Risk Management and DE&I Initiatives

The Board is committed to ensuring that sustainability-related risks are thoroughly assessed, managed, and mitigated in alignment with the Company's long-term objectives. A comprehensive Environmental and Social (E&S) Policy is in place to identify, evaluate, and address any environmental and social risks that may impact the Company's operations and the operations of its customers. This process involves ongoing monitoring and regular updates to our risk management strategies to ensure that we are proactive in managing emerging challenges related to E&S.

The Company is assessing overall Environmental, Social and Governance (ESG) guidelines issued by Securities and Exchange Commission of Pakistan (SECP) and will ensure its compliance as and when due.

## Risk Management Framework

The Board's commitment ensures that PMRC continues to thrive as an innovative and forward-looking organization focused on long-term value. Our operations are anchored in strong corporate governance and risk management practices, reflecting our dedication to being a reliable and trustworthy financial institution.

PMRC's risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of PMRC's long-term purpose and business strategy. Management believes that the Company's current Internal Controls system is appropriately designed and is being effectively implemented and monitored. The Company's control environment, including its technological solutions, is continuously being improved. The Board fully supports the management's assessment of the effectiveness of the overall Internal Controls, including those related to Financial Reporting.

## Dividend and Appropriations

The Directors have recommended cash dividend of Rs. 1.50 per share for the year ended December 31, 2024, subject to approval of the shareholders in the upcoming Annual General Meeting. Additionally, the Board has approved an appropriation of Rs. 565.759 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 fully endorse the management's statement regarding internal controls, as detailed in the annual report.

In accordance with the SBP Guidelines on Internal Controls, the Company has made dedicated efforts to establish comprehensive processes for identifying, assessing, and managing risks across all DFI activities. These initiatives are aimed at mitigating risks effectively while maintaining operational efficiency. However, we acknowledge that evaluating and adjusting procedures to address emerging challenges and risks is an ongoing process. Continuous enhancements are made to fortify the internal control framework, ensuring its alignment with industry best practices and regulatory standards.

## Corporate Governance

The Board of Directors has adopted, the Code of Corporate Governance issued by 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. 576.575 million has been transferred to Statutory Reserve for the year ended December 31, 2024.
- The current Board of Directors consists of eight (8) male (excluding Chief Executive Officer) 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 2024, under self-assessment which is in process. PICG has also carried out the evaluation for 2023, 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. Rehmat Ali Hasnie resigned from his position as Chairman and from the Board of PMRC. The Board would like to express its heartfelt gratitude to Mr. Hasnie for his invaluable contributions and dedicated service during his tenure as Chairman and Board member.

In place of Mr. Hasnie, Mr. Fouad Farrukh has been appointed as a Non-Executive Director.

The Board welcomed Mr. Farrakh Qayyum (an Independent Director) as the new Chairman of PMRC. We sincerely appreciate his willingness to take on this pivotal role, and we are confident that his leadership and expertise will drive the continued success and growth of the Company.

Additionally, Mr. Mubashar Maqbool was appointed as an Independent Director, succeeding Mr. Shahid Sattar. We thank Mr. Sattar for his contributions and welcome Mr. Maqbool to 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. Mubashar Maqbool (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. Fouad Farrukh (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 2024:

| Sr. No | Name | Board Meetings | | BRC Meetings | | BHRC Meetings | | BAC Meetings | | Coporate Governance & Nominations (CGN) Meetings | | Details |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | |
| 1 | **Rehmat Ali Hasnie** | 6 | 3 | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 | Left BoD in June 2024 |
| 2 | **Farrakh Qayyum** | 6 | 6 | N/A | N/A | 2 | 2 | N/A | N/A | 1 | 1 | |
| 3 | **Imran Sarwar** | 6 | 5 | 4 | 4 | N/A | N/A | N/A | N/A | N/A | N/A | |
| 4 | **Mehreen Ahmed** | 6 | 6 | 4 | 4 | N/A | N/A | N/A | N/A | N/A | N/A | |
| 5 | **Mudassir H. Khan** | 6 | 6 | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 | |
| 6 | **Ahmed Taimoor Nasir** | 6 | 6 | N/A | N/A | N/A | N/A | 5 | 5 | N/A | N/A | |
| 7 | **Risha A. Mohyeddin** | 6 | 5 | N/A | N/A | 2 | 2 | N/A | N/A | N/A | N/A | |
| 8 | **Sonia Karim** | 6 | 6 | N/A | N/A | 2 | 2 | N/A | N/A | N/A | N/A | |
| 9 | **Shahid Sattar** | 6 | 3 | N/A | N/A | N/A | N/A | 5 | 2 | N/A | N/A | Left BoD in July 2024 |
| 10 | **Tayyeb Afzal** | 6 | 6 | N/A | N/A | N/A | N/A | 5 | 5 | N/A | N/A | |
| 11 | **Shahid Alam Siddiqui** | 6 | 5 | 4 | 3 | N/A | N/A | N/A | N/A | N/A | N/A | |
| 12 | **Fouad Farrukh** | 6 | 2 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | Joined BoD in Aug 2024 |
| 13 | **Mubashar Maqbool** | 6 | 2 | N/A | N/A | N/A | N/A | 5 | 2 | N/A | N/A | Joined BoD in Aug 2024 |

## 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, 2023.

| Name of Retirement Fund | Rs. In "000" |
|---|---|
| Staff Provident Fund | 80,071 |
| Staff Gratuity Fund | 58,606 |

## 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 | 4.82% | 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 | 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, 2025 at a fee of Rs. 2,971,991/- for statutory assignments excluding out-of-pocket expenses and taxes to be paid at actuals. This fee includes the per-certificate cost for the issuance and maturity of bonds.

## 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.

**Farrakh Qayyum**
Chairman

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

Date: February 25, 2025

# ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے، ہمیں 31 دسمبر 2024 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

2024 میں پاکستان کی معیشت کو افراط زر، کرنسی کی قدر میں کمی اور توانائی کے شعبے میں آئی پی پیز اور گردشی قرضوں سے متعلق مسائل جیسے نمایاں کا چیلنجز سامنا کرنا پڑا۔ مشکل حالات کے باوجود آئی ٹی اور زراعت سمیت بعض شعبوں نے لچک کا مظاہرہ کیا۔ دباؤ کے باوجود، مالیاتی اور توانائی کے مسائل کو حل کرنے کے لئے حکومت کی کوششوں کے ساتھ ساتھ اعلیٰ معاشی قدر والی صنعتوں کی ترقی کی صلاحیت نے طویل مدتی بحالی کی بنیاد رکھی۔

میکرواکنامک کے بنیادی عناصر نے قومی سی پی آئی افراط زر میں سست روی کے ساتھ کافی بہتری دکھائی ، جو دسمبر 2024 میں گھٹ کر 12.6 فیصد ہوگئی (12 ماہ کی بدلتی اوسط پر) جو دسمبر 2023 میں 30.8 فیصد تھی۔ اس کے ساتھ ساتھ کامیاب مالی استحکام کے نتیجے میں مالی سرپلس، برآمدات اور ترسیلات زر میں اضافے کی وجہ سے کرنٹ اکاؤنٹ سرپلس اور مرکزی بینک کی جانب سے معاون زری پالیسی سامنے آئی۔ ان پیش رفتوں کی وجہ سے کاروباری اور صارفین کے اعتماد میں اضافہ ہوا ہے جیسا کہ نجی شعبے کے قرضوں میں نمایاں اضافے اور پاکستان اسٹاک مارکیٹ میں نمایاں اضافے کے ذریعے دیکھا گیا ہے۔

عالمی اجناس کی قیمتیں، خاص طور پر تیل، خوراک اور دیگر اہم درآمدات کے لیے، زیادہ سازگار ہوگئیں، جس سے پاکستان کی درآمدی لاگت اور افراط زر کے رجحانات پر دباؤ کم ہوا۔ اسٹیٹ بینک آف پاکستان ، (SBP) نے سال کے دوران پالیسی ریٹ میں بتدریج کمی کی، جو دسمبر 2024 میں 13 فیصد پر ختم ہوئی۔ اس فیصلے نے مالیاتی پالیسی میں ایک اہم ایڈجسٹمنٹ کی نشاندہی کی ، جس میں سال کے دوران مجموعی طور پر 900 بیسس پوائنٹس (بی پی ایس) کی کمی واقع ہوئی۔ شرح سود میں کمی افراط زر کے نتائج کی وجہ سے کی گئی جو توقعات پر پورا اترتے ہیں، اس کے ساتھ ساتھ مالی اور بیرونی شعبوں میں استحکام اور معاشی نمو کے لئے بہتر نقطہ نظر بھی شامل ہے۔

مالی توازن میں 495 ارب روپے (جی ڈی پی کا 0.4 فیصد) سرپلس ریکارڈ کیا گیا جبکہ گزشتہ سال 862 ارب روپے (جی ڈی پی کا منفی 0.8 فیصد) خسارہ تھا۔ اسی طرح پرائمری سرپلس بڑھ کر 3,124 ارب روپے (جی ڈی پی کا 3.0 فیصد) ہوگیا، جو گزشتہ سال 1,430 ارب روپے (جی ڈی پی کا 1.4 فیصد) سرپلس تھا، مالی سال 2024 میں پاکستان کی معیشت نے 2.5 فیصد کی حقیقی جی ڈی پی نمو ریکارڈ کی۔

ہاؤسنگ مارکیٹ کو بھی سست روی کا سامنا کرنا پڑا ، بینکوں نے بنیادی طور پر مستحکم مالیاتی پروفائلز اور قرضوں کی ادائیگی کی تیز رفتار صلاحیت کے ساتھ بڑے ، مضبوط گاہکوں کو ہدف بنایا۔ تاہم اس توجہ کے ساتھ ساتھ میرا پاکستان میرا گھر (ایم پی ایم جی) اسکیم کی بندش اور مسلسل بلند شرح سود کی وجہ سے کم اور متوسط آمدنی والے افراد کی فنانسنگ میں کمی واقع ہوئی۔ نتیجتاً، رئیل اسٹیٹ مارکیٹ 2023 .اور 2024 کے دوران جمود کا شکار رہی۔ تاہم، شرح سود میں کمی کے رجحان کے ساتھ، مورگیج مارکیٹ میں تیزی آنے اور مثبت نمو دیکھنے کی توقع ہے

## مالیاتی کارکردگی

سب سے تیزی سے ترقی کرنے والے ترقیاتی مالیاتی ادارے (ڈی ایف آئی) کی حیثیت سے کمپنی نے 2024 میں ایک بار پھر قابل قدر پیش رفت کا مظاہرہ کرتے ہوئے مجموعی اثاثوں میں 12.7 فیصد اضافہ حاصل کیا، جو 31 دسمبر 2024 تک 68.2 ارب روپے تک پہنچ گیا۔ اثاثوں میں اس زبردست اضافے سے بعد از ٹیکس منافع 2.83 ارب روپے رہا جو گزشتہ سال 2.56 ارب روپے تھا۔ نتیجتاً 2024 میں فی حصص آمدنی (ای پی ایس) بڑھ کر 4.53 روپے ہوگئی جو 2023 میں 4.10 روپے تھی۔ کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (IFRS-9) کو اپنایا ہے ، اور اس کے نفاذ کے اثرات سالانہ مالی بیانیے کے نوٹ 4.2 میں جامع طور پر تفصیلی ہیں۔

| مالیاتی جھلکیاں | 2023 | 2024 |
|---|---|---|
| | روپے 000' میں | |
| **مالی حالت** | | |
| شیئر ہولڈرز کے حصص - اثاثوں کی از سر نو تخمینے کو چھوڑ کر | 10,931,012 | 13,411,172 |
| مجموعی اثاثہ جات | 60,559,058 | 68,256,493 |
| ذیلی قرضہ جات | 6,818,042 | 2,839,356 |
| مخصوص مدتی سرمایہ کاری کے سرٹیفکیٹس-صکوک | 22,800,000 | 13,162,500 |
| قرضہ جات | 18,849,392 | 28,274,958 |
| سرمایہ کاری | 13,804,680 | 27,396,823 |
| ایڈوانسز | 8,867,000 | 11,530,000 |
| **مالی کارکردگی** | | |
| خالص مارک اپ-منافع-سودی آمدن | 3,427,106 | 4,144,560 |
| ٹیکس ادائیگی کے بعد منافع | 2,558,698 | 2,828,793 |
| **تناسب** | | |
| فی حصص آمدن | 4.10 | 4.53 |

## ریزرو میں نقل و حرکت

| تفصیلات | 2023 | 2024 |
|---|---|---|
| | روپے 000' میں | |
| ابتدائی حساب | 8,744,939 | 10,931,012 |
| IFRS 9 کو اپنانے کا اثر | - | 13,579 |
| غیر منقسم نفع | 2,046,958 | 3,394,552 |
| قانونی ریزرو میں منتقلی | (511,740) | (565,759) |
| دیگر مجموعی آمدن | 95,207 | 573,453 |
| نفع کی ادائیگی | (467,832) | (935,664) |
| باقی رہ جانے والا حساب | 10,931,012 | 13,411,172 |

## سرمائے کا تناسب

کمپنی نے ریگولیٹری بینچ مارکس اور بیسل کیپٹل کی ضروریات دونوں سے نمایاں طور پر زیادہ کیپیٹل بیس کے ساتھ مضبوط مالی حیثیت برقرار رکھی۔ کیپٹل ایڈیکیسی ریشو (CAR) 92.16% پر کھڑا ہے, کہ vمطلوبہ ریگولیٹری کم از کم 11.5% سے کہیں زیادہ ہے، عالمی بہترین طریقوں پر عمل کرتے ہوئے ممکنہ خطرات اور مستقبل کے چیلنجز. کو جذب کرنے کی اس کی صلاحیت کو واضح کرتا ہے۔

## کاروبار کا جائزہ

کمپنی حصہ لینے والے مالیاتی اداروں (PFIs) کے ساتھ مضبوط شراکت داری قائم کرکے گھر کی ملکیت کو فروغ دینے اور سہولت فراہم کرنے کے اپنے مشن کے لیے وقف رہی۔ ان اسٹریٹجک اتحادوں کے ذریعے، کمپنی نے کامیابی کے ساتھ 2024 .Rs میں 11.5 بلین، ہاؤسنگ مارکیٹ میں ایک اہم حصہ ڈالا اور اپنے گھروں کے مالک ہونے کے خواہشمند افراد کو اہم مالی مدد فراہم کی۔

اپنی رسائی کو بڑھانے کی کوششوں کے مطابق، کمپنی نے اپنے شراکت داروں کی فہرست میں ایک خصوصی ہاؤسنگ فنانس کمپنی، آسان گھر اور نیشنل بینک آف پاکستان (NBP) کو شامل کرکے PFIs کے اپنے نیٹ ورک کو بڑھایا ہے۔ گھر کی ملکیت کو آسان بنانے پر مرکوز ایک پلیٹ فارم، آسان گھر کے ساتھ تعاون، اور پاکستان کے سب سے بڑے کمرشل بینکوں میں سے ایک NBP کمپنی کو متنوع اور جامع ہاؤسنگ فنانس حل پیش کرنے کی اپنی صلاحیت کو نمایاں طور پر بڑھانے کی اجازت دیتا ہے۔ یہ شراکت داری کمپنی کو وسیع تر کسٹمر بیس کی خدمت کرنے کے قابل بنائے گی، جس سے آبادی کے مختلف طبقات میں گھر کی ملکیت کے لیے مزید قابل رسائی مواقع فراہم ہوں گے۔

کمپنی پاکستان کی بقایا مارگیج مارکیٹ کا 16% سے زیادہ حصہ رکھتی ہے۔ یہ اس کی مضبوط موجودگی اور ہاؤسنگ مارکیٹ کے کافی حصے کو سہارا دینے کی صلاحیت کی عکاسی کرتا ہے، ضروری مالیاتی مصنوعات فراہم کرتا ہے جو افراد اور خاندانوں کو گھر کی ملکیت تک رسائی حاصل کرنے میں مدد کرتا ہے۔ یہ رہن کے شعبے میں ترقی کو آگے بڑھانے کے لیے کمپنی کے مسلسل عزم کو نمایاں کرتا ہے، جبکہ سستی رہائش تک رسائی میں اضافہ کے ذریعے اقتصادی ترقی کی حمایت بھی کرتا ہے۔

ہماری 2023 کی سالانہ رپورٹ میں فراہم کردہ اپ ڈیٹ کے ساتھ ساتھ 2024 کے سہ ماہی مالیاتی بیانات پر ہماری رپورٹس میں، ہاؤس بلڈنگ فنانس کمپنی (HBFC) کے لیے کمپنی کے حصول کے منصوبے کے حوالے سے، ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ تجویز کردہ منصوبے کے لیے انٹرنیشنل فنانس کارپوریشن (IFC) کی رضامندی حاصل کی گئی تھی۔ مزید برآں، لین دین کو کمپنی کے شیئر ہولڈرز نے بھی منظور کیا۔ کمپنی اب اگلے مرحلے پر جانے کے لیے تیار ہے، جس میں نجکاری کمیشن کی دعوت پر مذاکراتی کمیٹی کے ساتھ ملاقات شامل ہے۔

## کم قیمت، ماحول دوست اور پائیدار رہائش: ایک تاریخی کانفرنس

کمپنی نے عالمی لیڈروں، صنعت کے ماہرین اور پالیسی سازوں کے متنوع گروپ کو اکٹھا کرتے ہوئے بین الاقوامی کم قیمت، ماحول دوست اور پائیدار ہاؤسنگ کانفرنس کا کامیابی سے انعقاد کیا۔ کانفرنس نے تجربے کا اشتراک کرنے، اختراعی حل تلاش کرنے، اور سستی، ماحول دوست، اور پائیداری کے اہم چیلنجز سے نمٹنے پر توجہ مرکوز کرنے والے تعاون کو فروغ دینے کے لیے ایک متحرک پلیٹ فارم فراہم کیا۔

اس تقریب نے جدید ترین رجحانات، ٹیکنالوجیز، اور پالیسی فریم ورک کے بارے میں قابل قدر نقطہ نظر پیش کیے جو ماحول دوست اور پائیدار ہاؤسنگ کی ترقی کو آگے بڑھاتے ہیں۔ گفتگو کا مدعا رہائش کے ایسے مواقع پیدا کرنے پر تھا جو نہ صرف سستی ہوں بلکہ ماحولیاتی طور پر پائیدار اور موسمیاتی تبدیلی اور شہری آبادی میں اضافے کے اثرات کو برداشت کرنے کے قابل ہوں۔

مزید برآں، کانفرنس نے بین الاقوامی شراکت داری کو مضبوط بنانے اور عالمی سطح پر ہاؤسنگ چیلنجز سے نمٹنے کے لیے قابل عمل حکمت عملیوں پر بحث کرنے میں اہم کردار ادا کیا۔ اس ایونٹ نے مزید جامع، لچکدار، اور پائیدار ہاؤسنگ مارکیٹ کے لیے کمپنی کے عزم کو آگے بڑھانے میں تعاون کیا۔

## گرین سولر فنانسنگ پروڈکٹ کا آغاز

کمپنی نے ایک گرین فنانسنگ پروڈکٹ کا آغاز کیا جس کا مقصد شمسی توانائی کے حل کو اپنانے میں مدد کرنا ہے۔ اس پروڈکٹ کو متعارف کروا کر، کمپنی نہ صرف ماحولیاتی پائیداری کی جانب عالمی کوششوں میں حصہ ڈال رہی ہے بلکہ صارفین کو اپنے کاربن فوٹ پرنٹ اور توانائی کے اخراجات کو کم کرنے کے لیے بااختیار بنا رہی ہے۔ یہ اقدام پائیدار ترقی کو فروغ دینے اور ماحول دوست ٹیکنالوجیز کو اپنانے کی حمایت میں کمپنی کے طویل مدتی عزم کے ساتھ مطابقت رکھتا ہے جو ماحولیات کے حوالے سے زیادہ باشعور معاشرے میں کردار ادا کرتی ہے۔

## ڈیمانڈ، سپلائی، اور اسٹیک ہولڈر کے نقطہ نظر پر ایک جامع تحقیق کا آغاز

کمپنی نے ہاؤسنگ فنانس سیکٹر کے اندر طلب، رسد اور مارکیٹ کی تبدیلیوں کا اچھی طرح سے جائزہ لینے کے لیے ایک جامع تحقیقی پروجیکٹ شروع کیا۔ اس مطالعہ کا مقصد مارکیٹ کے موجودہ منظر نامے کے بارے میں قیمتی بصیرت حاصل کرنا، ابھرتے ہوئے رجحانات سے پردہ اٹھانا، ترقی کے مواقع کی نشاندہی کرنا، اور ممکنہ چیلنجز کو اجاگر کرنا تھا۔ اس تحقیق کے نتائج زیادہ توجہ مرکوز اور موثر حل تیار کرنے کے لیے بنیاد کے طور پر کام کریں گے، جس سے کمپنی کو سستی، پائیدار مکانات کی بڑھتی ہوئی طلب کو بہتر طریقے سے حل کرنے کے قابل بنایا جائے گا۔ یہ فعال نقطہ نظر مارکیٹ کے رجحانات سے آگے رہنے اور مستقبل کی ترقی کے امکانات کے ساتھ اپنی حکمت عملیوں کو ہم آہنگ کرنے کے لیے کمپنی کی لگن کو اجاگر کرتا ہے۔

## مستقبل کا آؤٹ لک

2025 میں پاکستان کا معاشی نقطہ نظر معتدل رہنے کی توقع ہے، جس میں ترقی کا انحصار توانائی کے اہم شعبے اور مالیاتی اصلاحات کے کامیاب نفاذ پر ہے۔ تخمینوں کے مطابق، بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے مطابق، مالی سال 2025 کے لیے جی ڈی پی کی نمو تقریباً 3.2 فیصد رہنے کی توقع ہے۔ ورلڈ بینک (WB) اور ایشیائی ترقیاتی بینک (ADB) دونوں نے اسی مدت کے لیے جی ڈی پی میں 3 فیصد اضافے کا اسی طرح تخمینہ لگایا ہے۔ ان مثبت تخمینوں کے باوجود، پاکستان کا کرنٹ اکاؤنٹ بیلنس 2025 میں منفی 0.9%- رہنے کی توقع ہے، جو بیرونی تجارت اور مالیات کے انتظام میں جاری چیلنجز کی عکاسی کرتا ہے۔ معاشی استحکام میں مدد کے لیے پاکستان کو آئی ایم ایف سے تقریباً ایک بلین ڈالر کی فنڈنگ کا ہدف ہے۔ توقع ہے کہ ملک کی مانیٹری پالیسی 2025 کے دوران ایک معتدل رویہ برقرار رکھے گی، افراط زر کو کنٹرول کرنے اور معیشت کو مستحکم کرنے کی کوششوں کے حصے کے طور پر شرح سود 10 فیصد کے لگ بھگ رہنے کا امکان ہے۔

PMRC ٹیم نے پہلے ہی PFIs کے مارگیج فنانس کاروبار کے لیے ایک جامع روڈ میپ تیار کر لیا ہے۔ مارکیٹ کی ضروریات کو بہتر طریقے سے پورا کرنے کے لیے اس روڈ میپ کا فائدہ بروقت مداخلتوں، جیسے نرخوں کو ایڈجسٹ کرنا اور نئی مصنوعات متعارف کرانے کے لیے کیا جائے گا۔

لون ٹو ویلیو (LTV) پروڈکٹ کا تعارف، جو ریگولیٹری منظوریوں سے مشروط ہے PMRC کے صارفین کو متوجہ کرنے کی صلاحیت میں مزید اضافہ کرے گا۔ LTV گارنٹی PMRC کی ری فنانس سہولیات کو استعمال کرنے کے لیے ایک بنیادی ضرورت بن جائے گی، اس طرح کمپنی کی پیشکشوں کی مانگ میں اضافہ ہوگا۔

2025 میں PMRC خاص طور پر خواتین کے لیے تیار کردہ ایک نئی پروڈکٹ شروع کرنے کا ارادہ رکھتا ہے، جس کا مقصد خواتین کی تجارتی سرگرمیوں میں شمولیت کو فروغ دینا ہے۔ یہ اقدام PFIs کو خواتین قرض دہندگان کو رعایتی شرحوں کی پیشکش کرنے کے قابل بنائے گا، گھر کی ملکیت تک رسائی کو بڑھاتے ہوئے صنفی مساوات کو سپورٹ کرے گا۔

PMRC نے قیادت سنبھالی ہے اور پاکستان بینکرز ایسوی ایشن (PBA) کی ذیلی کمیٹی کو کامیابی کے ساتھ بحال کیا ہے جو ہاؤسنگ پر مرکوز ہے۔ مارگیج سیکٹر میں کوششوں کو مزید بڑھانے کے لیے، (PBA) کی ترجیحی شعبے کی قرض دینے والی کمیٹی کے اندر ایک متحرک ٹاسک ٹیم تشکیل دی گئی ہے PMRC کے مینجنگ ڈائریکٹر اس کے چیئرمین کے طور پر خدمات انجام دے رہے ہیں۔ یہ ٹاسک فورس مورڈگیج سے متعلق اقدامات کو آگے بڑھانے، ہاؤسنگ فنانس سیکٹر کے اندر اسٹریٹجک صف بندی اور توجہ مرکوز کرنے کے لیے ذمہ دار ہوگی۔

## زیادہ سے زیادہ افرادکار

کمپنی اسٹریٹجک بھرتی، ملازمین کی ترقی، اور مضبوط مشغولیت کے اقدامات کو فروغ دینے کے ذریعے افراد کار میں سرمایہ کاری کی قدر کو بہتر بناتی ہے۔ تنوع اور شمولیت، تنظیمی اور انفرادی ترقی، اور اعلیٰ کارکردگی کے اعتراف میں معاون انسانی وسائل کے وسیع تر اقدامات کے ساتھ، کمپنی بہترین روایت کی تعمیر کر رہی ہے۔

کمپنی نے چھاتی کے کینسر سے متعلق آگاہی سیشن کا انعقاد کرنے کے لیے انڈس ہسپتال کے ساتھ شراکت داری کی، جس میں جلد اسکریننگ اور خود معائنہ کی اہمیت پر زور دیا گیا۔ اس اقدام کا مقصد بیداری پیدا کرنا اور لوگوں کو چھاتی کے کینسر کے خلاف جنگ میں صحت کے فعال اقدامات کو ترجیح دینے کی ترغیب دینا ہے۔ شرکاء کو باقاعدگی سے اسکریننگ کی اہمیت کے بارے میں تعلیم دے کر، سیشن نے انہیں اپنی صحت پر قابو پانے اور بروقت فیصلے کرنے پر ابھارا اور صحت مند، زیادہ باخبر کمیونٹیز کی تخلیق میں اپنا حصہ ڈالا۔

کمپنی نے فخر کے ساتھ اپنے نئے تجدید شدہ کیفے کا افتتاح کیا، ایک اقدام جس کا مقصد کام کی جگہ کو ملازمین کے لیے ایک متحرک سماجی مرکز میں تبدیل کرنا ہے۔ کیفے کو باہمی تعاون، آرام، اور بات چیت کو فروغ دینے، جدید سجاوٹ، کشادہ بیٹھنے کی جگہوں، اور پرسکون کام کے سیشن دونوں کے لیے آرام دہ ماحول کی پیشکش کے ساتھ دوبارہ ڈیزائن کیا گیا تھا۔ مزید برآں، کمپنی نے اپنے ملازمین کی فلاح و بہبود کے لیے ایک جدید سہولیات سے مزین جم کی سہولت کی نقاب کشائی کی۔ یہ جم جدید فٹنس آلات سے لیس ہے اور اسے جسمانی اور ذہنی صحت دونوں کو فروغ دینے کے لیے ڈیزائن کیا گیا ہے، جو ملازمین کو فعال اور متوازن طرز زندگی کو برقرار رکھنے کی ترغیب دیتا ہے۔

کمپنی نے فنکشنل اور امدادی مہارات دونوں کو بڑھانے کے ساتھ ساتھ اسلامی مالیات اور قانونی تقاضوں جیسے شعبوں کا حل فراہم کرنے کے لیے تربیتی پروگراموں کو منعقد کر کے عملے کی ترقی کے لیے اپنے عزم کو تقویت دی۔ تربیتی اقدامات آپریشنل کارکردگی، تکنیکی مہارت، تعمیل، قیادت، اور باہمی تعاون کے ساتھ کام کی جگہ کے ماحول میں بہتری کو فروغ دینے پر مرکوز تھے۔ ان پروگراموں میں 1,668 سے زیادہ گھنٹے لگائے گئے، اس بات کو یقینی بناتے ہوئے کہ عملہ چیلنجز کا مقابلہ کرنے اور کمپنی کی کامیابی میں اپنا حصہ ڈالنے کے لیے اچھی طرح سے لیس ہو۔ مسلسل بہتری کی یہ کوششیں PMRC کے ملازمین کو بااختیار بنانے کے مقصد کی حمایت کرتی ہیں تاکہ وہ ترقی کرتی ہوئی صنعت کی ضروریات کو پورا کر سکیں۔

## کارپوریٹ سماجی ذمہ داری

PMRC میں، ہماری کامیابی ہماری کمیونٹیز، صارفین اور ملازمین کی کامیابیوں کے مزمر ہے۔ ہم اس طریقے سے کام کرنے کی کوشش کرتے ہیں جو ہمارے تمام اسٹیک ہولڈرز کے لیے مشترکہ قدر پیدا کرے۔ کارپوریٹ سماجی ذمہ داری (CSR) پائیدار تبدیلی کے کلیدی محرک کے طور پر کام کرتی ہے اور ہمارے کاروبار کے اہم ترین ستونوں میں سے ایک ہے۔

مؤثر CSR اقدامات کی حمایت کرنے کے لیے PMRC نے 5 ملین روپے کا تعاون کیا۔ مختلف فلاحی کاموں کے لیے، جن میں صحت اور تعلیم پر توجہ دی گئی ہے۔

## پائیداری رسک مینجمنٹ اور I&DE اقدامات

بورڈ اس بات کو یقینی بنانے کے لیے پرعزم ہے کہ پائیداری سے متعلق خطرات کا اچھی طرح سے جائزہ لیا جائے، ان کا انتظام کیا جائے اور کمپنی کے طویل مدتی مقاصد کے مطابق ان میں تخفیف کی جائے۔ ایک جامع ماحولیاتی اور سماجی (S&E) پالیسی کسی بھی ماحولیاتی اور سماجی خطرات کی شناخت، تشخیص اور ان سے نمٹنے کے لیے موجود ہے جو کمپنی کے آپریشنز اور اس کے صارفین کے کاموں کو متاثر کر سکتے ہیں۔ اس عمل میں ہماری رسک مینجمنٹ کی حکمت عملیوں کی مسلسل نگرانی اور باقاعدگی سے اپ ڈیٹس شامل ہیں تاکہ یہ یقینی بنایا جا سکے کہ ہم S&E سے متعلق ابھرتے ہوئے چیلنجز کو سنبھالنے میں فعال ہیں۔

کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ مجموعی ماحولیاتی، سماجی اور گورننس (ESG) رہنما خطوط کا جائزہ لے رہی ہے اور جب بھی واجب الادا ہے اس کی تعمیل کو یقینی بنائے گی۔

## رسک مینجمنٹ فریم ورک

بورڈ کی وابستگی اس بات کو یقینی بناتی ہے کہ PMRC طویل مدتی قدر پر توجہ مرکوز کرنے والی ایک اختراعی اور نمایاں نظر آنے والی تنظیم کے طور پر ترقی کرتا رہے۔ ہمارے آپریشنز مضبوط کارپوریٹ گورننس اور رسک مینجمنٹ کے طریقوں پر مبنی ہیں، جو ایک قابل اعتماد مالیاتی ادارہ ہونے کے لیے ہماری لگن کی عکاسی کرتے ہیں۔

PMRC کا رسک مینجمنٹ فریم ورک خطرات کا اندازہ لگانے اور ان کو کم کرنے کے لیے ڈیزائن کیا گیا ہے تاکہ ان کے ممکنہ اثرات کو کم سے کم کیا جا سکے اور PMRC کے طویل مدتی مقصد اور کاروباری حکمت عملی کے حصول میں معاونت کی جا سکے۔ انتظامیہ کا خیال ہے کہ کمپنی کا موجودہ اندرونی کنٹرول سسٹم مناسب طریقے سے ڈیزائن کیا گیا ہے اور اس پر مؤثر طریقے سے عمل درآمد اور نگرانی کی جا رہی ہے۔ کمپنی کا کنٹرول ماحول، بشمول اس کے تکنیکی حل، مسلسل بہتر کیا جا رہا ہے۔ بورڈ مالیاتی رپورٹنگ سمیت مجموعی اندرونی کنٹرولز کی تاثیر کے انتظام کے جائزے کی مکمل حمایت کرتا ہے۔

## ڈیویڈنڈ اور مختصات

ڈائریکٹرز نے -/1.50 روپے کے نقد منافع کی سفارش کی ہے فی شیئر 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے، آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ مزید برآں، بورڈ نے بینکنگ کمپنیز آرڈیننس، 1962 کے تقاضوں کے مطابق موجودہ سال کے منافع سے 565.759 ملین روپے کی قانونی ریزرو کے لئے تخصیص 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 ساؤنڈ رسک مینجمنٹ کنٹرولز کی بنیاد پر، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے (Triple A/A-One Plus) "AAA/A-1" کی درجہ بندی تفویض کی ہے۔ تفویض کردہ درجہ بندی پر آؤٹ لک "مستحکم" ہے۔

## اندرونی کنٹرول کا بیان

بورڈ کو اندرونی کنٹرول کے حوالے سے انتظامیہ کے بیان کی مکمل توثیق کرنے پر خوشی ہے، جیسا کہ سالانہ رپورٹ میں تفصیل سے بتایا گیا ہے۔ اندرونی کنٹرول کے بارے میں SBP کے رہنما خطوط کے مطابق، کمپنی نے DFI کی تمام سرگرمیوں میں خطرات کی شناخت، تشخیص اور انتظام کے لیے جامع حکمت عملی قائم کرنے کے لیے بھرپور کوششیں کی ہیں۔ ان اقدامات کا مقصد آپریشنل کارکردگی کو برقرار رکھتے ہوئے مؤثر طریقے سے خطرات کو کم کرنا ہے۔ تاہم، ہم تسلیم کرتے ہیں کہ ابھرتے ہوئے چیلنجز اور خطرات سے نمٹنے کے لیے طریقہ کار کا جائزہ لینا اور ایڈجسٹ کرنا ایک جاری عمل ہے۔ اندرونی کنٹرول کے فریم ورک کو مضبوط بنانے کے لیے مسلسل اضافہ کیا جاتا ہے، صنعت کے بہترین طریقوں اور ریگولیٹری معیارات کے ساتھ اس کی صف بندی کو یقینی بناتا ہے۔

# کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز نے ایس ای سی پی کی جانب سے رضاکارانہ بنیادوں پر جاری کردہ کوڈ آف کارپوریٹ گورننس کو اپنایا ہے کیونکہ بورڈ بہترین گورننس کے طریقوں کو یقینی بنانے کے لیے پرعزم ہے۔

ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ :

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، کمپنی کی انتظامی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کھاتوں کی مناسب دیکھ بھال برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے، سوائے اکاؤنٹنگ پالیسیوں میں تبدیلیوں کے جیسا کہ نوٹ '4' 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 گوشواروں 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 نمایاں کمی نہیں ہوئی ہے سوائے ان کے جیسا کہ تعمیل کے بیان میں وضاحت کی گئی ہے
- 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے نفع میں سے 576.575 ملین روپے اسٹیٹیوٹری ریزرو میں منتقل کیے گئے ہیں۔
- موجودہ بورڈ آف ڈائریکٹرز آٹھ (8) مرد (چیف ایگزیکٹو آفسر کے علاوہ) اور دو (2) خواتین اراکین 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 2024 کے لیے اپنے بورڈ کی تشخیص کے لیے، خود تشخیصی کے تحت منسلک کیا ہوا ہے جس پر عمل درآمد جاری ہے ،PICG نے
- 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 2023 مطابق تین بنیادی اجزاء کا احاطہ کیا گیا ہے، جو کہ ہیں ؛ بورڈ مجموعی طور سے، بورڈ کمیٹیاں اور بورڈ کے انفرادی اراکین۔ بورڈ کی خود تشخیصی آن لائن پورٹل پر مبنی سوالنامے کے ذریعے کی گئی۔ پورے عمل نے موصول ہونے والے جوابات کو خفیہ رکھنا یقینی بنایا۔ تشخیص کے عمل کی فراہمی یہ تھی :

  - بورڈ کی تشخیص کی رپورٹ بشمول بورڈ کمیٹیاں
  - انفرادی بورڈ ممبر کی تشخیص کی رپورٹ
  - نتائج کی رپورٹ کا تجزیہ

## ڈائریکٹر شپ میں تبدیلی

جناب رحمت علی حسنی نے چیئرمین کے عہدے اور پی ایم آر سی کے بورڈ سے استعفیٰ دے دیا۔ بورڈ مسٹر حسنی کا بطور چیئرمین اور بورڈ ممبر ان کے دور میں ان کی انمول شراکت اور وقف خدمات کے لئے تہہ دل سے شکریہ ادا کرنا چاہتا ہے۔

مسٹر حسنی کی جگہ مسٹر فواد فرخ کو نان ایگزیکٹیو ڈائریکٹر مقرر کیا گیا ہے۔

بورڈ نے جناب فرخ قیوم (ایک آزاد ڈائریکٹر) کو PMRC کے نئے چیئرمین کے طور پر خوش آمدید کہا۔ ہم اس اہم کردار کو نبھانے کے لیے ان کی رضامندی کی تہہ دل سے تعریف کرتے ہیں، اور ہمیں یقین ہے کہ ان کی قیادت اور مہارت کمپنی کی مسلسل کامیابی اور ترقی کا باعث بنے گی۔

مزید برآں، جناب مبشر مقبول کو جناب شاہد ستار کی جگہ ایک آزاد ڈائریکٹر کے طور پر مقرر کیا گیا۔ ہم مسٹر ستار کا ان کے تعاون کے لیے شکریہ ادا کرتے ہیں اور مسٹر مقبول کو بورڈ میں خوش آمدید کہتے ہیں۔

## 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 ڈائریکٹر ز | 3 |
| ii | غیر ایگزیکٹو ڈائریکٹر ز | 7 |
| iii | ایگزیکٹو ڈائریکٹر ز | 0 |
| iv | خاتون ڈائریکٹر ز | 2 |

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

| | |
|---|---|
| ا) | آڈٹ کمیٹی |
| | جناب مبشر مقبول (چیئرمین آزاد ڈائریکٹر) |
| | جناب طیب افضل (ممبر) |
| | جناب احمد تیمور ناصر (ممبر) |
| ب) | HR 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 فواد فرخ (ممبر) |
| | جناب مدثر ایچ خان (ممبر) |

## شریعہ بورڈ کی تشکیل

کمپنی کا شریعہ بورڈ دو ارکان پر مشتمل ہے:

| | نام | عہدہ |
|---|---|---|
| i | مفتی احسان وقار | چیئرمین شریعہ بورڈ |
| ii | ڈاکٹر مفتی محمد یونس علی | ریذیڈنٹ شریعہ بورڈ ممبر |

## بورڈ کے اجلاس

ذیل میں سال 2024 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 حسنی | 6 | 3 | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 | دسمبر 2024میں BOD کو چھوڑا |
| ٢ | فرخ قیوم | 6 | 6 | N/A | N/A | 2 | 2 | N/A | N/A | 1 | 1 | |
| ٣ | عمران سرور | 6 | 5 | 4 | 4 | N/A | N/A | N/A | N/A | N/A | N/A | |
| ٤ | مہرین احمد | 6 | 6 | 4 | 4 | N/A | N/A | N/A | N/A | N/A | N/A | |
| ٥ | مدثر ایچ خان | 6 | 6 | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 | |
| ٦ | احمد تیمور ناصر | 6 | 6 | N/A | N/A | N/A | N/A | 5 | 5 | N/A | N/A | |
| ٧ | ریشا اے محی الدین | 6 | 5 | N/A | N/A | 2 | 2 | N/A | N/A | N/A | N/A | |
| ٨ | سونیا کریم | 6 | 6 | N/A | N/A | 2 | 2 | N/A | N/A | N/A | N/A | |
| ٩ | شاہد ستار | 6 | 3 | N/A | N/A | N/A | N/A | 5 | 2 | N/A | N/A | دسمبر 2024میں BOD کو چھوڑا |
| ١٠ | طیب افضل | 6 | 6 | N/A | N/A | N/A | N/A | 5 | 5 | N/A | N/A | |
| ١١ | شاہد عالم صدیقی | 6 | 5 | 4 | 3 | N/A | N/A | N/A | N/A | N/A | N/A | |
| ١٢ | فواد فرخ | 6 | 2 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | دسمبر 2024میں BOD میں آئے |
| ١٣ | مبشر مقبول | 6 | 2 | N/A | N/A | N/A | N/A | 5 | 2 | N/A | N/A | دسمبر 2024میں BOD میں آئے |

## شریعہ بورڈ کے اجلاس

| سیریل نمبر | نام | اجلاس کی تعداد | حاضری |
|---|---|---|---|
| ١ | مفتی احسان وقار | 4 | 4 |
| ٢ | ڈاکٹر مفتی محمد یونس علی | 4 | 4 |

## ملازمین کی ریٹائرمنٹ بینیفٹس 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 | 80,071 |
| اسٹاف گریجویٹی فنڈ | 58,606 |

## شیئر ہولڈنگ کا نمونہ

| سیریل نمبر | نام | حصص کی تعداد ہر حصہ کی قیمت دس روپے ہے | % ہولڈنگ | پاکستانی روپے |
|---|---|---|---|---|
| ۱ | وزارت خزانہ-اسلامی جمہوریہ پاکستان | 180,000,000 | 28.86% | 1,800,000,000 |
| ۲ | نیشنل بینک آف پاکستان | 90,000,000 | 14.43% | 900,000,000 |
| ۳ | 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 |
| ۷ | بینک الفلاح لمیٹڈ | 45,000,000 | 7.21% | 450,000,000 |
| ۸ | الائیڈ بینک لمیٹڈ | 30,000,000 | 4.82% | 300,000,000 |
| ۹ | بینک الحبیب لمیٹڈ | 7,500,000 | 1.21% | 75,000,000 |
| ۱۰ | ہاؤس بلڈنگ فنانس کمپنی لمیٹڈ | 1,001,250 | 0.16% | 10,012,500 |
| ۱۱ | بینک مکرمہ لمیٹڈ سابقہ سمٹ بینک لمیٹڈ | 274,500 | 0.04% | 2,745,000 |
| ۱۲ | 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 کے لیے خود کو پیش 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 2025 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر -/Rs. 2,971,991 روپے کی فیس پر۔ قانونی اسائنمنٹس کے لیے جن میں اوپری اخراجات اور ٹیکس کو اصل میں ادا کیا جانا ہے۔ یہ فیس بانڈز کے اجراء اور میچورٹی کے لیے فی سرٹیفکیٹ لاگت کو شامل کرتی ہے۔

## 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 کسٹمرز کی توقعات کو پورا کرنے اور کمپنی کے اہداف اور مقاصد کے حصول کے لیے اپنے ساتھیوں کی لگن اور مستعدی کے ساتھ کام کے لیے تعریف کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے۔

فرخ قیوم
چیئرمین

مدثر ایچ خان
مینجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر

تاریخ: 25 فروری 2025

# Directors' Profile

## Mr. Farrakh Qayyum

### Chairman/ 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. He 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. Risha Mohyeddin

### Director

Mr. Risha 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. He also 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 28 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 26 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

## Nominee Director of IFC

Tayyeb Afzal is an accomplished C-level executive with extensive experience spanning over 45 years across various sectors in geographies. His expertise lies in financial services, manufacturing, and professional services, particularly in the areas of risk governance, leadership, financial management, and strategic planning.

As the first corporate leader in Pakistan to achieve certification in Risk Governance® from the DCRO Institute, Tayyeb has demonstrated a strong commitment to best practices in corporate governance and risk management. His expertise extends to serving as an independent director, business advisor, and mentor to aspiring entrepreneurs, reflecting his dedication to nurturing talent and fostering growth in the business community.

With a reputation for board-level excellence, Tayyeb is widely recognized for his impactful contributions to leading public and private companies in Pakistan. His leadership of audit committees, proficiency in financial optimization, and strategic guidance on initiatives such as IPO planning, M&A, and due diligence underscore his strategic vision and operational acumen.

Having worked in diverse international markets such as the U.K., Canada, and various Middle Eastern countries, Tayyeb brings a global perspective to his roles, leveraging his deep understanding of different cultural contexts and business environments. His experience in external and internal auditing, corporate banking, and equipment leasing further enhances his ability to add value across a spectrum of industries and functional domains.

Tayyeb's professional credentials as a Fellow of the Institute of Chartered Accountants of England & Wales (ICAEW) and a Fellow of The Association of Chartered Certified Accountants (ACCA) of the UK attest to his technical proficiency and commitment to upholding the highest standards of ethical conduct and professional excellence.

In summary, Tayyeb Afzal stands out as a dynamic and visionary leader with a proven track record of driving business success through strategic foresight, analytical thinking, and a deep-seated commitment to fostering organizational growth and innovation. His blend of global experience, industry expertise, and leadership capabilities positions him as a valuable asset to any organization seeking to navigate complex challenges and capitalize on emerging opportunities in today's dynamic business landscape.

## Mr. Ahmed Taimoor Nasir

### Nominee Director Ministry of Finance

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.

## Ms. Sonia Karim

### Independent Director

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. Mubashar Maqbool

### Independent Director

Mr. Mubashar Maqbool holds an MBA degree in Finance and International Business from University of Miami, U.S.A. and another MBA in Finance from Quaid-e-Azam University, Pakistan. He has a long, diversified and successful track record in Corporate Banking, Corporate Finance, Project Finance, Commercial Banking, SME Banking as well as General Management. In a career spanning over thirty years, he has held senior positions in renowned local and multinational organizations like Citigroup, Samba Financial Group, KSA, Habib Bank Limited, Pakistan Kuwait Investment Company, etc. both in Pakistan and abroad.

Mr. Mubashar started his banking career with Citibank Pakistan where he held various positions in Corporate Banking Group. In 1997, he was transferred to Saudi American Bank (Samba), Saudi Arabia. He was Division Head, Corporate Banking in Samba Bank till 2004. Mr. Mubashar joined Habib Bank Limited in 2004 and held various senior positions there including Corporate Head – Central, Group Head – Commercial Banking & Retail Lending, Group Head – Commercial Banking and Country Manager / CEO, HBL – UAE. He also represented HBL on the Board of Pakistan Agricultural Storage and Services Corporation (PASSCO).

Mr. Mubashar served as Managing Director, Pak Kuwait Investment Co. (Private) Limited (PKIC) from March 2019 to July 2023. During his tenor at PKIC, he turned PKIC into one of Pakistan's largest and most profitable Financial Institutions. During his tenor, PKIC achieved many historic landmarks like largest project finance portfolio of any DFI, obtaining approval from SBP to setup Pakistan's first and only Islamic Digital Bank, etc. During that time, he also served and contributed meaningfully on the Board of Meezan Bank Limited. He was also Head of Meezan Bank's Board IT Committee, Member Board Risk Management Committee and Board Audit Committee.

## 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.

## Mr. Fouad Farrukh

### Director

Mr. Fouad Farrukh has over 27 years of diversified banking experience. He is currently serving as Senior Executive Vice President at National Bank of Pakistan and heading Aitemaad Islamic Banking Group. He is also serving on Boards of Atlas Power Limited and First National Bank Modaraba.

At NBP, he is responsible for growth and development of Islamic banking business and is member of various management committees and chairs two of them.

Prior to joining NBP, he served Faysal Bank Limited for 8 years both as Group Head Retail and Islamic Banking.

He served HBL in Dubai as Risk Head Gulf and then country manager HBL Bahrain.

He did his MBA from Lahore University of Management Sciences on Dean's honours list and BS from University of Maryland USA.

## Mr. Mudassir H. Khan

### Managing Director/Chief Executive Officer

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 serving as Independet Director on the Board of Pakistan Microfinance Network and Sindh Peoples Housing for Flood Affectees (SPHF).

# Shariah Board Members

## Mufti Ehsan Waquar

### Chairman Shari'ah Board

Mufti Ehsan is a distinguished scholar and seasoned professional with over 20 years of expertise in Islamic finance, business management, and project management. He has served as Chairman of Shariah Boards and worked with leading institutions such as the World Bank-IFC, State Bank of Pakistan, National Bank of Pakistan, SECP, and various Islamic banks.

His expertise spans Sukuk structuring (notably Pakistan's largest Sukuk for Neelum Jhelum Hydro Power), Shariah advisory, Islamic banking product development, risk management, and Takaful.

Academically, he holds a Masters in Islamic Studies, specialization in Islamic Jurisprudence (Mufti), MBA in Finance, MA in Economics, and an LLB.

Currently, he is the CEO of ESAAC, overseeing Shariah advisory, compliance, product development, and business transformation. Additionally, he serves as the Vice Chancellor of Al-Ghazali University and conducts training sessions on Islamic banking, finance, and risk management at prestigious institutions.

## Dr. Mufti Muhammad Yunas Ali

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

Dr Mufti Muhammad Yunas Ali is an experienced scholar in Islamic banking and finance with over two decades of experience in banking, research, Ifta and teaching. Since joining PMRC in 2018 as the Islamic Business & Product Manager, he now serves as the Resident Shari'ah Board Member (RSBM) and Head of Shariah Compliance.

Dr Ali has published numerous books and research papers, including a pioneering work on the elimination of Riba in light of the Federal Shariat Court's judgment. He is actively involved in academia and has taught courses on Islamic Banking, Finance and Takaful at leading institutions including the University of Karachi (UoK), NIBAF, ICAP and others.

Dr Ali holds a Ph.D. and Master's degree in Islamic Banking & Finance from the UoK. He has also completed Takhassus-fil-Fiqh wal-Ifta and Al-Shahadul Aalamiyyah. He is also a member of the Shariah Board of Salaam Takaful Limited.

# Our Team

## Management Committee

**Standing Left to Right - Top Row**

Farrukh Zaheer – Head Treasury & FIs
Mehmood Uzair - Head Risk
Naved Hanif – Company Secretary
Syed Zafar Alam Tirmizi - Head Business & Products

**Standing Left to Right - Bottom Row**

Iffat Hina – Head HR & Admin
Mudassir H. Khan – Managing Director & CEO
Omair Farooqi – CFO & Group Head Operations

## Extended Leadership Team

**Standing Left to Right - Top Row**

Naved Hanif – Company Secretary
Hasan Junaid Nasir – Head Islamic Business

**Standing Left to Right - Middle Row**

Badar Munir – Head IT
Mehmood Uzair - Head Risk
Waseem Ahmed Hashmi – Head Internal Audit
Zahid Hussain Gokal – Head Compliance

**Standing Left to Right - Bottom Row**

Farrukh Zaheer – Head Treasury & FIs
Iffat Hina – Head HR & Admin
Omair Farooqi – CFO & Group Head Operations
Mudassir H. Khan – Managing Director & CEO
Farheen Amjad – Head FInance
Syed Zafar Alam Tirmizi - Head Business & Products

# Employee Engagement

## Nurturing Talent, Wellness, and Camaraderie: A Year of Engagement and Empowerment at PMRC

At PMRC, we recognize that our employees are our greatest asset and the driving force behind our Company's success. We are committed to fostering a work environment that cultivates engagement, growth, and well-being, empowering our employees to reach their full potential.

Our HR strategy builds on the principles of talent development, employee experience, well-being, support, and leadership development. We invest in our employee's skills and expertise to drive business growth and innovation while creating a positive and inclusive work culture that attracts, retains, and engages top talent.

In 2024, HR implemented several initiatives to achieve these goals. These initiatives focused on enhancing employee engagement, development, and well-being while driving business success.

### New Year's Celebrations

As the year 2024 began, the HR and Admin team at PMRC embraced the spirit of gratitude by distributing New Year giveaways to all staff members. This initiative reinforced the sense of unity and camaraderie within the team. Through this thoughtful gesture, PMRC reaffirmed its commitment to fostering a positive and inclusive work environment while recognizing and appreciating the dedication of each employee.

The enthusiasm sparked by this gesture resonated across the Company, inspiring employees to start the year with renewed Vigor and dedication to the Company.

### Celebrating Women's Day at PMRC: Honouring Strength, Resilience, and Determination

Women's Day is not just about honouring women, but also recognizing their immense contributions to society and acknowledging the essential roles they play in our communities, workplaces, and families. On 08, March 2024, it was a time to celebrate women's resilience, strength, and determination, especially in the face of adversity. To honour them, we celebrated Women's Day by recognizing the invaluable contributions of the women on our team. We acknowledge the dedication, hard work, and unwavering commitment of our women workforce as they have contributed and help fostering a positive, inclusive workplace. The celebration was a tribute to the women who inspired us every day and a reminder of the importance of empowering and supporting women in all facets of life.


## Eid Celebration at PMRC: A Joyous Get-Together

At PMRC, we celebrated Eid with a heartwarming get-together at our office. The occasion was filled with delicious food, including a variety of tasty knick-knacks, which everyone enjoyed. The staff came together to celebrate, sharing in the festive spirit and appreciating the moment with laughter, meaningful conversations, and a sense of unity.

The celebration was also infused with the spirit of spirituality, offering a time for reflection and connection beyond just the workplace. It was a reminder of the values of community, togetherness, and the importance of Eid—an occasion that emphasizes generosity, gratitude, and the strengthening of bonds. The event deepened our sense of belonging, making our workplace feel even more meaningful and special.

## PMRC's Eid Festivities: A Celebration of Unity, Generosity, and Gratitude

Eid ul Adha was celebrated at PMRC in 2024 with a memorable evening, thoughtfully organized to capture the true spirit of the occasion. Held at the prestigious club, the event provided a perfect opportunity to reflect on the core values of sacrifice, gratitude, and community that Eid ul Adha represents.

The evening was filled with laughter and meaningful conversations as the staff gathered to embrace the essence of generosity and reflection that defines Eid ul Adha. The elaborate and delicious spread of food added a special touch, with everyone enjoying a wide variety of dishes, further enhancing the festive atmosphere.

It was a night that truly embodied the spirit of Eid ul Adha, reminding us of the significance of giving, unity, and shared joy while reinforcing our sense of togetherness at PMRC.

## Inauguration of Newly Renovated PMRC Café: A Space for Collaboration and Relaxation

In 2024, PMRC proudly unveiled its newly renovated Café. The official inauguration was attended by the Chairman – PMRC and the esteemed Board of Directors. The newly designed café was created with a vision to transform it into more than just a place for a quick coffee—it was reimagined as a vibrant social hub for employees, fostering collaboration, interaction, and relaxation.

The revamped café features modern, sleek décor and spacious seating areas, designed to provide a comfortable environment for employees to unwind, recharge, and connect. It serves as an ideal spot for a short break between tasks or for those seeking a quiet space to work while enjoying a cup of coffee. This thoughtful redesign underscores PMRC's commitment to creating a workplace where employees can not only focus on their work but also find moments of relaxation and inspiration throughout the day.

The renovation of the PMRC Café reflects our ongoing dedication to enhancing the work environment and supporting the well-being of our team. The café has quickly become a central part of daily life at PMRC, helping to nurture a collaborative and positive workplace culture.


## Commemorating Pakistan's Independence Day at PMRC

At PMRC, we enthusiastically celebrated Pakistan's Independence Day, marking 77 years of freedom with pride and unity. The event began with a heartfelt rendition of the national anthem, followed by a spirited cake-cutting ceremony. Everyone gathered together to honour the sacrifices made by our ancestors, reflecting on the freedom we now enjoy.

Staff members were dressed in traditional Pakistani attire, symbolizing our unity and shared pride as a nation. As we celebrated, we remembered the courage and resilience that have shaped Pakistan's journey and reaffirmed the importance of cherishing the freedoms we hold dear.

This special day served as both a tribute to our past and a reminder of our ongoing commitment to empower communities and foster inclusive development. The celebration embodied the spirit of independence, unity, and national pride that continues to inspire us in all our efforts at PMRC.

## A Tribute to Visionary Leadership: Celebrating Mr. Rehmat Ali Hasnie's Legacy and Welcoming Mr. Farrakh Qayyum as Chairman

A dinner was hosted in honour of Mr. Rehmat Ali Hasnie, who served as the Chairman of PMRC and played a pivotal role in shaping the organization into what it is today. Under his visionary leadership, PMRC achieved significant milestones, including the establishment of key initiatives and programs that have had a lasting impact on both the organization and the communities it serves.

Mr. Hasnie's dedication to excellence and his unwavering commitment to PMRC's mission have been instrumental in driving its success over the years. During the event, distinguished members of the Board of Directors and Senior Management of PMRC were present to acknowledge his outstanding contributions and express their deep gratitude for his leadership.

As we bid farewell to Mr. Hasnie, we also warmly welcomed Mr. Farrakh Qayyum as the new Chairman of PMRC. Mr. Qayyum has been an integral part of PMRC's journey since its inception, contributing his expertise, vision, and leadership at various stages of the Company's development. Over the years, he has played a pivotal role in shaping PMRC's strategic direction and fostering its growth in the financial sector. Mr. Qayyum's vision for the future of PMRC is centered around continuing to enhance its impact on the market while ensuring the Company remains a trusted and reliable partner in the financial industry. Under his guidance, we look forward to achieving new milestones and solidifying PMRC's position as a leader in the sector. We are privileged to have Mr. Qayyum at the helm, and we are confident that his leadership will drive PMRC to even greater success in the years ahead.

## PMRC Awarded for Ongoing Partnership with KDSP

Over the years, our partnership with the Karachi Down Syndrome Program (KDSP) has allowed us to contribute to a cause that closely aligns with PMRC's belief in empowering communities and support individuals in reaching their fullest potential. This collaboration has been central to our commitment to promoting inclusion and providing vital support to individuals with Down syndrome.

In recognition of our contributions, KDSP awarded PMRC for its ongoing support over the years. To honor this meaningful partnership, Mr. Muddasir H. Khan, MD/CEO, along with the HR team, visited the KDSP premises to commend the exceptional efforts of their management team. Through this collaboration, we have made great strides in advancing a society where all individuals, regardless of their challenges, are given the resources and opportunities to thrive and contribute to a compassionate inclusive world.

## Raising Awareness: A Step Towards Hope

Breast cancer affects countless lives, but awareness can make a crucial difference in early detection and treatment. At PMRC, we recognized the importance of spreading knowledge and encouraging proactive health measures. In collaboration with Indus Hospital, we organized a Breast Cancer awareness session aimed at highlighting the significance of early screenings and self-examinations.

This initiative was not only about spreading hope but also about inspiring individuals to prioritize regular screenings as a powerful tool in the fight against Breast Cancer. By raising awareness, we empowered participants to take charge of their health and make informed decisions, ultimately contributing to healthier and more informed communities.

## Birthday Celebrations


At PMRC, we recognize the importance of making every employee feel valued, and celebrating birthdays is one of the ways we show appreciation. Throughout the year we make a conscious effort to celebrate the birthdays of all our staff members, ensuring everyone feels special on their day.

These celebrations were not just about marking another year, but a way to express our gratitude for the contributions each individual makes to our collective success. From personalized greetings to team-wide birthday acknowledgments, each celebration provided an opportunity to strengthen our bond and foster a positive, supportive work environment.

## PMRC Unveiled Renovated Gym Facility: A Commitment to Employee Health and Well-Being


In 2024, PMRC proudly unveiled a gym facility as part of our ongoing commitment to prioritizing the well-being of our employees. The facility was officially inaugurated by our esteemed Board of Directors, marking a significant milestone in our efforts to create a supportive and enriching workplace environment.

This modern gym was thoughtfully renovated and designed to cater to both physical and mental fitness goals, providing a comprehensive environment that supports overall health and wellness. Equipped with cutting-edge fitness equipment, the facility is tailored to meet the diverse needs of our team, encouraging them to adopt a balanced and active lifestyle.

## PMRC's Staff Development: Strengthening Skills for Future Success

At PMRC, we have emphasized the importance of staff development, regularly enhancing our training programs to address evolving needs. In 2024, we continued this commitment by focusing on expanding staff capabilities through a well-rounded training approach, covering functional skills, soft skills, Islamic finance, and statutory requirements.

Our training initiatives were designed to improve operational efficiency and equip our team to meet emerging challenges. Staff received targeted training in areas such as technical proficiency, compliance, and leadership, ensuring they were prepared to excel in their roles and contribute to the Company's success.

To promote inclusivity and cultural understanding, we also offered training to foster a positive and collaborative workplace environment. Capacity-building workshops focused on developing decision-making, problem-solving, and leadership skills, while orientation sessions ensured smooth integration for new staff.

In total, PMRC invested over 1,668 man-hours in training throughout 2024, demonstrating our commitment to staff development. These efforts reinforced our dedication to continuous improvement, enabling our team to adapt to change, thrive in their roles, and contribute to PMRC's ongoing success.

## Internship Program: Fostering Future Talent

In 2024, PMRC continued its commitment to nurturing emerging talent through its Summer Internship Program. HR Department launched a batch-wise program that aimed to provide students with hands-on experience and professional guidance across various functions within the Company.

The program received an overwhelming response, with applications from students from leading universities across the country. After a selection process, interns were chosen and their tailored programs were designed to ensure they gained practical insights.

## Celebration of Success and Togetherness: Wrapping Up 2024

PMRC concluded 2024 on a high note, marking the end of a fulfilling year with a grand Annual Lunch on December 31, 2024. The event was a vibrant celebration of gratitude and achievement, bringing our dedicated team together to reflect on the successes of the year. The atmosphere was filled with joy, laughter, and a deep sense of appreciation for the hard work and commitment that made 2024 a remarkable year for PMRC.

From meaningful conversations to enjoying a delectable feast, the gathering embodied the spirit of teamwork and camaraderie that defines PMRC. It was a time to celebrate not only our collective accomplishments but also the strength and unity that our people brought to the Company. As we enjoyed the lunch and acknowledged our shared achievements, we also looked forward to an even brighter future.

This celebration is a powerful reminder that the true essence of PMRC lies in its people—the foundation of our ongoing success. With optimism for the road ahead, we look forward to many more milestones, cherished memories, and moments of celebration, as we continue to grow together as one united family.

# CSR Engagement

## PMRC's Commitment to Corporate Social Responsibility: Transforming Lives Through Partnerships

At PMRC, we are committed to corporate social responsibility, supporting initiatives that focus on empowerment, education, healthcare, and community development. During the year, we had partnerships with several organizations that aligned with these goals, working together to create a meaningful and positive impact in the communities we serve.

### Partnership with The Citizens Foundation (TCF): Empowering Through Education

PMRC proudly partnered with The Citizens Foundation (TCF) to provide quality education to underserved communities. This collaboration reflected our belief in education as a powerful tool for empowerment, helping break the cycle of deprivation and opening doors for brighter futures.

### Partnership with Indus Hospital & Health Network: Improving Healthcare Access

Our partnership with Indus Hospital & Health Network aimed to provide access to essential medical services for underserved populations. By contributing to their efforts, we supported the delivery of critical healthcare services, reinforcing our commitment to improving health outcomes in vulnerable communities.

### Partnership with Family Educational Services Foundation (FESF): Advancing Community Empowerment

In line with our mission to empower communities, PMRC partnered with the Family Educational Services Foundation (FESF). Together, we worked to support differently-abled children by providing educational resources and services, helping them overcome barriers to learning. This collaboration fostered resilience and promoted sustainable development in marginalized communities, ensuring that every child, regardless of their abilities, had the opportunity to thrive and succeed.

## Partnership with Marie Adelaide Leprosy Centre: Supporting Marginalized Communities

PMRC partnered with the Marie Adelaide Leprosy Centre to aid in the prevention and management of blindness among individuals. Our support helped provide essential medical treatment, rehabilitation, and awareness initiatives, empowering marginalized individuals to lead independent lives.


## Partnership with Karachi Down Syndrome Programme (KDSP): Promoting Inclusion and Dignity

Through our partnership with the Karachi Down Syndrome Programme (KDSP), PMRC contributed to improving the lives of children with Down Syndrome. By supporting their initiatives in education, healthcare, and skills development, we promoted inclusion and dignity for children living with Down Syndrome.

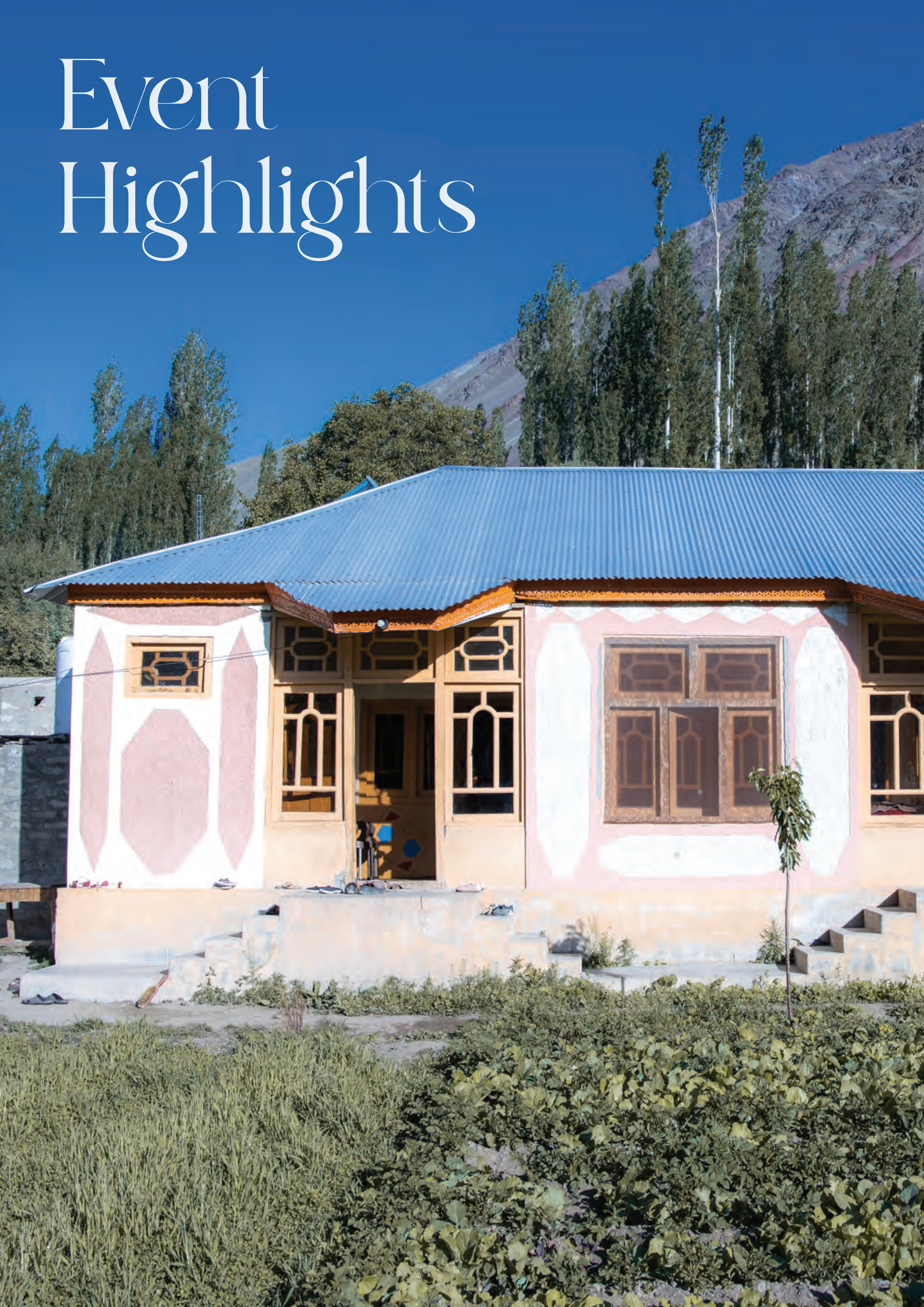

## Partnership with The Kidney Centre: Advancing Health Access

PMRC collaborated with The Kidney Centre to enhance health access for individuals affected by kidney diseases. Our partnership supported efforts to provide specialized care and treatment, ensuring that those in need receive quality healthcare services.

## Partnership with Akhuwat Foundation: Empowering Women Through Education

PMRC partnered with the Akhuwat Foundation to support their efforts in empowering women through education. By providing resources to improve access to quality education for women in underserved communities, this partnership helped foster long-term empowerment, enabling women to overcome barriers and build a brighter future.

# Event Highlights



## PMRC successfully hosted a training session for Capacity Building of its Partner Financial Institutions (PFI's)

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, and PMRC Eligibility Criteria.

Mr. Zafar Alam Tirmizi, the Head of Business and Products, graciously shared his perspective with the audience on best practices and delved into insightful discussion on new products. The session fostered valuable insights and experiences equipping participants with practical knowledge.


## Staff Capacity Building Workshop

At PMRC, we hold a strong belief in the continuous training and capacity building of our staff. We strive to keep them abreast of the evolving market dynamics and ensure they are always updated about our products and services. In alignment with this objective, Business and Product team organized a comprehensive training and capacity building workshop on April 19, 2024. The primary aim of this workshop was to introduce and familiarize our staff with an overview of the mortgage market, as well as company's product offerings.

## Green Financing

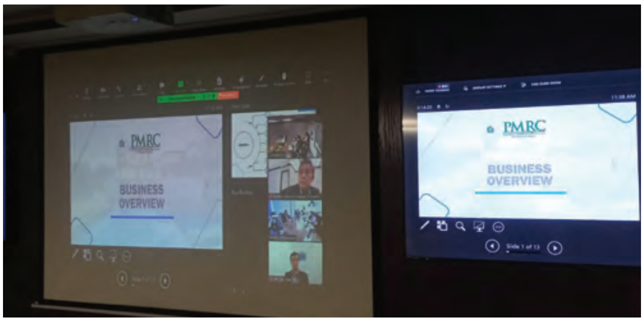
PMRC continues its journey of market development and innovation in the housing finance landscape. The company is pleased to launch a Green financing product variant for PFIs to extend Solar Financing. The product integrates seamlessly with the existing refinance/prefinance product suite for PFIs and addresses the need for financing required for solar installations which fall under home improvement category as per Housing PRs.

## ASMMA Virtual Meeting

On July 30, 2024, PMRC hosted a virtual session with members of the Asian Secondary Mortgage Market Association (ASMMA). The meeting included participation from CGAMAS (Malaysia), JHF (Japan), NHMFC (Philippines), SMF (Indonesia), MIK (Mongolia), and UzMRC (Uzbekistan).

PMRC provided an in-depth overview of Pakistan's macroeconomic and mortgage market. The forum exchanged views on the evolving mortgage landscape and emphasized the importance of housing finance in the development of economies. PMRC also invited the participants to Pakistan to attend the ASMMA annual meeting in December of this year.

Together we are paving the way for a brighter future in housing finance




## Round Table Conference on Affordable, Green and Climate Resilient Housing Need in Pakistan

PMRC organized a roundtable conference on September 13, 2024, focusing on the need for affordable, green, and climate-resilient housing in Pakistan. The conference brought together policymakers, builders, developers, and housing experts to discuss and drive momentum for affordable and green housing initiatives. Mudassir H. Khan, MD/CEO PMRC, shared his thoughts on this important issue and also kickstarted the event. Representatives from banks, DFIs, NBFIs, HFCs, builders, developers and the State Bank of Pakistan (SBP) graced the occasion.

Experts in the field of mortgage/climate change from institutions like Bank Alfalah, Sind People Housing for Flood Affectees (SPHF), Akademos, Zero-Point Partners, Arif Habib REIT, SBP, IFC, and Modulus Tech shared their experiences with the forum. In addition to climate resilient housing needs, there was also a comprehensive session on affordable housing in Pakistan.

The participants acknowledged PMRC's role in developing the mortgage market and were hopeful that such events would continue to be organized to create awareness for climate resilient and affordable housing.

## ASMMA Annual Meeting 2024

Hosted by PMRC from ASMMA Secretariat, the ASMMA Annual Meeting 2024 brought together regional mortgage refinance companies to foster collaboration and drive advancements in housing solutions.

The meeting was attended by ASMMA members, including Cagamas Berhad (Malaysia), PT Sarana Multigriya Finansial – SMF (Indonesia), Japan Housing Finance Agency – JHF (Japan), National Home Mortgage Finance Corporation – NHMFC (Philippines), Uzbekistan Mortgage Refinance Company – UzMRC (Uzbekistan), Mongolian Mortgage Corporation – MIK (Mongolia), and officials from PMRC.

Mr. Luca Bertalot, Secretary General at EMF-ECBC, also attended the meeting and shared his valuable insights with ASMMA members, further enriching the discussions.

## Training on Environmental and Social Standards (E&S) and Credit Guarantee Trust (CGT)

PMRC, under its capacity-building program, arranged a session for PFIs on E&S standards for Mortgages and CGT.

The purpose of the session was to enhance the understanding and application of E&S standards in mortgage lending, ensuring sustainable practices and aligning with global benchmarks. It also aimed to provide PFIs with insights into the implementation and benefits of the CGT, developing responsible lending and credit risk management.


PAKISTAN MORTGAGE REFINANCE
COMPANY LIMITED
INTERNATIONAL


PMRC
INTERNATIONAL
AFFORDABLE,
GREEN & RESILIENT
HOUSING CONFERENCE
DEC 4TH
2024
SERENA HOTEL, ISLAMABAD
INTERNATIONAL
AFFORDABLE,
GREEN & RESILIENT
HOUSING CONFERENCE

# International Affordable Green and Resilient Housing Conference

Pakistan Mortgage Refinance Company (PMRC) hosted the **International Affordable, Green & Resilient Housing Conference on December 4, 2024, at Serena Hotel, Islamabad.** The conference aimed to highlight the need for and importance of affordable, green, and resilient housing in Pakistan. The event brought together key stakeholders, regulators, and industry experts from the housing sector, providing a platform for knowledge exchange and collaborative discussions.

Delegates from ASMMA, the World Bank, the International Finance Corporation (IFC), the Asian Development Bank (ADB), the European Mortgage Federation (EMF), Social Investment Manager & Advisors (SIMA Funds), the State Bank of Pakistan (SBP), the Securities and Exchange Commission of Pakistan (SECP), Akademos Research House, Sindh Peoples Housing for Flood Affectees (SPHF), as well as CEOs of commercial banks, microfinance banks (MFBs), microfinance institutions (MFIs), housing finance companies (HFCs), and non-bank financial institutions (NBFIs), attended the conference.

During the panel discussions, participants and speakers emphasized the critical need for affordable, green, and resilient housing in the context of global economic challenges and the growing impacts of climate change in Pakistan. The discussions underscored the importance of innovative financing solutions for such housing developments. The conference featured interactive forums aimed at exploring sustainable financing solutions for affordable and green housing.

# Growth at a Glance

| Balance Sheet (Rs. In '000') | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| Investments | 1,009,632 | 8,821,820 | 10,202,696 | 10,238,557 | 20,564,969 | 13,804,680 | 27,396,823 |
| Advances | 1,200,000 | 7,729,232 | 14,967,077 | 23,714,838 | 33,662,362 | 34,401,920 | 34,456,076 |
| Total Assets | 3,749,678 | 19,576,545 | 28,835,374 | 50,211,026 | 55,553,941 | 60,559,058 | 68,256,493 |
| Borrowings | - | 7,565,788 | 15,248,741 | 35,187,449 | 38,940,150 | 41,649,392 | 41,437,458 |
| Share Capital | 3,658,506 | 3,658,506 | 3,658,506 | 6,237,759 | 6,237,759 | 6,237,759 | 6,237,759 |
| Equity (Excluding revaluation of assets) | 3,713,090 | 4,616,028 | 6,055,007 | 7,614,561 | 9,193,900 | 11,284,577 | 13,188,162 |

| Operating Results (Rs. In '000') | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net mark-up/return/ interest/profit earned | 223,605 | 1,192,579 | 1,793,691 | 1,438,250 | 2,117,166 | 3,427,106 | 4,144,560 |
| Total Revenue | 223,605 | 1,529,275 | 2,508,960 | 2,843,953 | 5,015,891 | 7,451,645 | 8,061,135 |
| Other Income | 30 | 920 | 3,152 | 2,549 | 6,224 | 40,306 | 57,564 |
| Operating Expenditure | 166,877 | 272,060 | 315,170 | 352,922 | 417,442 | 603,103 | 731,107 |
| Provisions & Write offs | - | - | 15,702 | - | 94,502 | 253,393 | 584,494 |
| Profit Before Tax | 56,758 | 901,842 | 1,436,338 | 1,066,433 | 1,579,217 | 2,558,698 | 2,828,793 |
| Profit After Tax | 55,037 | 901,842 | 1,436,338 | 1,066,433 | 1,579,217 | 2,558,698 | 2,828,793 |

| Ratios | | | | | | | |
|---|---|---|---|---|---|---|---|
| Return on Assets | 2.17% | 7.73% | 5.93% | 2.70% | 2.99% | 4.41% | 4.39% |
| Return on Equity (Excluding Revaluation of Assets) | 2.94% | 21.66% | 26.92% | 15.60% | 18.79% | 24.99% | 23.12% |
| Cost to Income Ratio | 74.62% | 22.80% | 17.54% | 24.49% | 19.66% | 17.39% | 17.40% |
| Dividend Payout Ratio | 0.00% | 0.00% | 0.00% | *19.50% | 29.62% | 36.57% | 33.08% |
| Earnings Per Share | 0.22 | 2.46 | 2.50 | 1.71 | 2.53 | 4.10 | 4.53 |

* This represents Bonus Shares issued.

| Capital Adequacy | | | | | | | |
|---|---|---|---|---|---|---|---|
| CET1 to RWA | 541.98% | 203.39% | 141.67% | 53.10% | 64.43% | 72.18% | 89.91% |
| Tier 1 Capital to RWA | 541.98% | 203.39% | 141.67% | 53.10% | 64.43% | 72.18% | 89.91% |
| Total Capital to RWA | 541.98% | 206.93% | 143.62% | 53.10% | 65.13% | 73.07% | 92.16% |

## 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, 2024 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, 2024.

Afergusonco

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 03, 2025
UDIN: CR202410068rXAIDujqo

***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 cornerstone of an organization's comprehensive risk management framework. It encompasses key components such as risk assessment, control activities, information and communication, and ongoing monitoring. The primary objective of an effective internal control system is to enhance operational efficiency, ensure the reliability of financial reporting, safeguard assets, and maintain compliance with applicable laws and regulations.

At Pakistan Mortgage Refinance Company Limited (PMRC), the management bears the fundamental responsibility of establishing and maintaining a strong internal control environment. This commitment is essential for ensuring the financial health, stability, and long-term sustainability of the business. To achieve this, PMRC has implemented a well-structured system of internal controls—duly approved by the Board of Directors (the Board)—designed to meet financial and operational objectives while upholding stringent control measures. However, it is acknowledged that no internal control system, regardless of its sophistication, can completely eliminate risks; instead, it provides reasonable assurance regarding the effectiveness of controls and the reliability of financial reporting.

PMRC's internal control framework is built on multiple layers of monitoring activities, a well-defined organizational structure, comprehensive policies and procedures, and other strategic measures. The Board, through its board-level subcommittees, holds the ultimate responsibility for ensuring the existence of a robust and effective internal control system.

A Shari'ah Board (SB), established by the Board, strengthens the governance framework surrounding the company's Islamic business. The Shari'ah Compliance Department, operating under the direct supervision of SB, proactively monitors Shari'ah Non-Compliance Risk (SNCR) and ensures adherence to the State Bank of Pakistan's (SBP) Islamic Banking regulations, along with directions and guidelines issued by SB. This framework ensures that all Islamic business activities remain compliant with Shari'ah principles.

To ensure risk mitigation and control effectiveness, PMRC follows the internationally recognized "three lines of defense" model, with the first line of defence comprising Business/Primary Process Owners responsible to ensure that business risks are properly identified and mitigated, and the controls are adequately designed and operating effectively. The company's control functions, the second line of defence, 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), manages risk at the operational level, ensuring adherence to the Risk Management Framework and the Board Risk Management Committee (BRMC) provides strategic oversight and guidance to strengthen overall risk governance. 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. The pprofessional conduct and activities of Internal Audit are compliant with the Global Internal Audit Standards issued by the Institute of Internal Auditors and SBP Guidelines on Internal Audit Function. All material observations and weaknesses identified by the internal and external auditors, are reported to the BAC with agreed Management action plan with implementation timelines.

PMRC adheres strictly to the SBP's Internal Controls over Financial Reporting (ICFR) guidelines and has successfully completed the SBP's stage-wise implementation roadmap. The company has documented a comprehensive ICFR Framework, ensuring the integrity of financial reporting through:

- Regular review and updating of relevant policies and procedures
- Establishing robust control mechanisms
- Conducting ongoing internal control testing

Furthermore, PMRC engages external auditors annually to issue a Long Form Report (LFR) on ICFR, which is presented to BAC alongside progress updates on rectifying previously identified issues. The management considers PMRC's internal controls over financial reporting to be well-designed, effectively implemented, and continuously monitored.

The Board fully endorses management's evaluation of the internal control system, including the effectiveness of ICFR and the company's commitment to globally accepted governance standards.

| | | | |
|---|---|---|---|
| Head of Compliance | Head of Internal Audit | Chief Financial Officer & Group Head Operations | Managing Director / Chief Executive Officer |

Dated: February 25, 2025

# 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, 2024

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, Directors' Training Program was attended by following Directors and Executives.

**Directos**

I. Mr. Fouad Farrukh, Non-Executive Director

**Executives**

1. Mr. Mehmood Uzair - Head of Risk
2. Mr. Syed Zafar Alam Tirmizi - Head Business & Products

Ten (10) of the Directors on Board, including the Chief Executive Officer, and Six (6) 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. Risha A. Mohyeddin, Non-Executive Director
ii. Mr. Imran Sarwar, Non-Executive Director
iii. Ms. Mehreen Ahmed, Non-Executive Director
iv. Mr. Tayyeb Afzal, Non-Executive Director
v. Mr. Ahmed Taimoor Nasir, Non-Executive Director
vi. Ms. Sonia Karim, Non-Executive, Independent Director
vii. Mr. Mubashar Maqbool, Non-Executive, Independent Director
viii. Mr. Shahid Alam Siddiqui, Non-Executive Director
ix. Mr. Fouad Farrukh, Non-Executive Director
x. Mr. Mudassir H. Khan, Managing Director/ Chief Executive Officer

## Executives

i. Mr. Omair 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
vi. Mr. Mehmood Uzair, Head of Risk
vii. Mr. Syed Zafar Alam Tirmizi, Head Business and Products

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. Mubashar Maqbool (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. Fouad Farrukh (Member) |
| | Mr. Mudassir H. Khan (Member) |

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 is as under:

| | | |
|---|---|---|
| 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.

19. The company has voluntarily adopted the code being an unlisted public company, the explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

19. The company has voluntarily adopted the code being an unlisted public company, the explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| Regulation No | Requirement | Explanation |
|---|---|---|
| 35 | The company may post the following on its website:<br>. Key elements of its significant policies.<br>. Brief synopsis of terms of reference of the Board's committees.<br>. Key elements of the director's remuneration policy. | As the regulation provides for the disclosure of key elements of its significant polices on the Company's website, only those policies which were considered necessary by the management have been posted on the website.<br><br>The Company is not a listed entity and only has a selected group of shareholders. As a result, terms of references of Board's committees are not considered relevant for publication on the website. In addition, the Company considers the disclosure of director's remuneration in the financial statements sufficient to meet the requirement. |
| 10A | The board is responsible for governance and oversight of sustainability, risks and opportunities, which includes environmental, social and governance considerations, within the Company by setting up the Company's sustainability strategies, priorities and targets to create long term corporate value. In order to discharge its duties, the board may establish a dedicated sustainability committee having at least one female director or assign additional responsibilities to an existing board committee. | The Company has an existing Environmental and Social Policy in place. Currently, the management is assessing the amendments/requirements introduced by SECP in June 2024 and compliance thereof, as applicable, will be ensured as and when applicable. |

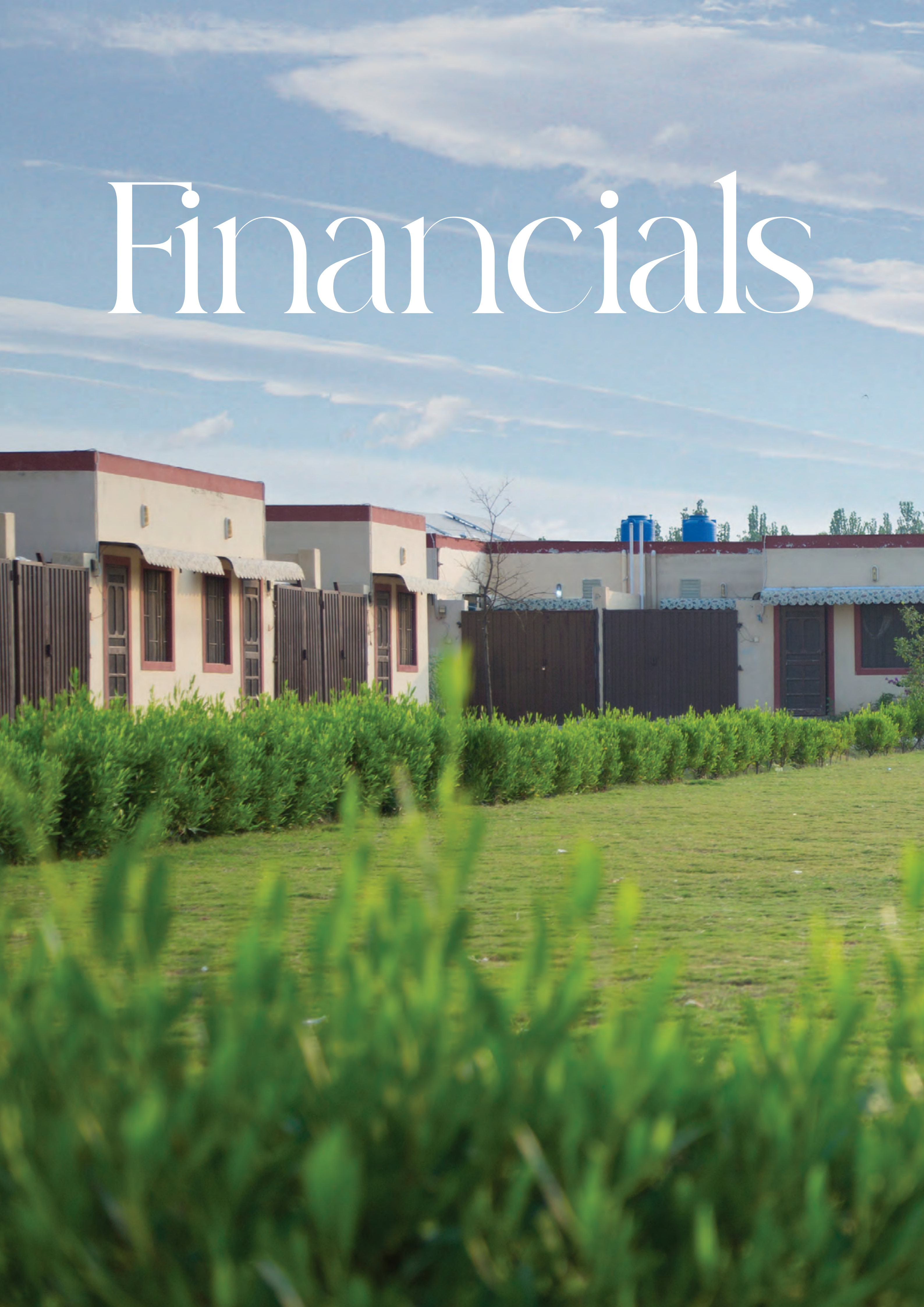
For and on behalf of the Board of Directors

**Farrakh Qayyum**
Chairman

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

**Dated: February 25, 2025**

# Financials



A·F·FERGUSON&Co.

**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, 2024, and the statement of 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 material accounting policy information 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, statement of 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, 2024 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.

*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**

## 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.

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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 statement of 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.**

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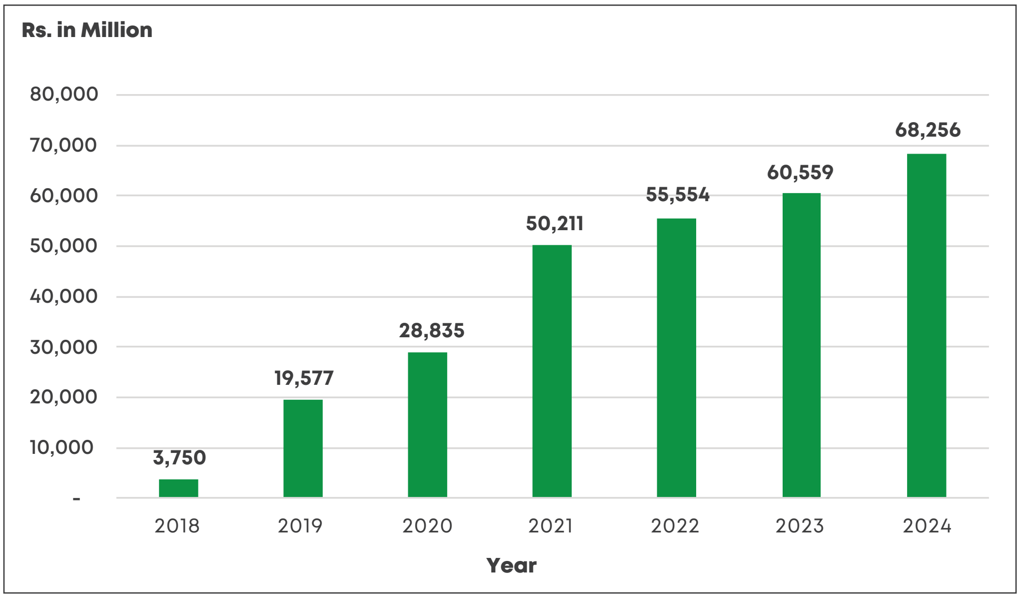
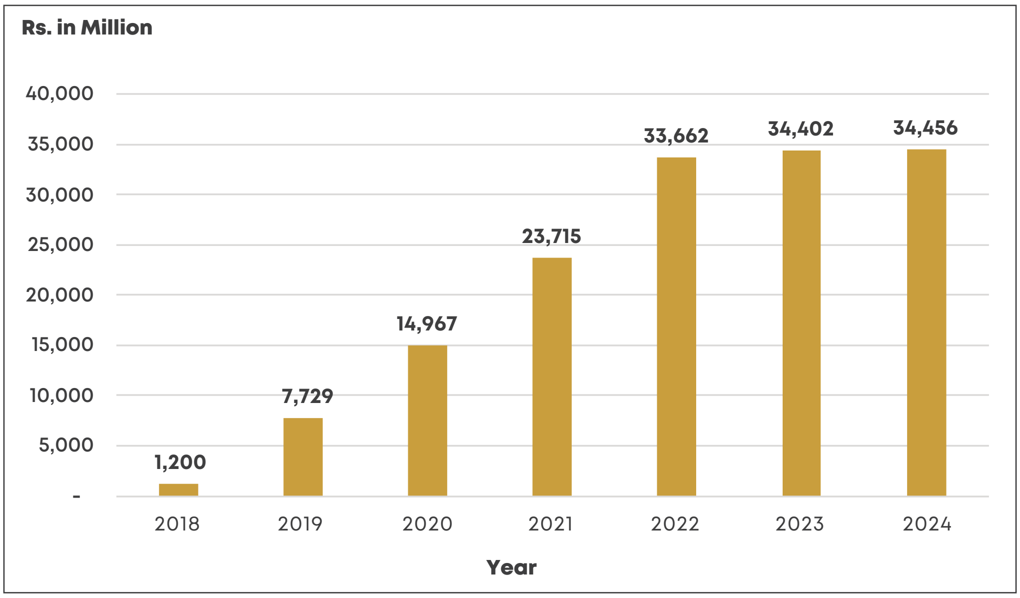
A. F. Ferguson & Co.
Chartered Accountants
Dated: March 3, 2025
Karachi
UDIN: AR2024100688E39jAimZ

# Financial Highlights

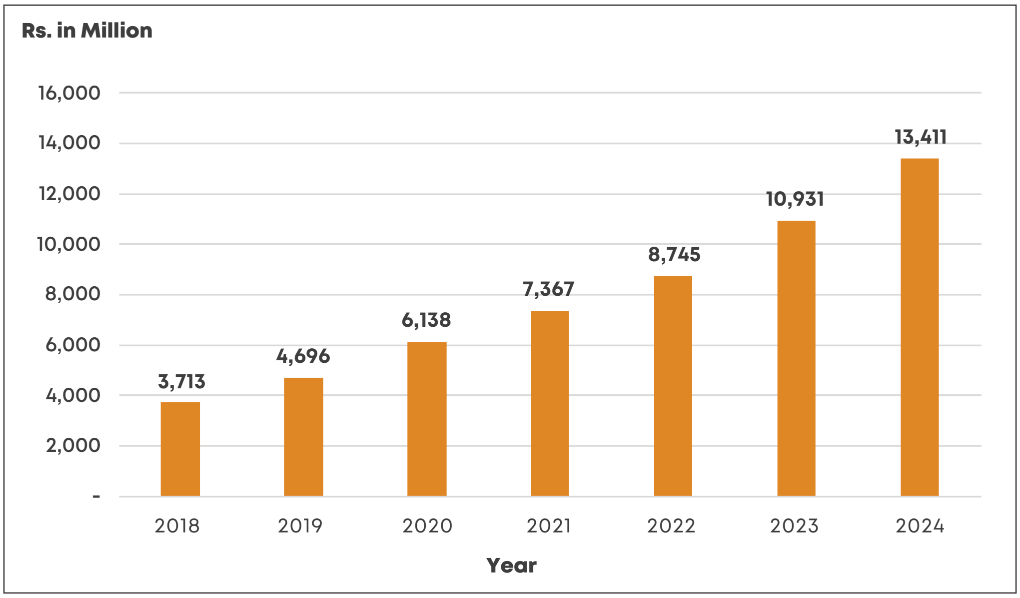
## Total Assets



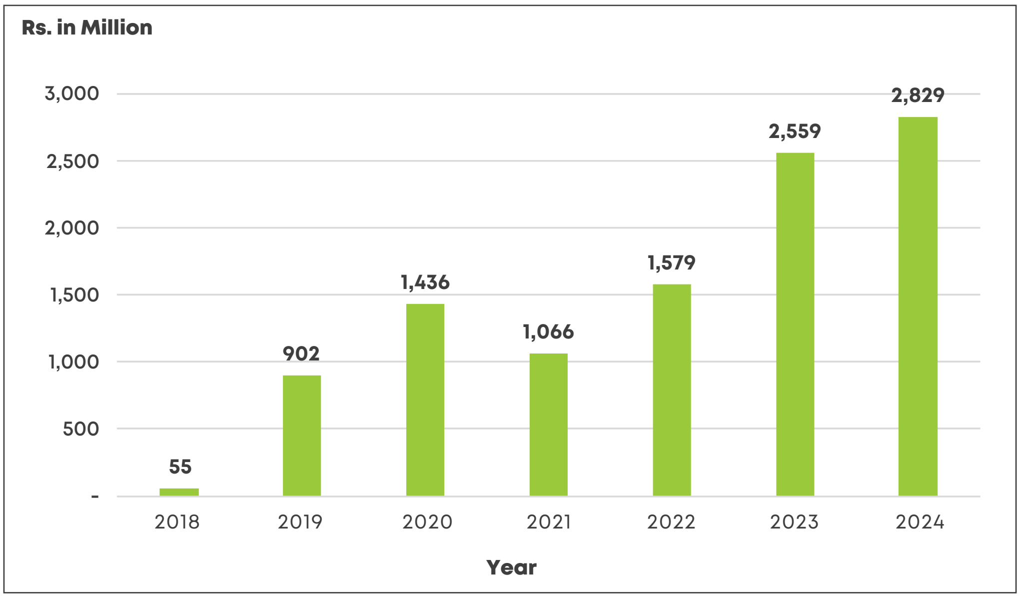

## Advances



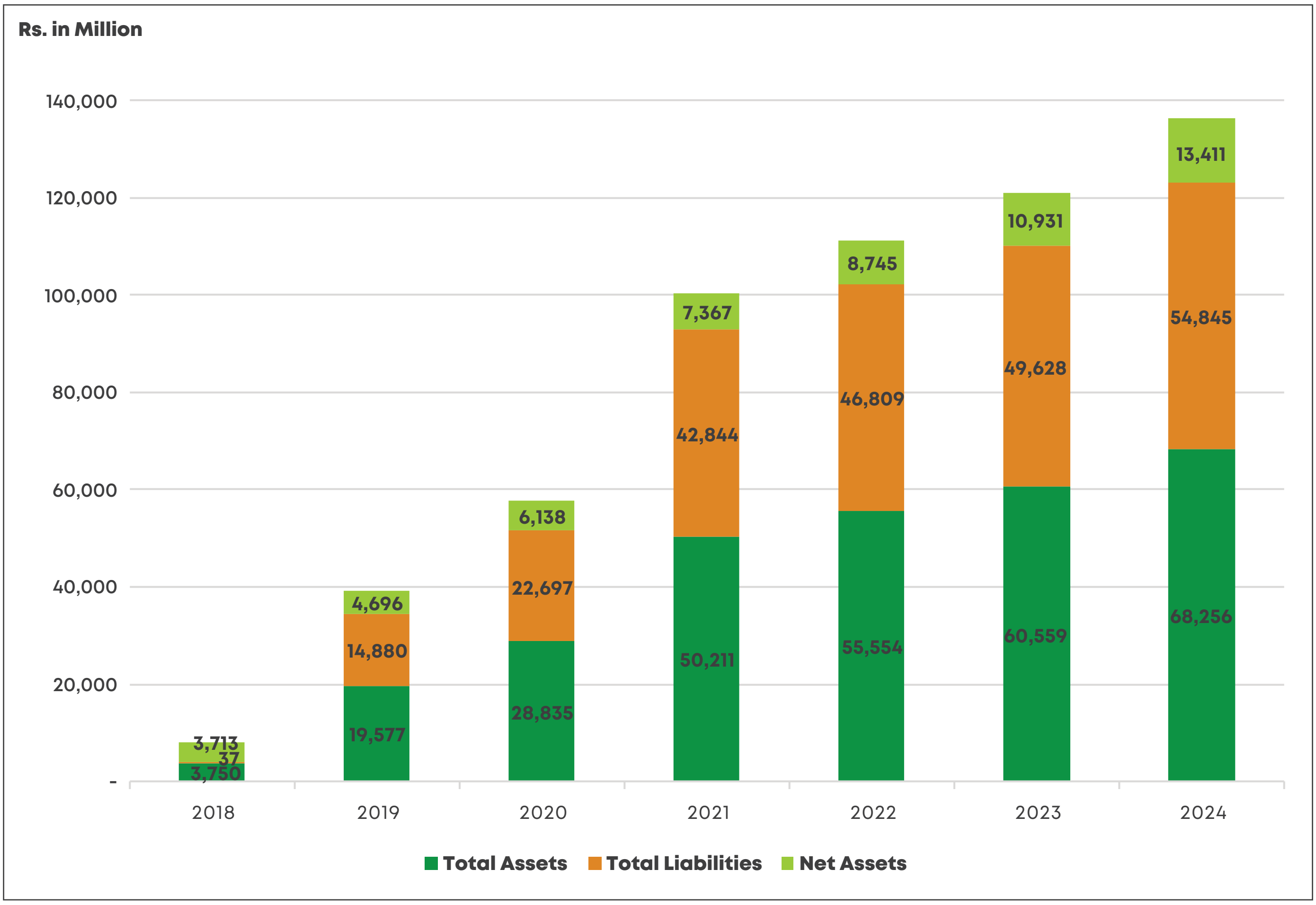
# Equity




# Profit after Tax



# Net Assets Analysis



# Statement of Financial Position

**AS AT DECEMBER 31, 2024**

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| Cash and balances with treasury banks | 5 | **5,338** | 5,173 |
| Balances with other banks | 6 | **1,238,218** | 10,651,533 |
| Lendings to financial institutions | 7 | **3,998,264** | - |
| Investments | 8 | **27,396,823** | 13,804,680 |
| Advances | 9 | **34,456,076** | 34,401,920 |
| Property and equipment | 10 | **67,525** | 72,894 |
| Right-of-use assets | 11 | **21,452** | 44,854 |
| Intangible assets | 12 | **30,379** | 35,705 |
| Deferred tax assets | | **-** | - |
| Other assets | 13 | **1,042,418** | 1,542,299 |
| Total Assets | | **68,256,493** | 60,559,058 |
| **LIABILITIES** | | | |
| Bills payable | | **-** | - |
| Borrowings | 14 | **41,437,458** | 41,649,392 |
| Deposits and other accounts | | **-** | - |
| Lease liabilities | 15 | **23,800** | 53,162 |
| Subordinated debt | 16 | **2,839,356** | 6,818,042 |
| Deferred tax liabilities | | **-** | - |
| Other liabilities | 17 | **10,544,707** | 1,107,450 |
| Total Liabilities | | **54,845,321** | 49,628,046 |
| **NET ASSETS** | | **13,411,172** | 10,931,012 |
| **REPRESENTED BY** | | | |
| Share capital | 18 | **6,237,759** | 6,237,759 |
| Reserves | | **2,085,272** | 1,519,513 |
| Surplus / (Deficit) on revaluation of assets | 19 | **223,010** | (353,565) |
| Unappropriated profit | | **4,865,131** | 3,527,305 |
| | | **13,411,172** | 10,931,012 |
| **CONTINGENCIES AND COMMITMENTS** | 20 | | |

The annexed notes 1 to 43 and annexure form an integral part of these financial statements.

| Managing Director / Chief Executive Officer | Chief Financial Officer | Director | Director | Director |
|---|---|---|---|---|

# Statement of Profit and Loss Account

**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Mark-up / return / interest / profit earned | 21 | **8,061,135** | 7,451,645 |
| Mark-up / return / interest / profit expensed | 22 | **3,916,575** | 4,024,539 |
| **Net mark-up / return / interest / profit earned** | | **4,144,560** | 3,427,106 |
| **Non mark-up / interest income** | | | |
| Fee and commission income | 23 | **29,862** | 33,508 |
| Dividend income | | **-** | - |
| Foreign exchange income / (loss) | | **-** | - |
| Income / (loss) from derivatives | | **-** | - |
| Gain on securities | 24 | **27,275** | 3,022 |
| Other income | 25 | **427** | 3,776 |
| **Total non-markup / interest income** | | **57,564** | 40,306 |
| **Total income** | | **4,202,124** | 3,467,412 |
| **Non mark-up / interest expenses** | | | |
| Operating expenses | 26 | **731,107** | 603,103 |
| Workers' Welfare Fund | 27 | **57,730** | 52,218 |
| Other charges | | **-** | - |
| Total non-markup / interest expenses | | **788,837** | 655,321 |
| **Profit before provisions** | | **3,413,287** | 2,812,091 |
| Provisions / credit loss allowance and write offs - (net charge) | 28 | **(584,494)** | (253,393) |
| Extraordinary / unusal items | | **-** | - |
| **Profit before taxation** | | **2,828,793** | 2,558,698 |
| Taxation | 29 | **-** | - |
| **Profit after taxation** | | **2,828,793** | 2,558,698 |
| | | ------------ (Rupees) ------------ | |
| **Basic and diluted earnings per share** | 30 | **4.53** | 4.10 |

The annexed notes 1 to 43 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, 2024**

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Profit after taxation for the year | | **2,828,793** | 2,558,698 |
| **Other comprehensive income / (loss)** | | | |
| ***Items that may be reclassified to profit and loss account in subsequent periods:*** | | | |
| Movement in surplus on revaluation of asset at Fair Value through Other Comprehensive Income (FVOCI) | | **603,850** | 95,396 |
| Debt securities carried at FVOCI reclassified to profit and loss | | **(27,275)** | |
| ***Items that will not be reclassified to profit and loss account in subsequent periods:*** | | | |
| Remeasurement loss on defined benefit plan | 33.8.2 | **(3,123)** | (189) |
| **Total comprehensive income for the year** | | **3,402,245** | 2,653,905 |

The annexed notes 1 to 43 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, 2024**

| | Share capital | Statutory reserve | Surplus / (Deficit) on revaluation of assets | Unappropriated profit | Total |
|---|---|---|---|---|---|
| | | | (Rupees in '000) | | |
| Balance as at January 01, 2023 | 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 surplus 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 |
| Impact of adoption of IFRS 9 (note 4.2.7) | - | - | - | 13,579 | 13,579 |
| Balance as at January 01, 2024 | 6,237,759 | 1,519,513 | (353,565) | 3,540,884 | 10,944,591 |
| **Total comprehensive income for the year** | | | | | |
| Profit after taxation for the year ended December 31, 2024 | - | - | - | 2,828,793 | 2,828,793 |
| **Other Comprehensive Income (OCI)** | | | | | |
| Remeasurement loss on defined benefit plan | - | - | - | (3,123) | (3,123) |
| Movement in surplus on revaluation of assets | - | - | 603,850 | - | 603,850 |
| Debt securities carried at FVOCI reclassified to reclassified to profit and loss | - | - | (27,275) | - | (27,275) |
| **Total comprehensive income for the year ended December 31, 2024** | - | - | 576,575 | 2,825,670 | 3,402,245 |
| Transfer to statutory reserve | - | 565,759 | - | (565,759) | - |
| **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 December 31, 2024** | 6,237,759 | 2,085,272 | 223,010 | 4,865,131 | 13,411,172 |

The annexed notes 1 to 43 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, 2024**

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit for the year before taxation | | **2,828,793** | 2,558,698 |
| **Adjustment for:** | | | |
| Net mark-up / return / interest / profit earned | | **(4,144,560)** | (3,427,106) |
| Depreciation | 26 | **29,074** | 49,196 |
| Depreciation on right-of-use assets | 26 | **23,402** | - |
| Amortisation of intangible assets | 26 | **7,358** | 7,929 |
| Amortisation of transaction cost | | **15,968** | 21,865 |
| Provision for Workers' Welfare Fund | 27 | **57,730** | 52,218 |
| Gain on sale of property and equipment | 25 | **(110)** | (3,641) |
| Gain on sale of securities | 24 | **(27,275)** | (3,022) |
| Provision for defined benefit obligation | 33.8.1 | **13,708** | 14,363 |
| Interest expense on lease liability against right-of-use assets | 22 | **3,556** | 5,864 |
| Provisions / credit loss allowance and write offs - net charge | 28 | **584,494** | 253,393 |
| | | **(3,436,655)** | (3,028,941) |
| | | **(607,862)** | (470,243) |
| **(Increase) / decrease in operating assets** | | | |
| Advances | | **(753,350)** | (992,951) |
| Lendings to financial institutions | | **(3,998,408)** | - |
| Other assets (excluding advance taxation and mark-up accrued) | | **204,855** | (1,120,177) |
| | | **(4,546,903)** | (2,113,128) |
| **Increase / (decrease) in operating liabilities** | | | |
| Borrowings | | **(2,835,200)** | 3,048,771 |
| Other liabilities (excluding payable to defined benefit plan and markup payable) | | **141,596** | 411,230 |
| | | **(2,693,604)** | 3,460,001 |
| Mark-up / return / interest / profit earned - received | | **8,465,748** | 7,922,756 |
| Mark-up / return / interest / profit expensed - paid | | **(3,823,382)** | (4,115,704) |
| Contribution paid to define benefit obligation | 33.7 | **(14,061)** | (22,217) |
| Income tax paid | | **(707)** | (42) |
| **Net cash (used in) / generated from operating activities** | | **(3,220,771)** | 4,661,423 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Net investments in securities classified as FVOCI | | **(21,965,360)** | 6,419,567 |
| Net investments in securities classified as Fair Value through Profit and Loss (FVPL) | | **120** | - |
| Investments in property and equipment | | **(24,150)** | (20,300) |
| Investments in intangible assets | | **(2,032)** | (5,000) |
| Proceeds from sale of property and equipment | | **555** | 3,814 |
| **Net cash (used in) / generated from investing activities** | | **(21,990,867)** | 6,398,081 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | | **(935,664)** | (467,832) |
| Lease rentals paid against right-of-use assets | | **(32,918)** | (28,006) |
| Long term loan received | 14 | **3,000,000** | - |
| Short term loan received | 14 | **15,000,000** | - |
| Repayment of term finance certificates and sukuk certificates | | **(9,637,500)** | - |
| Repayment of loan of World Bank - Housing Finance Project | | **(339,529)** | (339,529) |
| Repayment of subordinated debt | | **(232,674)** | (232,674) |
| **Net cash generated / (used in) from financing activities** | | **6,821,715** | (1,068,041) |
| **Net increase / (decrease) in cash and cash equivalents** | | **(18,389,923)** | 9,991,463 |
| Cash and cash equivalents at the beginning of the year | 31 | **19,633,646** | 9,642,183 |
| Impact of net credit loss allowance on cash and cash equivalents during the year | | **(167)** | - |
| **Cash and cash equivalents at the end of the year** | | **1,243,556** | 19,633,646 |

The annexed notes 1 to 43 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, 2024

**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 (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 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 February 09, 2023.

**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 (BCO), 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 BCO, 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 BCO, 1962 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (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 financial statements.

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

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 financial statements except for IFRS 9 (Financial Instruments), the impacts of which are disclosed under note 4.2.

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

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

| **Standards, interpretations or amendments** | **Effective date (annual periods beginning on or after)** |
|---|---|
| - IFRS 18 - 'Presentation and Disclosure in Financial Statements' | January 1, 2027 |
| - IFRS 9 - 'Financial Instruments' (amendments) | January 1, 2026 |

The management is in the process of assessing the impact of these standards and amendments on the financial statements of the Company.

## 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 credit loss allowance / provisioning of investments (notes 4.2.6, 4.5 and 8);
ii) classification and credit loss allowance / provisioning of loans and advances (notes 4.2.6, 4.9 and 9);
iii) provision for defined benefit plan (note 4.14);
iv) lease liability and right-of-use assets (notes 4.7.2, 11 and 15);
v) credit loss allowance of lendings to financial institutions, balances with other banks and other assets (note 4.2.6); and
vi) estimation of useful lives of property and equipment and intangible assets (notes 4.7.1, 4.8, 10 and 12).

## 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; and
- Investments classified as FVOCI and FVPL are carried at fair value

## 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 POLICIE

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 except for changes mentioned in notes 4.1 and 4.2.

**4.1 Adoption of new forms for the preparation of financial statements**

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of annual financial statements of the Banks / DFIs which are applicable for the year 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 has resulted in certain changes to the presentation and disclosures of various elements of the financial statements. The significant change is relating to right-of-use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. There is no impact of this change on the 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 year presentation, as disclosed in note 4.2.7 of these financial statements.

**4.2 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.

The SBP through BPRD Circular Letter No. 16 dated July 29, 2024 and BPRD Circular Letter No. 01 dated January 22, 2025 (letters) has made certain amendments and clarified the timelines of some of the SBP's IFRS application instructions to address the matters raised by the banks/ DFIs to ensure compliance by the timelines. The Letters have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting, maintenance of general provisions over and above ECL, accounting methodology for Islamic Banking Institutions and treatment of charity. Accordingly, the Company has adopted the treatment as instructed in the aforementioned letters in these financial statements.

On application of IFRS 9, certain accounting policies and disclosures have been revised to comply with the requirements of IFRS 9. The impacts have been disclosed in note 4.2.7 and in their respective policy notes in these financial statements.

**4.2.1 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 FVPL
- Financial assets at 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 FVPL. The Company does not have any financial liability measured at FVPL.

**4.2.2 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 finance 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 Treasury 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 Solely Payments of Principal and Interest/profit (SPPI) criteria due to equity converison features embedded in terms of these TFCs have been reclassified as FVPL. The impacts of these are given in note 4.2.7 of these financal statements.

**4.2.3 Initial recognition and subsequent measurement**

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

**a) Amortised Cost (AC)**

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An ECL is recognised for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss is recognised in the statement of profit and loss account.

**b) FVOCI**

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An ECL is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss is recognised in the statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

**c) FVPL**

Financial assets under FVPL category are initially recognised at fair value. Transaction cost is directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the statement of profit and loss account. An ECL is not recognised for these financial assets.

**4.2.4 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 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 predetermined 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 statement of profit and loss account.

### 4.2.5 Modification

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. The Company assesses whether the modified terms result in the financial asset being significantly modified and therefore derecognised. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS , the Company recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

### 4.2.6 ECL

The Company assesses on a forward-looking basis the ECL associated with all advances and other debt financial assets not held at FVPL. 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 Company 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 9.3 to these 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 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 3 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS , while ECL of Stage 3 has been calculated based on higher of Prudential Regulations or IFRS at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes overdue in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

**Write-offs**

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

### 4.2.7 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. 13.579 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 | Remeasure-ment | Net Impact | 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) | - | - | - | (6) | 5,167 | Amortised cost |
| Balances with other banks | 10,651,533 | Loans and receivables | (1,444) | - | - | - | (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) | - | - | (13,804,680) | - | |
| - Classified as FVOCI | - | | (5) | 13,504,920 | | - | 13,504,915 | 13,504,915 | FVOCI |
| - Classified as FVPL | - | | - | - | 299,760 | - | 299,760 | 299,760 | FVPL |
| Advances | 34,401,920 | Loans and receivables | (14,765) | - | | (61,309) | (76,074) | 34,325,846 | 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) | - | - | 87,781 | 87,360 | 1,629,659 | Amortised cost |
| | 60,559,058 | | (16,641) | (299,760) | 299,760 | 26,472 | 9,831 | 60,568,889 | |
| **Liabilities** | | | | | | | | | |
| Borrowings | 41,649,392 | | - | - | - | (5,660,023) | (5,660,023) | 35,989,369 | Amortised cost |
| Lease liability against right-of-use assets | 53,162 | | - | - | - | - | - | 53,162 | Amortised cost |
| Subordinated debt | 6,818,042 | | - | - | - | (3,925,796) | (3,925,796) | 2,892,246 | Amortised cost |
| Other liabilities | 1,107,450 | | - | - | - | 9,582,071 | 9,582,071 | 10,689,521 | Amortised cost |
| | 49,628,046 | | - | - | - | (3,748) | (3,748) | 49,624,298 | |
| **Net assets** | 10,931,012 | | (16,641) | (299,760) | 299,760 | 30,220 | 13,579 | 10,944,591 | |

### 4.2.8 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model is evaluated and reported to the Company's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sale are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

i) Hold To Collect (HTC) business model: Holding assets in order to collect contractual cash flows

ii) Hold To Collect And Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets

iii) Other business models: Resulting in classification of financial assets as FVPL

**4.2.9 Assessments whether contractual cash flows are SPPI**

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether these assets meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVPL.

**4.3 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.

**4.4 Lendings to / borrowings from financial and other institutions**

**4.4.1** 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.

**4.4.2 Bai Muajjal**

The company enter into Bai Muajjal transactions of sale (borrowing). These transactions represent sale of shariah compliant instruments on deferred payment basis. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amounts payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost on the life of the transaction using effective interest rate method.

### 4.4.3 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.

### 4.5 Investments

Investments include Federal Government securities and non-Government debt securities. Classification and measurement of Federal Government securities and non-Government debt securities has been detailed in note 8.2.

### 4.6 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 statement of 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.

### 4.7 Property and equipment and depreciation

### 4.7.1 Tangible assets - owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the statement of profit and loss account using the straight line method at the rates stated in note 10.1 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 off.

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 statement of 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 property and equipment is recognised in the statement of profit and loss account in the period in which disposal is made.

### 4.7.2 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 statement of 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.

**4.7.3 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.

**4.8 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 12.1. 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 statement of profit and loss account in the period in which these arise.

**4.9 Advances**

Advances are stated net of ECL and general provision. The measurement and calculations of ECL are disclosed in note 4.2.6. Provision / ECL for non-performing advance is determined in accordance with the requirement of Prudential Regulations and IFRS application instructions issued by SBP. Both ECL and general provision is charged to profit and loss. Advances are written off where there are no realistic prospect of recovery.

**4.10 Islamic financing and related assets**

Musharakah financing are stated net of ECL and general provision. 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.

**4.11 Borrowings**

Borrowings are initially recorded at its fair value plus transaction cost that are directly attributable to the issue of the financial liability. Subsequently they are measured at amortised cost. Markup on borrowings is charged to profit and loss account.

**4.12 Subordinated debt**

Subordinated debt is recorded at the time of initial recognition at its fair value. Subsequently it is measured at amortised cost and markup is charged to profit and loss using effective interest rate method.

**4.13 Employees compensated absences**

The Company accounts for all accumulated compensated absences as per the Human Resource (HR) policy of the Company.

**4.14 Staff retirement benefits**

**Defined benefit plan - staff gratuity fund**

The Company operates a funded gratuity scheme for its employees as per HR policy of the Company. The liability recognised in balance sheet 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, 2024.

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 statement of 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 statement of 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 as per HR policy of the Company.

**4.15 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.

**4.16 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.

**4.17 Commitments**

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

**4.18 Taxation**

The Company is currently exempt from tax as disclosed in note 29 to these financial statements.

**4.19 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 / profit on advances, investments and lendings is recognised by applying effective interest rate to the gross carrying amount of respective asset except in case of these assets 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 accrual basis.

- Other income is recognized on accrual basis.

**4.20 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.

**4.21 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.

**4.22 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.

**4.22.1 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.

**4.22.2 Geographical segments**

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

**4.23 Share capital**

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

**4.24 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 | 2024 | 2023 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **5** | **CASH AND BALANCES WITH TREASURY BANKS** | | | |
| | With State Bank of Pakistan in: | | | |
| | Local currency current account | 5.1 | **5,295** | 5,132 |
| | With National Bank of Pakistan in: | | | |
| | Local currency current account | | **31** | 31 |
| | Local currency deposit account | 5.2 | **12** | 10 |
| | | | **43** | 41 |
| | Less: Credit loss allowance held against cash and balances with treasury banks | | **-** | - |
| | Cash and balances with treasury banks - net of credit loss allowance | | **5,338** | 5,173 |

**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 13.50% (December 31, 2023: 19.00%) per annum.

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| **5.3** | **Movement in credit loss allowance held against 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 | | **-** | - |

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| **6** | **BALANCES WITH OTHER BANKS** | | (Rupees in '000) | |
| | In Pakistan | | | |
| | In current account | | **1,579** | 3,595 |
| | In deposit accounts | 6.1 | **1,236,806** | 10,647,938 |
| | Less: Credit loss allowance held against balances with other banks | 6.2 | **(167)** | - |
| | Balances with other banks - net of credit loss allowance | | **1,238,218** | 10,651,533 |

**6.1** These represent deposit accounts in local currency maintained with other banks. These carry mark-up / profit at rates ranging from 5.87% to 13.50% (December 31, 2023: 8.76% to 22.50%) per annum. The figures for the year ended 2023 include a Term Deposit Receipt (TDR) amounting to Rs. 6,400 million, which carried a markup at an annual rate of 22.35%.

| 6.2 Movement in credit loss allowance held against balances with other banks – Stage 1 | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Opening balance | | - | - |
| Impact of adoption of IFRS 9 | | 1,444 | - |
| Reversal during the period | | (1,277) | - |
| Closing balance | | 167 | - |

## 7 LENDINGS TO FINANCIAL INSTITUTIONS

| | Note | 2024 | 2023 |
|---|---|---|---|
| Reverse Repo | 7.2 | 3,998,408 | - |
| Less: Credit loss allowance held against lending to financial institutions | 7.4 | (144) | - |
| Lendings to financial institutions - net of credit loss allowance | | 3,998,264 | - |

### 7.1 Particulars of lending

| | | |
|---|---|---|
| In local currency - Domestic | 3,998,408 | - |
| In foreign currencies - Overseas | - | - |
| | 3,998,408 | - |

**7.2** These carry mark-up rate of 13.75% (December 31, 2023: Nil) per annum and will mature latest by January 02, 2025.

### 7.3 Securities held as collateral against Lending to financial institutions

| | 2024 | | |
|---|---|---|---|
| | Held by bank | Further given as collateral | Total |
| | (Rupees in '000) | | |
| Pakistan Investment Bonds | 3,998,408 | - | 3,998,408 |

| 7.4 Movement in credit loss allowance held against lending to financial Institutions – Stage 1 | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| Balance at the start of the year | - | - |
| Charge for the year | 144 | - |
| Balance at the end of the year | 144 | - |

## 8 INVESTMENTS

### 8.1 Investments by type

| | Note | 2024 Cost / amortised cost | 2024 Provision for diminution | 2024 (Deficit) / surplus | 2024 Carrying value | 2023 Cost / amortised cost | 2023 Provision for diminution | 2023 (Deficit) / surplus | 2023 Carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | | | |
| **Classified / Measured at FVOCI** | | | | | | | | | |
| Federal government securities | | **26,774,180** | **-** | **223,010** | **26,997,190** | 13,758,485 | - | (353,565) | 13,404,920 |
| Non-government debt securities | | **100,000** | **(7)** | **-** | **99,993** | 100,000 | - | - | 100,000 |
| | 8.3 | **26,874,180** | **(7)** | **223,010** | **27,097,183** | 13,858,485 | - | (353,565) | 13,504,920 |
| **Classified / Measured at FVPL** | | | | | | | | | |
| Non-government debt securities | | **299,640** | **-** | **-** | **299,640** | 299,760 | - | - | 299,760 |
| Total investments | | **27,173,820** | **(7)** | **223,010** | **27,396,823** | 14,158,245 | - | (353,565) | 13,804,680 |

### 8.2 Investments by segments

| | 2024 Cost / amortised cost | 2024 Provision for diminution | 2024 (Deficit) / surplus | 2024 Carrying value | 2023 Cost / amortised cost | 2023 Provision for diminution | 2023 (Deficit) / surplus | 2023 Carrying value |
|---|---|---|---|---|---|---|---|---|
| **Federal government securities** | | | | | | | | |
| Market Treasury Bills | **22,352,263** | **-** | **164,725** | **22,516,988** | 8,973,377 | - | 3,563 | 8,976,940 |
| Pakistan Investment Bonds | **4,421,917** | **-** | **58,285** | **4,480,202** | 4,785,108 | - | (357,128) | 4,427,980 |
| | **26,774,180** | **-** | **223,010** | **26,997,190** | 13,758,485 | - | (353,565) | 13,404,920 |
| **Non-government debt securities** | | | | | | | | |
| Unlisted | **399,640** | **(7)** | **-** | **399,633** | 399,760 | - | - | 399,760 |
| **Total investments** | **27,173,820** | **(7)** | **223,010** | **27,396,823** | 14,158,245 | - | (353,565) | 13,804,680 |

### 8.3 Quality of securities

**Details regarding quality of securities are as follows:**

| | 2024 Cost | 2023 Cost |
|---|---|---|
| | (Rupees in '000) | |
| **Federal government securities - Government guaranteed** | | |
| Market Treasury Bills | **22,352,263** | 8,973,377 |
| Pakistan Investment Bonds | **4,421,917** | 4,785,108 |
| | **26,774,180** | 13,758,485 |
| **Non-government debt securities** | | |
| **Unlisted** | | |
| - A+ | **299,640** | 299,760 |
| - AAA | **100,000** | 100,000 |
| | **399,640** | 399,760 |
| | **27,173,820** | 14,158,245 |

### 8.4 Particlurs of credit loss allowance

#### 8.4.1 Investments - exposure*

| | 2024 Stage 1 | 2024 Stage 2 | 2024 Stage 3 | 2024 Total | 2023 Performing | 2023 Non-performing | 2023 Total |
|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | |
| Opening balance | **399,760** | **-** | **-** | **399,760** | 299,880 | - | 299,880 |
| New investments | **-** | **-** | **-** | **-** | 100,000 | | 100,000 |
| Investments derecognised or repaid | **(120)** | **-** | **-** | **(120)** | (120) | - | (120) |
| Closing balance | **399,640** | **-** | **-** | **399,640** | 399,760 | - | 399,760 |

*Excluding Government exposure

**Investments - Credit loss allowance**

| | 2024 | | | | 2023 | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | Performing | Non-performing | Total |
| | (Rupees in '000) | | | | | | |
| Opening balance | - | - | - | - | - | - | - |
| Impact of adoption of IFRS 9 | 5 | | | 5 | | | |
| New investments | - | - | - | - | - | - | - |
| Investments derecognised or repaid | - | - | - | - | - | - | - |
| Changes in risk parameters (PDs/LGDs/EADs) | 2 | - | - | 2 | - | - | - |
| Closing balance | 7 | - | - | 7 | - | - | - |

*Excluding Government exposure

## 8.5 Investments given as collateral

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Cost / amortised cost** | **Surplus/ (Deficit)** | **Carrying Value** | Cost / amortised cost | Surplus/ (Deficit) | Carrying Value |
| | (Rupees in '000) | | | | | |
| Pakistan Investment Bonds | **1,003,029** | **(17,429)** | **985,600** | 1,003,469 | (19,769) | 983,700 |
| Market Treasury Bills | **15,486,109** | **123,624** | **15,609,733** | 7,955,380 | 2,556 | 7,957,936 |
| | **16,489,138** | **106,195** | **16,595,333** | 8,958,849 | (17,213) | 8,941,636 |

## 8.6 Movement in credit loss allowance held against investment – Stage 1

| | **2024** | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| Opening balance | - | - |
| Impact of adoption of IFRS 9 | 5 | - |
| Charge for the period | 2 | - |
| Closing balance | 7 | - |

## 8.7 Particulars of credit loss allowance against debt securities

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Outstanding amount** | **Credit loss allowance held** | Outstanding amount | Credit loss allowance held |
| | (Rupees in '000) | | | |
| **Domestic** | | | | |
| Performing - Stage 1 | **100,000** | **(7)** | - | - |

## 9 ADVANCES

| | Note | Performing 2024 | Performing 2023 | Non-Performing 2024 | Non-Performing 2023 | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | |
| Loans, cash credits, running finances, etc. | | **15,109,674** | 16,015,981 | **1,288,707** | - | 16,398,381 | 16,015,981 |
| Islamic financing and related assets | 9.3 | **19,006,028** | 18,733,834 | **-** | - | 19,006,028 | 18,733,834 |
| Advances - gross | 9.1 | **34,115,702** | 34,749,815 | **1,288,707** | - | 35,404,409 | 34,749,815 |
| Credit loss allowance / provision against advances | | | | | | | |
| - Stage 1 | | **20,520** | - | **-** | - | 20,520 | - |
| - Stage 3 | | **-** | - | **579,918** | - | 579,918 | - |
| - General | | **347,895** | 347,895 | **-** | - | 347,895 | 347,895 |
| | 9.4 | **368,415** | 347,895 | **579,918** | - | 948,333 | 347,895 |
| Advances - net of provision | | **33,747,287** | 34,401,920 | **708,789** | - | 34,456,076 | 34,401,920 |

### 9.1 Particulars of advances (gross)

| | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| In local currency | **35,404,409** | 34,749,815 |

### 9.1.1 Advances to Women, Women-owned and Managed Enterprises

| | 2024 | 2023 |
|---|---|---|
| Women | **15,478** | 9,641 |
| Women Owned and Managed Enterprises | **-** | - |
| | **15,478** | 9,641 |

**9.1.2** Gross loans disbursed to women Rs. 7.159 million (December 31, 2023 Rs. 1.1 million) .

### 9.2 Particulars of credit loss allowance

### 9.2.1 Advances - Exposure

| | 2024 Stage 1 | 2024 Stage 2 | 2024 Stage 3 | 2024 Performing | 2024 Non Performing Advances | 2024 Total | 2023 Performing | 2023 Non Performing Advances | 2023 Total |
|---|---|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | | | |
| Gross carrying amount - current year | **-** | **-** | **-** | **34,749,815** | **-** | **34,749,815** | 33,756,864 | - | 33,756,864 |
| Impact of adoption of IFRS 9 | **34,749,815** | **-** | **-** | **(34,749,815)** | **-** | **-** | - | - | - |
| New advances | **11,670,230** | **-** | **-** | **-** | **-** | **11,670,230** | 7,183,329 | - | 7,183,329 |
| Advances derecognised or repaid | **(10,844,997)** | **-** | **(170,639)** | **-** | **-** | **(11,015,636)** | (6,190,378) | - | (6,190,378) |
| Transfer to stage 1 | **-** | **-** | **-** | **-** | **-** | **-** | - | | - |
| Transfer to stage 2 | **-** | | | | | **-** | | | - |
| Transfer to stage 3 | **(1,459,346)** | **-** | **1,459,346** | **-** | **-** | **-** | - | - | - |
| | **(634,113)** | **-** | **1,288,707** | **-** | **-** | **654,594** | 992,951 | - | 992,951 |
| Closing balance - current year | **34,115,702** | **-** | **1,288,707** | **-** | **-** | **35,404,409** | 34,749,815 | - | 34,749,815 |

### 9.2.2 Advances - Credit loss allowance

| | 2024 | | | | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Expected Credit Loss | | | | | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Specific | General | Total | Specific | General | Total |
| | (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 | 8,812 | - | - | - | - | 8,812 | - | - | - |
| Advances derecognised or repaid | (2,104) | - | - | - | - | (2,104) | - | - | - |
| Transfer to stage 3 | (886) | - | - | - | - | (886) | - | - | - |
| Charge for the year | | - | 579,918 | - | - | 579,918 | - | 253,393 | 253,393 |
| | 5,822 | - | 579,918 | - | - | 585,740 | - | 253,393 | 253,393 |
| Changes in risk parameters (PDs/LGDs/EADs) | (67) | - | - | - | - | (67) | - | - | - |
| Closing balance | 20,520 | - | 579,918 | - | 347,895 | 948,333 | - | 347,895 | 347,895 |

### 9.2.3 Advances - Credit loss allowance details Internal / Extrernal rating / stage clasification

| | 2024 | | | | 2023 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Provision | Performing |
| | (Rupees in '000) | | | | |
| **Outstanding gross exposure** | | | | | |
| **Performing - Stage 1** | | | | | |
| Loans | 34,115,702 | - | - | - | 34,749,815 |
| **Under Performing - Stage 2** | | | | | |
| Loans | - | - | - | - | - |
| **Non-perfroming - Stage 3** | | | | | |
| Substandard | - | - | 1,288,707 | - | - |
| **Total** | 34,115,702 | - | 1,288,707 | - | 34,749,815 |
| **Corresponding ECL** | | | | | |
| Stage 1 & Stage 2 | 20,520 | - | - | - | - |
| Stage 3 | - | - | 579,918 | - | - |
| General Provision | - | - | - | 347,895 | 347,895 |
| **Total** | 20,520 | - | 579,918 | 347,895 | 347,895 |

**9.3** Advances include Rs. 1,288.707 million (December 31, 2023: Nil) which have been placed under non-performing status as detailed below:

| Category of classification | 2024 Non-performing loans | 2024 Credit loss allowance | 2023 Non-performing loans | 2023 Credit loss allowance |
|---|---|---|---|---|
| | (Rupees in '000) | | | |
| **Domestic** | | | | |
| Substandard - Stage 3 | **1,288,707** | **579,918** | - | - |

**9.4** 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 reserve.

**9.5** **Advances - Category of classification**

| | December 31, 2024 Outstanding amount | December 31, 2024 Credit loss allowance / provision held | December 31, 2023 Outstanding amount | December 31, 2023 Credit loss allowance / provision held |
|---|---|---|---|---|
| **Domestic** | (Rupees in '000) | | | |
| Performing - Stage 1 | **34,115,702** | **20,520** | 34,749,815 | - |
| General provision | **-** | **347,895** | - | 347,895 |
| | **34,115,702** | **368,415** | 34,749,815 | 347,895 |
| Non-performing - Stage 3 Substandard | **1,288,707** | **579,918** | - | - |
| **Total** | **35,404,409** | **948,333** | 34,749,815 | 347,895 |

**9.6** **Particulars of credit loss allowance against advances**

| | 2024 Stage 1 & 2 / General | 2024 Stage 3 | 2024 Total | 2023 General | 2023 Total |
|---|---|---|---|---|---|
| | (Rupees in '000) | | | | |
| In local currency | **368,415** | **579,918** | **948,333** | 347,895 | 347,895 |

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **10 PROPERTY AND EQUIPMENT** | | | |
| Property and equipment | 10.1 | **67,525** | 69,573 |
| Capital work-in-progress | | **-** | 3,321 |
| | | **67,525** | 72,894 |

### 10.1 Property and equipment

| | Note | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | **Leasehold improvements** | **Furniture and fixtures** | **Electrical, office and computer equipment** | **Vehicles** | **Total** |
| | | (Rupees in '000) | | | | |
| **At January 01, 2024** | | | | | | |
| Cost | | **31,493** | **17,594** | **46,656** | **43,087** | **138,830** |
| Accumulated depreciation | | **(16,269)** | **(8,506)** | **(28,445)** | **(16,037)** | **(69,257)** |
| Net book value | | **15,224** | **9,088** | **18,211** | **27,050** | **69,573** |
| **Year ended December 31, 2024** | | | | | | |
| Opening net book value | | **15,224** | **9,088** | **18,211** | **27,050** | **69,573** |
| Additions | | **6,182** | **2,543** | **18,746** | **-** | **27,471** |
| **Disposals** | | | | | | |
| Cost | | **(310)** | **(461)** | **(1,355)** | **-** | **(2,126)** |
| Accumulated depreciation | | **188** | **346** | **1,147** | **-** | **1,681** |
| | | **(122)** | **(115)** | **(208)** | **-** | **(445)** |
| Depreciation charge for the year | 26 | **(7,063)** | **(2,848)** | **(10,546)** | **(8,617)** | **(29,074)** |
| Closing net book value | | **14,221** | **8,668** | **26,203** | **18,433** | **67,525** |
| **At December 31, 2024** | | | | | | |
| Cost | | **37,365** | **19,676** | **64,047** | **43,087** | **164,175** |
| Accumulated depreciation | | **(23,144)** | **(11,008)** | **(37,844)** | **(24,654)** | **(96,650)** |
| Net book value | | **14,221** | **8,668** | **26,203** | **18,433** | **67,525** |
| **Rate of depreciation (% per annum)** | | **20%** | **10% - 20%** | **20% - 50%** | **20%** | |

| | Note | 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Leasehold improvements | Furniture and fixtures | Electrical, office and computer equipment | Vehicles | Total |
| | | (Rupees in '000) | | | | |
| **At January 01, 2023** | | | | | | |
| Cost | | 31,493 | 17,594 | 41,807 | 37,857 | 128,751 |
| Accumulated depreciation | | (9,970) | (5,928) | (23,659) | (10,633) | (50,190) |
| Net book value | | 21,523 | 11,666 | 18,148 | 27,224 | 78,561 |
| Year ended December 31, 2023 | | | | | | |
| Opening net book value | | 21,523 | 11,666 | 18,148 | 27,224 | 78,561 |
| Additions | | - | - | 9,303 | 7,676 | 16,979 |
| **Disposals** | | | | | | |
| Cost | | - | - | (4,454) | (2,446) | (6,900) |
| Accumulated depreciation | | - | - | 4,281 | 2,446 | 6,727 |
| | | - | - | (173) | - | (173) |
| Depreciation charge for the year | 26 | (6,299) | (2,578) | (9,067) | (7,850) | (25,794) |
| Closing net book value | | 15,224 | 9,088 | 18,211 | 27,050 | 69,573 |
| **At December 31, 2023** | | | | | | |
| Cost | | 31,493 | 17,594 | 46,656 | 43,087 | 145,730 |
| Accumulated depreciation | | (16,269) | (8,506) | (28,445) | (16,037) | (76,157) |
| Net book value | | 15,224 | 9,088 | 18,211 | 27,050 | 69,573 |
| Rate of depreciation (% per annum) | | 20% | 10% - 20% | 20% - 50% | 20% | |

**10.1.1 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** | | | | | |
| Laptop | 290 | - | 3 | Sale to Employee | Mr. Mehmood Uzair |
| Mobile Phone | 60 | - | 1 | Sale to Employee | Mr. Waseem Ahmed Hashmi |
| Mobile Phone | 46 | - | 0 | Sale to Employee | Mr. Zahid Hussain Gokal |
| Mobile Phone | 50 | - | 1 | Sale to Employee | Mr. Hasan Junaid Nasir |
| Mobile Phone | 50 | - | 1 | Sale to Employee | Mr. Jamil Akhtar |
| Total | 496 | - | 5 | | |

| | Note | 2024 | 2023 |
|---|---|---|---|
| **10.1.2** The cost of fully depreciated fixed assets that are still in the Company's use is as follows: | | (Rupees in '000) | |
| Electrical, office and computer equipment | | **20,529** | 4,681 |
| Furniture and fixtures | | **1,286** | 1,446 |
| | | **21,815** | 6,127 |

**11 RIGHT-OF-USE ASSETS**

| | Note | 2024 | 2023 |
|---|---|---|---|
| **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 year | | **(23,402)** | (23,402) |
| **Closing net carrying amount** | | **21,452** | 44,854 |

**12 INTANGIBLE ASSETS**

| | Note | 2024 | 2023 |
|---|---|---|---|
| Intangible assets | 12.1 | **30,379** | 21,565 |
| Capital work-in-progress | | **-** | 14,140 |
| | | **30,379** | 35,705 |

**12.1 Intangible assets**

**Computer software**

| | Note | 2024 | 2023 |
|---|---|---|---|
| **At January 01** | | | |
| Cost | | **40,590** | 40,590 |
| Accumulated amortisation | | **(19,025)** | (11,096) |
| Net book value | | **21,565** | 29,494 |
| **Year ended December 31** | | | |
| Opening net book value | | **21,565** | 29,494 |
| Additions - directly purchased | | **16,172** | - |
| Amortisation charge for the year | 26 | **(7,358)** | (7,929) |
| Closing net book value | | **30,379** | 21,565 |
| **At December 31** | | | |
| Cost | | **56,762** | 40,590 |
| Accumulated amortisation | | **(26,383)** | (19,025) |
| Net book value | | **30,379** | 21,565 |
| **Rate of amortisation (% per annum)** | | **20%** | 20% |
| **Useful life** | | **5 years** | 5 years |

| 13 | OTHER ASSETS | Note | 2024 | 2023 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| | Mark-up / return / profit / interest accrued in local currency | | **860,432** | 1,265,046 |
| | Advances, deposits and prepayments | | **55,803** | 66,930 |
| | Advance taxation | | **27,806** | 27,099 |
| | Receivable from Credit Guarantee Trust - net | | **-** | 183,224 |
| | Prepaid staff cost | | **98,756** | - |
| | | | **1,042,797** | 1,542,299 |
| | Less: Credit loss allowance held against other assets | | | |
| | Other assets - net of credit loss allowance | 13.1 | **(379)** | - |
| | | | **1,042,418** | 1,542,299 |

**13.1 Credit loss allowance held against other assets**

| | Note | 2024 | 2023 |
|---|---|---|---|
| Mark-up / return / interest / profit accrued in local currency | 13.2 | **379** | - |

**13.2 Movement in credit loss allowance held against other assets - stage 1**

| | 2024 | 2023 |
|---|---|---|
| Opening balance | **-** | - |
| Impact of adoption of IFRS 9 | **421** | - |
| Reversal for the period | **(42)** | - |
| Closing balance | **379** | - |

**14 BORROWINGS**

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Secured** | | | |
| Term finance certificates | 14.2 | **13,162,500** | 18,700,000 |
| Sukuk certificates | 14.3 | **-** | 4,100,000 |
| Repo | 14.4 | **456,286** | 8,900,179 |
| Long Term Loan | 14.5 | **3,000,000** | - |
| Short Term Loan | 14.6 | **15,000,000** | - |
| **Total secured** | | **31,618,786** | 31,700,179 |
| **Unsecured** | | | |
| Borrowings from Government of Pakistan under World Bank - Housing Finance Project | 14.7 | **4,209,979** | 9,949,213 |
| Bai Muajjal | 14.8 | **5,608,693** | - |
| | | **41,437,458** | 41,649,392 |

**14.1 Particulars of borrowings with respect to currencies**

| | 2024 | 2023 |
|---|---|---|
| In local currency | **41,437,458** | 41,649,392 |

**14.2** 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 year.

**14.3** These sukuk certificates carried at fixed rate of profit ranging from 8.25% to 8.63% per annum. These certificates have matured during the year.

**14.4** This represent borrowing at mark-up rate of 13.10% (December 31, 2023: 22.12% to 22.15%) per annum and are due to mature latest by January 2, 2025. The market value of securities given as collateral against these borrowings is given in note 8.5 to these financial statements.

**14.5** Long Term borrowing carry interest rate of 18.36% per annum (December 31, 2023: Nil) and will mature on August 25, 2027.

**14.6** Short Term borrowing carry interest rate of 10.24% per annum (December 31, 2023: Nil) and will mature latest by February 15, 2025.The market value of securities given as collateral against these borrowings is given in note 8.5 to these financial statements.

**14.7** 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.

**14.8** These carry profit rate of 11.95% per annum (December 31, 2023: Nil).

## 15 LEASE LIABILITIES

| | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| Opening balance | **53,162** | 75,304 |
| Interest expense | **3,556** | 5,864 |
| Lease payments inlcuding interest | **(32,918)** | (28,006) |
| Closing balance | **23,800** | 53,162 |

### 15.1 Liabilities outstanding

| | 2024 | 2023 |
|---|---|---|
| Short-term lease liabilities - within one year | **23,800** | 29,362 |
| Long-term lease liabilities | | |
| - 1 to 5 years | **-** | 23,800 |
| Total lease liabilities | **23,800** | 53,162 |

## 16 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.

| | 2024 | 2023 |
|---|---|---|
| Issue amount (Rupees in '000) | 7,050,716 | 7,050,716 |
| Outstanding principal (Rupees in '000) | 2,839,356 | 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 |

## 17 OTHER LIABILITIES

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Mark-up / return / profit / interest payable in local currency | | **665,416** | 572,223 |
| Deferred Government Grant | 17.1 | **9,145,717** | - |
| Accrued expenses | | **38,595** | 44,622 |
| Withholding tax payable | | **9,188** | 5,365 |
| Unearned income | | **237,628** | 165,310 |
| Provision for government levies | | **212,908** | 155,145 |
| Payable to defined benefit plan | 33.4 | **6,549** | 3,780 |
| Payable to defined contribution plan | | **12** | - |
| Provision for employees' benefit | | **228,694** | 161,005 |
| | | **10,544,707** | 1,107,450 |

**17.1** The adoption of IFRS 9 led to world bank borrowing to be recorded at fair value at the time of initial recognition. The difference between outstanding amount and fair value has been recorded as deferred grant and is being recognised in the statement of profit and loss account in line with the recognition of borrowing expense, which the Government grant is compensating.

## 18 SHARE CAPITAL

### 18.1 Authorised capital

| 2024 | 2023 | | 2024 | 2023 |
|---|---|---|---|---|
| (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 |

### 18.2 Issued, subscribed and paid up capital

| 2024 | 2023 | | | |
|---|---|---|---|---|
| (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 |

18.2.1 List of shareholders as at December 31, 2024 and December 31, 2023 is as follows:

| Name of Shareholders | **2024** | | 2023 | |
|---|---|---|---|---|
| | **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.

| | Note | **2024** | 2023 |
|---|---|---|---|
| **19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS** | | (Rupees in '000) | |
| Surplus / (deficit) on revaluation of FVOCI | 8.2 | **223,010** | (353,565) |

### 20 CONTINGENCIES AND COMMITMENTS

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

| | Note | **2024** | 2023 |
|---|---|---|---|
| **21 MARK-UP / RETURN / INTEREST / PROFIT EARNED** | | (Rupees in '000) | |
| On: | | | |
| Loans and advances | | **4,543,886** | 3,910,887 |
| Investments | | **2,418,312** | 3,174,236 |
| Lendings to financial institutions | | **568,812** | 85,557 |
| Deferred Grant Income | 21.2 | **440,102** | - |
| Balances with banks | | **90,023** | 280,965 |
| | | **8,061,135** | 7,451,645 |

| **21.1 Interest income (calculated using effective interest rate method) recognised on:** | **2024** (Rupees in '000) |
|---|---|
| Financial assets measured at amortised cost; | **5,202,721** |
| Financial assets measured at FVPL. | **68,222** |
| Financial assets measured at FVOCI. | **2,350,090** |
| Deferred Grant Income | **440,102** |
| | **8,061,135** |

**21.1.1** During 2023 the interest income was calculated on time propotion basis taking into account the effective yield on the respective instruments.

**21.2** This represents income on Government grant amortised at effective interest rate over its remaining period.

| | Note | 2024 | 2023 |
|---|---|---|---|
| **22 MARK-UP / RETURN / INTEREST / PROFIT EXPENSED** | | (Rupees in '000) | |
| On: | | | |
| Borrowings from Government of Pakistan under Housing Finance Project | 22.1 | **554,044** | 304,880 |
| Amortization of staff cost | | **11,816** | - |
| Repo | | **486,265** | 1,185,621 |
| Clean borrowings | | **27,075** | 12,403 |
| Term finance certificates | | **1,705,747** | 1,958,791 |
| Long Term Loan | | **191,583** | - |
| Short Term Loan | | **201,318** | - |
| Bai Muajjal | | **269,817** | - |
| Sukuk certificates | | **84,242** | 348,453 |
| | | **3,531,907** | 3,810,148 |
| Subordinated debt | | **381,112** | 208,527 |
| Lease liability against right-of-use assets | | **3,556** | 5,864 |
| | | **3,916,575** | 4,024,539 |

**22.1** The adoption IFRS 9 resulted in the interest expense on World Bank borrowings recorded at effective interest rate instead of contractual rate.

| | 2024 |
|---|---|
| | (Rupees in '000) |
| **22.2** Interest expense calculated using effective interest rate method | **3,901,203** |
| Other financial liabilities | **3,556** |
| Amortization of staff cost | **11,816** |
| | **3,916,575** |

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **23 FEE AND COMMISSION INCOME** | | | |
| Trustee fee | 23.1 | **29,862** | 33,508 |

**23.1** 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.

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **24** | **GAIN ON SECURITIES** | | | |
| | Realised - net | 24.1 | **27,275** | 3,022 |
| **24.1** | Realised gain on Federal government securities | | **27,275** | 3,022 |
| **24.2** | Net gain on debt instruments measured at FVOCI: | | **27,275** | 3,022 |
| **25** | **OTHER INCOME** | | | |
| | Gain on sale of Property and equipment - net | | **110** | 3,641 |
| | Penalty recovered from customers / vendors | | **59** | 130 |
| | Participation fee Income | | **250** | - |
| | Others | | **8** | 5 |
| | | | **427** | 3,776 |
| **26** | **OPERATING EXPENSES** | | | |
| | **Total compensation expense** | 26.1 | **485,407** | 415,725 |
| | **Property expense** | | | |
| | Rent and taxes | | **214** | 707 |
| | Insurance | | **827** | 656 |
| | Utilities | | **6,924** | 3,600 |
| | Security expenses | | **1,138** | 759 |
| | Repairs and maintenance | | **564** | - |
| | Depreciation | 10.1 & 11 | **30,465** | 29,701 |
| | | | **40,132** | 35,423 |
| | Rent-disaster recovery site | | | |
| | **Information technology expenses** | | | |
| | Software maintenance | | **18,580** | 18,197 |
| | Rent-disaster recovery site | | **1,995** | 1,511 |
| | Website maintenance | | **356** | 279 |
| | Hardware maintenance | | **389** | 648 |
| | Network charges | | **3,063** | 3,448 |
| | Depreciation | 10.1 | **10,546** | 9,067 |
| | Amortisation | 12.1 | **7,358** | 7,929 |
| | | | **42,287** | 41,079 |
| | **Other operating expenses** | | | |
| | Directors' fees and allowances | 35.3 | **31,040** | 13,610 |
| | Fees and allowances to Shariah Board | 35.4 | **11,025** | 9,956 |
| | Director's evaluation expense | | **1,230** | 980 |
| | Legal and professional charges | | **12,863** | 7,189 |
| | Fees and subscription | | **5,199** | 3,974 |
| | Outsourced services costs | 32.1 | **6,345** | 7,082 |
| | Travelling and conveyance | | **10,237** | 13,577 |
| | Depreciation | 10.1 | **11,465** | 10,428 |
| | Training and development | | **4,883** | 3,021 |
| | Postage and courier charges | | **245** | 270 |
| | Communication | | **1,480** | 1,444 |
| | Stationery and printing | | **1,994** | 2,233 |
| | Marketing, advertisement and publicity | | **3,270** | 2,877 |
| | Research and Development | | **1,695** | 16,275 |
| | Conference | | **9,671** | - |
| | Auditors' remuneration | 26.2 | **33,096** | 2,501 |
| | Insurance | | **6,622** | 6,364 |
| | Donations | 26.3 | **5,000** | 5,000 |
| | Vehicle repair and maintenance | | **403** | 935 |
| | Entertainment | | **1,248** | 774 |
| | Brokerage expenses | | **1,587** | 240 |
| | Others | | **2,683** | 2,146 |
| | | | **163,281** | 110,876 |
| | | | **731,107** | 603,103 |

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **26.1** | **Total compensation expense** | | | |
| | **Managerial remuneration** | | | |
| | Fixed | | **277,214** | 227,293 |
| | **Other benefits** | | | |
| | Provision for cash bonus / awards | | **169,728** | 156,964 |
| | Charge for defined benefit plan | 33.8.1 | **13,708** | 14,363 |
| | Contribution to defined contribution plan | 34 | **15,324** | 11,288 |
| | Medical | | **393** | - |
| | Conveyance | | **164** | 144 |
| | Compensated absences | | **8,010** | 5,125 |
| | Others | | **866** | 548 |
| | | | **485,407** | 415,725 |
| **26.2** | **Auditors' remuneration** | | | |
| | Audit fee for annual financial statements | | **871** | 656 |
| | Half yearly review fee | | **339** | 246 |
| | Special certifications and sundry advisory services | | **1,599** | 1,081 |
| | **In other capacity** | | | |
| | Tax advisory services | | **558** | 430 |
| | Special certifications and sundry advisory services | | **29,166** | - |
| | Out-of-pocket expenses | | **565** | 88 |
| | | | **33,096** | 2,501 |
| **26.3** | **Detail of donations made during the year** | | | |
| | **Donations individually exceeding Rs 100,000** | | | |
| | The Citizens Foundation | | **500** | 500 |
| | Akhuwat Foundation | | **500** | 500 |
| | SOS Children's Villages Pakistan | | **-** | 500 |
| | The Kidney Centre Post Graduate training Institute | | **1,000** | 1,000 |
| | Karachi Down Syndrome Program | | **1,000** | 1,000 |
| | Family Educational Services Foundation | | **500** | 1,000 |
| | Indus Hospital and Health Network | | **1,000** | - |
| | Marie Adelaide Leprosy Centre | | **500** | 500 |
| | | | **5,000** | 5,000 |

## 27 WORKERS' WELFARE FUND

| | Note | 2024 | 2023 |
|---|---|---|---|
| Provision for Workers' Welfare Fund | 27.1 | **57,730** | 52,218 |

**27.1** 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. 212.818 million which includes a provision of Rs. 57.730 million of the current year.

## 28 PROVISIONS / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Charge / (reversal) for credit loss allowance / provision on:** | | | |
| Cash and balances with treasury banks | 5.3 | **(6)** | - |
| Balances with other banks | 6.2 | **(1,277)** | - |
| Lendings to financial institutions | 7.4 | **144** | - |
| Investments | 8.6 | **2** | - |
| Advances | 9.2.2 | **585,673** | 253,393 |
| Other assets | 13.2 | **(42)** | - |
| | | **584,494** | 253,393 |

## 29 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.

## 30 BASIC EARNINGS PER SHARE

| | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| Profit for the year | **2,828,793** | 2,558,698 |
| | (Number of shares) | |
| Weighted average number of ordinary shares | **623,775,900** | 623,775,900 |
| | (Rupees) | |
| Basic earnings per share | **4.53** | 4.10 |

### 30.1 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, 2024.

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **31 CASH AND CASH EQUIVALENTS** | | | |
| Cash and balances with treasury banks | 5 | **5,338** | 5,173 |
| Balances with other banks | 6 | **1,238,218** | 10,651,533 |
| Market Treasury Bills (having original maturity of 3 months or less) | 8 | **-** | 8,976,940 |
| | | **1,243,556** | 19,633,646 |

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Number) | |
| **32 STAFF STRENGTH** | | | |
| Permanent | | **41** | 37 |
| On Company's contract | | **1** | 2 |
| Outsourced | 32.1 | **10** | 8 |
| Company's own staff strength at the end of the year | | **52** | 47 |

**32.1** This represents 10 (2023: 8) employees of outsourcing service companies who were assigned to perform janitorial and other services.

**33 DEFINED BENEFIT PLAN**

**33.1** As mentioned in note 4.14, 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.

| **33.2 Number of employees under the defined benefit plan** | 2024 | 2023 |
|---|---|---|
| | (Number) | |
| The number of employees covered under the defined benefit plan as at December 31 | **42** | 36 |

**33.3 Principal actuarial assumptions**

The actuarial valuations were carried out as at December 31, 2024 using the following significant assumptions:

| | 2024 | 2023 |
|---|---|---|
| | (Per annum) | |
| Discount rate | **12.25%** | 15.50% |
| Expected long term salary increase rate | **11.25%** | 14.50% |
| Salary increase rate for the next year | **14.50%** | 16.00% |
| Mortality rates | **SLIC (2001-05)-1** | SLIC (2001-05)-1 |

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **33.4** | **Reconciliation of payable to defined benefit plan** | | | |
| | Present value of defined benefit obligation | 33.6 | **89,071** | 58,651 |
| | Less: Fair value of plan assets | 33.7 | **(82,521)** | (54,871) |
| | Payable | | **6,550** | 3,780 |
| **33.5** | **Movement in defined benefit plan** | | | |
| | At the beginning of the year | | **3,780** | 11,445 |
| | Current service cost | 33.8.1 | **13,163** | 12,789 |
| | Net interest expense | 33.8.1 | **545** | 1,574 |
| | Actual contributions by the Company | | **(14,061)** | (22,217) |
| | Re-measurement loss | 33.8.2 | **3,123** | 189 |
| | Closing balance | | **6,550** | 3,780 |
| **33.6** | **Movement in payable under defined benefit obligation** | | | |
| | Opening balance | | **58,651** | 40,742 |
| | Current service cost | | **13,163** | 12,789 |
| | Interest cost on defined benefit obligation | | **7,915** | 6,757 |
| | Benefits paid by the Company to outgoing members | | **(2,668)** | (5,948) |
| | Re-measurement loss recognised in OCI during the year | 33.8.2 | **12,010** | 4,311 |
| | Closing balance | | **89,071** | 58,651 |
| **33.7** | **Movement in fair value of plan assets** | | | |
| | Fair value at the beginning of the year | | **54,871** | 29,297 |
| | Interest income on plan assets | | **7,369** | 5,183 |
| | Actual contribution by the Company - net | | **14,061** | 22,217 |
| | Benefits paid by the Company to outgoing members | | **(2,668)** | (5,948) |
| | Re-measurement gain recognised in OCI during the year | 33.8.2 | **8,888** | 4,122 |
| | Fair value at the end of the year | | **82,521** | 54,871 |
| **33.8** | **Charge for defined benefit plan** | | | |
| **33.8.1** | **Cost recognised in profit and loss account** | | | |
| | Current service cost | | **13,163** | 12,789 |
| | Net interest on defined benefit plan | | **545** | 1,574 |
| | | | **13,708** | 14,363 |
| **33.8.2** | **Re-measurements recognised in OCI during the year** | | | |
| | Loss / (gain) on obligation | | | |
| | - financial assumptions | | **1,120** | 1,042 |
| | - demographic assumptions | | **-** | 734 |
| | - experience adjustments | | **10,891** | 2,535 |
| | | | **12,011** | 4,311 |
| | Net return on plan assets over interest income | | **(8,888)** | (4,122) |
| | Total re-measurement loss recognised in OCI | | **3,123** | 189 |
| **33.9** | **Components of plan assets** | | | |
| | Balances with banks (including accrued income) | | **5,150** | 98 |
| | Government securities (including accrued income) | | **77,371** | 54,773 |
| | | | **82,521** | 54,871 |

**33.10 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:

| | **2024** | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| 0.5% increase in discount rate | **86,425** | 56,977 |
| 0.5% decrease in discount rate | **91,887** | 60,441 |
| 0.5% increase in expected rate of salary increase | **91,694** | 60,318 |
| 0.5% decrease in expected rate of salary increase | **86,585** | 57,080 |

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.

**33.11** The expected charge for the next financial year commencing January 1, 2025 works out to Rs 21.288 million (2024: Rs. 13.708 million).

**33.12 Maturity profile**

The weighted average duration of the obligation is 6.12 years (2023: 5.90 years).

**33.13 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 | 3,135,439 | 53,023,153 | 4,295,064 | 4,826,170 | 18,374,420 | 139,519,703 |

**33.14 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.

**33.15 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.

## 34 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:

| | **2024** | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| Contribution made by the Company | **15,324** | 11,288 |
| Contribution made by employees | **15,324** | 11,288 |

The number of employees covered under the defined contribution plan as at December 31, 2024 are 39 (2023: 34).

## 35 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 35.1 Total compensation expense

| Items | Directors | | | | Managing Director / Chief Executive Officer | | Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|
| | Chairman | | Non-Executive | | | | | |
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | (Rupees in '000) | | | | | | | |
| Fees and allowances etc. | **2,400** | 1,380 | **28,640** | 12,230 | **-** | - | **-** | - |
| **Managerial remuneration** | | | | | | | | |
| Fixed | **-** | - | **-** | - | **66,312** | 52,004 | **116,799** | 84,491 |
| **Other benefits** | | | | | | | | |
| Bonus | **-** | - | **-** | - | **35,000** | 28,000 | **32,983** | 29,583 |
| Charge for defined benefit plan | **-** | - | **-** | - | **5,225** | 5,612 | **4,418** | 4,540 |
| Contribution to defined contribution plan | **-** | - | **-** | - | **4,123** | 3,298 | **6,433** | 4,570 |
| Medical | **-** | - | **-** | - | **319** | 156 | **-** | - |
| Compensated absences | **-** | - | **-** | - | **412** | 1,732 | **2,573** | 2,290 |
| Others | **-** | - | **-** | - | **331** | 1,280 | **2,110** | 5,539 |
| **Total** | **2,400** | 1,380 | **28,640** | 12,230 | **111,722** | 92,082 | **165,316** | 131,013 |
| Number of persons | **1** | 1 | **11** | 11 | **1** | 1 | **10** | 10 |

**35.2** 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.

### 35.3 Remuneration paid to Directors for participation in Board and Committee Meetings

| 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 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 | 1,140 | - | - | - | 350 | 1,490 |
| 2 | Mr. Risha Mohyeddin | 1,650 | - | - | 700 | - | 2,350 |
| 3 | Mr. Imran Sarwar | 1,650 | - | 1,680 | - | - | 3,330 |
| 4 | Ms. Mehreen Ahmed | 2,000 | - | 1,400 | - | - | 3,400 |
| 5 | Mr. Ahmed Taimoor Nasir | 2,000 | 1,750 | - | - | - | 3,750 |
| 6 | Mr. Tayyeb Afzal | 2,000 | 1,820 | - | - | - | 3,820 |
| 7 | Mr. Shahid Alam Siddiqui | 1,650 | - | 1,050 | - | - | 2,700 |
| 8 | Mr. Farrakh Qayyum | 2,210 | - | - | 840 | 420 | 3,470 |
| 9 | Ms. Sonia Karim | 2,000 | - | - | 700 | - | 2,700 |
| 10 | Mr. Shahid Sattar | 950 | 840 | - | - | - | 1,790 |
| 11 | Mr. Mubashar Maqbool | 700 | 840 | - | - | - | 1,540 |
| 12 | Mr. Fouad Farrukh | 700 | - | - | - | - | 700 |
| | **Total amount paid** | **18,650** | **5,250** | **4,130** | **2,240** | **770** | **31,040** |

| 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 | - | - | - | 180 | 1,680 |
| 2 | Mr. Imran Sarwar | 750 | - | 360 | - | - | 1,110 |
| 3 | Ms. Mehreen Ahmed | 1,250 | - | 660 | - | - | 1,910 |
| 4 | Mr. Farrakh Qayyum | 1,250 | - | - | 360 | 150 | 1,760 |
| 5 | Mr. Risha A Mohyeddin | 1,000 | - | - | 300 | - | 1,300 |
| 6 | Mr. Muhammad Aslam Ghauri | 500 | 300 | - | - | 150 | 950 |
| 7 | Mr. Khurshid Zafar Qureshi | 1,000 | - | 600 | - | - | 1,600 |
| 8 | Ms. Sonia Karim | 1,250 | - | - | 300 | - | 1,550 |
| 9 | Mr. Osman Asghar Khan | 500 | 360 | - | - | - | 860 |
| 10 | Mr. Ahmed Taimoor Nasir | 750 | 450 | - | - | - | 1,200 |
| 11 | Mr. Tayyeb Afzal | 1,250 | 780 | - | - | - | 2,030 |
| 12 | Mr. Shahid Sattar | 500 | 360 | - | - | - | 860 |
| | **Total amount paid** | **11,500** | **2,250** | **1,620** | **960** | **480** | **16,810** |

### 35.4 Remuneration paid to Shariah Board Members

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Chairman** | **Resident Member** | Chairman | Resident Member |
| Managerial remuneration and allowances (including bonus of RSBM) | **4,737** | **6,288** | 4,246 | 5,710 |
| Total number of persons | **1** | **1** | 1 | 1 |

## 36 FAIR VALUE MEASUREMENT

The fair value of quoted securities other than those classified under held to collect model, is based on quoted market price. Quoted securities classified under "held to collect" are carried at amortized 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.

### 36.1 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:

| | 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 | **-** | **26,997,190** | **-** | **26,997,190** |
| Non-government debt securities | **-** | **399,633** | **-** | **399,633** |

| | 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 |

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. |

## 37 TRUST ACTIVITIES

The Company acts as a Trustee of Credit Guarantee Trust 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.

## 38 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:

| | 2024 | | | 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** | | | | | | |
| In current account | - | - | 31 | - | - | 31 |
| In deposit accounts | - | - | 12 | - | - | 10 |
| | - | - | 43 | - | - | 41 |
| **Balances with other banks** | | | | | | |
| In current account | - | - | 1,579 | - | - | 3,595 |
| In deposit accounts | - | - | 199,303 | - | - | 6,414,924 |
| | - | - | 200,882 | - | - | 6,418,519 |
| Credit loss allowance held against balances with other banks | - | - | 27 | - | - | - |
| **Lendings to financial institutions** | | | | | | |
| Opening balance | - | - | - | - | - | - |
| Lendings during the year | - | - | 25,637,796 | - | - | 16,784,084 |
| Repaid during the year | - | - | (25,637,796) | - | - | (16,784,084) |
| Closing balance | - | - | - | - | - | - |
| **Advances** | | | | | | |
| Opening balance | - | 91,273 | 8,828,836 | - | 100,645 | 7,135,712 |
| Impact of adoprion of IFRS 9 | - | (37,205) | - | - | - | - |
| Disbursements during the year | - | 51,190 | 5,500,000 | - | 5,739 | 5,386,921 |
| Repaid / settled during the year | - | (7,243) | (1,734,349) | - | (15,111) | (3,693,797) |
| Closing balance | - | 98,015 | 12,594,487 | - | 91,273 | 8,828,836 |
| Credit loss allowance held against advances | - | 13 | 5,535 | - | - | - |
| **Other assets** | | | | | | |
| Interest / mark-up accrued | - | - | 355,924 | - | - | 299,885 |
| Other receivable | - | - | - | - | - | 183,224 |
| | - | - | 355,924 | - | - | 483,109 |
| Credit loss allowance held against Other assets | - | - | 147 | - | - | |
| **Borrowings** | | | | | | |
| Opening balance | - | - | 11,500,000 | - | - | 11,500,000 |
| Borrowings during the year | - | - | 15,459,773 | - | - | 46,121,332 |
| Settled during the year | - | - | (18,297,273) | - | - | (46,121,332) |
| Closing balance | - | - | 8,662,500 | - | - | 11,500,000 |
| Interest / mark-up payable | - | - | 298,515 | - | - | 221,839 |
| Payable to defined benefit plan | - | - | 6,549 | - | - | 3,780 |
| Payable to Contribution plan | | | 12 | | | - |
| Unearned income | - | - | 235,249 | - | - | 159,751 |
| Closing balance | - | - | 540,325 | - | - | 385,370 |

**RELATED PARTY TRANSACTIONS**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **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 | **-** | **12,794** | **1,582,783** | - | 3,612 | 906,787 |
| Fee and commission income | **-** | **-** | **29,862** | - | - | 33,508 |
| **Expense** | | | | | | |
| Mark-up / return / profit / interest expensed | **-** | **7,041** | **1,176,384** | - | - | 1,230,474 |
| Directors' fees and allowances | **31,040** | **-** | **-** | 13,610 | - | - |
| Remuneration of key management personal | **-** | **277,038** | **-** | - | 223,095 | - |
| Contribution to defined contribution plan | **-** | **-** | **15,324** | - | - | 11,288 |
| Charge for defined benefit plan | **-** | **-** | **13,708** | - | - | 14,363 |
| Operating expenses | **-** | **-** | **-** | - | - | 377 |

**38.1** In addition to the above, the Company has an outstanding balance of sub-ordinated loan amounting to Rs. 6,585.368 million (2023: Rs. 6,818.042 million) and borrowing under World Bank - Housing Finance Project amounting to Rs. 9,609.684 million (2023: Rs. 9,949.213 million) from the Ministry of Finance. These balances includes Government grant.

## 39 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

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.

| | **2024** | 2023 |
|---|---|---|
| | (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 | **13,157,783** | 10,895,307 |
| Eligible Additional Tier 1 (ADT 1) Capital | **-** | - |
| Total Eligible Tier 1 Capital | **13,157,783** | 10,895,307 |
| Eligible Tier 2 Capital | **329,714** | 133,806 |
| Total Eligible Capital (Tier 1 + Tier 2) | **13,487,497** | 11,029,113 |
| **Risk Weighted Assets (RWAs):** | | |
| Credit Risk | **8,536,285** | 10,704,506 |
| Market Risk | **-** | - |
| Operational Risk | **6,098,580** | 4,389,725 |
| Total | **14,634,865** | 15,094,231 |
| Common Equity Tier 1 Capital Adequacy Ratio | **89.91%** | 72.18% |
| Tier 1 Capital Adequacy Ratio | **89.91%** | 72.18% |
| Total Capital Adequacy Ratio | **92.16%** | 73.07% |

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, 2024.

- Tier 2 Capital, which includes general provisions, surplus on revaluation of FVOCI 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** | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Required** | **Actual** | Required | Actual |
| CET1 to total RWA | 6.00% | 89.91% | 6.00% | 72.18% |
| Tier 1 Capital to total RWA | 7.50% | 89.91% | 7.50% | 72.18% |
| Total Capital to total RWA | 11.50% | 92.16% | 11.50% | 73.07% |

| | **2024** | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| **Leverage Ratio (LR):** | **13,157,783** | 10,895,307 |
| Eligible Tier-1 Capital | **65,184,641** | 65,935,065 |
| Total Exposures | **20.19%** | 16.52% |
| Leverage Ratio | | |
| **Liquidity Coverage Ratio (LCR):** | **14,569,371** | 4,468,457 |
| Total High Quality Liquid Assets | **11,630** | 17,781 |
| Total Net Cash Outflow | **125,278%** | 25,131% |
| Liquidity Coverage Ratio | | |
| **Net Stable Funding Ratio (NSFR):** | **44,305,761** | 41,349,463 |
| Total Available Stable Funding | **26,916,069** | 31,453,613 |
| Total Required Stable Funding | **164.61%** | 131.46% |
| Net Stable Funding Ratio | | |

**39.1** 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.

## 40 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.

**40.1 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 conducts stress testing of its existing portfolio of advances and investments. This exercise is conducted on a quarterly basis through assigning shocks to these assets of the Company and assessing its resulting effect on capital adequacy.

**40.1.1 Credit risk - general disclosures Basel specific**

The Company is using Standardised Approach (SA) of the SBP's Basel accord for the purpose of estimating credit risk weighted assets. Under SA, Company is allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to by the Company.

**40.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights**

**40.1.2.1 External ratings**

The SBP Basel III guidelines require Companys to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA) and VIS.

The Company uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Instances whereby an exposure is rated by two or more ratings agencies, mapping into different risk weights, instructions outlined in Regulatory guidelines on BASEL framework shall be adhered to for selection of applicable rating.

**40.1.3 Disclosures with respect to credit risk mitigation for standardised approach**

**40.1.3.1 Credit risk mitigation policy**

The Company defines collateral as the assets or rights provided to the Company by the borrower or a third party in order to secure a credit facility. The Company would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

**40.1.3.2 Collateral valuation and management**

As stipulated in the SBP Basel guidelines, the Company uses the comprehensive approach for collateral valuation. Under this approach, the Company reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Company makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

### 40.1.3.3 Types of collaterals

The Company determines the appropriate collateral for each facility based on the type of product and counterparty. The company generally obtains assignment on mortgage properties of customers and government securities against mortgage financing to customers. In addition, the company may accepts lien on bank deposits and hypothecation charge over present and future assets of the borrowers.

### 40.1.3.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on Companys' maximum exposure to single borrower, group borrowers and related parties.

### 40.1.3.5 Lendings to financial institutions

**Credit risk by public / private sector**

| | Gross lendings | | Non-performing lendings | | Credit loss allowance held | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | | | **Stage 1** | | **Stage 2** | | **Stage 3** | |
| | (Rupees in '000) | | | | | | | | | |
| **Credit risk by industry sector** | | | | | | | | | | |
| Public/ Government | **3,998,408** | - | **-** | - | **144** | - | **-** | - | **-** | - |
| Private | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - |
| | **3,998,408** | - | **-** | - | **144** | - | **-** | - | **-** | - |

### 40.1.3.6 Investment in debt securities

| | Gross Investments | | Non-performing Investments | | Credit loss allowance held | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | | | **Stage 1** | | **Stage 2** | | **Stage 3** | |
| | (Rupees in '000) | | | | | | | | | |
| **Credit risk by industry sector** | | | | | | | | | | |
| Government | **26,997,190** | 13,404,920 | **-** | - | **-** | - | **-** | - | **-** | - |
| Financial institutions | **299,640** | 299,760 | **-** | - | **-** | - | **-** | - | **-** | - |
| Others | **100,000** | 100,000 | **-** | - | **7** | - | **-** | - | **-** | - |
| | **27,396,830** | 13,804,680 | **-** | - | **7** | - | **-** | - | **-** | - |
| **Credit risk by public / private sector** | | | | | | | | | | |
| Public / Government | **26,997,190** | 13,404,920 | **-** | - | **-** | - | **-** | - | **-** | - |
| Private | **399,640** | 399,760 | **-** | - | **7** | - | **-** | - | **-** | - |
| | **27,396,830** | 13,804,680 | **-** | - | **7** | - | **-** | - | **-** | - |

### 40.1.3.7 Advances

| | Gross Advances | | Non-performing Advances | | Credit loss allowance held | | | | | | General Provision | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | | | Stage 1 | | Stage 2 | | Stage 3 | | | |
| | (Rupees in '000) | | | | | | | | | | | |
| **Credit risk by industry sector** | | | | | | | | | | | | |
| Financial institutions | **35,243,264** | 34,603,043 | **1,288,707** | - | **20,520** | - | **-** | - | **579,918** | - | **347,875** | 347,875 |
| Others | **161,145** | 146,772 | **-** | - | **-** | - | **-** | - | **-** | - | **20** | 20 |
| | **35,404,409** | 34,749,815 | **1,288,707** | - | **20,520** | - | **-** | - | **579,918** | - | **347,895** | 347,895 |
| **Credit risk by public / private sector** | | | | | | | | | | | | |
| Public / Government | **6,628,833** | 3,609,654 | **-** | - | **3,404** | - | **-** | - | **-** | - | **49,574** | 49,574 |
| Private | **28,775,576** | 31,140,161 | **-** | - | **17,116** | - | **-** | - | **579,918** | - | **298,321** | 298,321 |
| | **35,404,409** | 34,749,815 | **-** | - | **20,520** | - | **-** | - | **579,918** | - | **347,895** | 347,895 |

### 40.1.3.8 Concentration of advances

The Company's top 10 funded and non funded exposures aggregated to Rs. 30,668 million (2023: Rs. 28,375 million).

### 40.1.3.9 Advances - Province / Region-wise Disbursement and Utilisation

| **Province / Region** | **2024** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Disbursements** | **Utilisation** | | | | | |
| | | **Punjab** | **Sindh** | **KPK** | **Balochistan** | **Islamabad** | **AJK including Gilgit-Baltistan** |
| | (Rupees in '000) | | | | | | |
| Sindh | **11,670,230** | **4,000,000** | **7,670,230** | **-** | **-** | **-** | **-** |
| **Total** | **11,670,230** | **4,000,000** | **7,670,230** | **-** | **-** | **-** | **-** |

| Province / Region | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Disbursements | Utilisation | | | | | |
| | | 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 | - |

### 40.2 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 Asset and Liability Committee (ALCO).

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

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

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Banking book** | **Trading book** | **Total** | Banking book | Trading book | Total |
| | (Rupees in '000) | | | | | |
| Cash and balances with treasury banks | **5,338** | **-** | **5,338** | 5,173 | - | 5,173 |
| Balances with other banks | **1,238,218** | **-** | **1,238,218** | 10,651,533 | - | 10,651,533 |
| Lendings to financial institutions | **3,998,264** | **-** | **3,998,264** | - | - | - |
| Investments | **27,396,823** | **-** | **27,396,823** | 13,804,680 | - | 13,804,680 |
| Advances | **34,456,076** | **-** | **34,456,076** | 34,401,920 | - | 34,401,920 |
| Property and equipment | **67,525** | **-** | **67,525** | 72,894 | - | 72,894 |
| Right-of-use assets | **21,452** | **-** | **21,452** | 44,854 | - | 44,854 |
| Intangible assets | **30,379** | **-** | **30,379** | 35,705 | - | 35,705 |
| Other assets | **1,042,418** | **-** | **1,042,418** | 1,542,299 | - | 1,542,299 |
| | **68,256,493** | **-** | **68,256,493** | 60,559,058 | - | 60,559,058 |

#### 40.2.2 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).

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Banking book** | **Trading book** | Banking book | Trading book |
| | (Rupees in '000) | | | |
| Impact of 1% change in interest rates on | | | | |
| - Profit and loss account | **289,944** | **-** | 265,832 | - |
| - Other comprehensive income | **(167,273)** | **-** | (64,784) | - |

### 40.2.3 Mismatch of interest rate sensitive assets and liabilities

| On-balance sheet financial instruments | Effective Yield / Interest rate | Total | 2024 Exposed to Yield / Interest risk: 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 | 18.13% | 5,338 | 12 | - | - | - | - | - | - | - | - | 5,326 |
| Balances with other banks | 20.80% | 1,238,218 | 1,236,639 | - | - | - | - | - | - | - | - | 1,579 |
| Lending to financial institutions | | 3,998,264 | 3,998,264 | - | - | - | - | - | - | - | - | - |
| Investments | 16.70% | 27,396,823 | - | 12,266,548 | 3,355,254 | 8,280,427 | - | 2,261,855 | - | 1,232,740 | - | - |
| Advances | 12.90% | 34,456,076 | 171,005 | 3,843,263 | 3,592,798 | 10,979,021 | 14,479,668 | 927,276 | 97,985 | 324,036 | 39,121 | 1,904 |
| Other assets | | 860,432 | - | - | - | - | - | - | - | - | - | 860,432 |
| | | 67,955,151 | 5,405,920 | 16,109,810 | 6,948,051 | 19,259,448 | 14,479,668 | 3,189,131 | 97,985 | 1,556,776 | 39,121 | 869,241 |
| **Liabilities** | | | | | | | | | | | | |
| Bills payable | | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 13.55% | 41,437,458 | 456,286 | 25,271,193 | 39,650 | 39,682 | 6,579,468 | 79,622 | 159,781 | 5,403,796 | 3,407,981 | - |
| Deposits and other accounts | | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | | 23,800 | - | 7,762 | 7,930 | 8,108 | - | - | - | - | - | - |
| Subordinated debt | 3.00% | 2,839,356 | - | - | 26,463 | 26,476 | 52,995 | 53,060 | 106,348 | 267,781 | 2,306,233 | - |
| Other liabilities | | 711,917 | - | - | - | - | - | - | - | - | - | 711,917 |
| | | 45,012,531 | 456,286 | 25,278,955 | 74,042 | 74,266 | 6,632,464 | 132,681 | 266,129 | 5,671,577 | 5,714,214 | 711,917 |
| **On-balance sheet gap** | | 22,942,620 | 4,949,634 | (9,169,145) | 6,874,009 | 19,185,182 | 7,847,204 | 3,056,450 | (168,144) | (4,114,801) | (5,675,093) | 157,324 |
| **Total yield / interest risk sensitivity gap** | | | 4,949,634 | (9,169,145) | 6,874,009 | 19,185,182 | 7,847,204 | 3,056,450 | (168,144) | (4,114,801) | (5,675,093) | |
| **Cumulative yield / interest risk sensitivity gap** | | | 4,949,634 | (4,219,510) | 2,654,499 | 21,839,680 | 29,686,884 | 32,743,334 | 32,575,190 | 28,460,389 | 22,785,296 | |

| On-balance sheet financial instruments | Effective Yield / Interest rate | Total | 2023 Exposed to Yield / Interest risk: 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 | 137,538 | 2,659,349 | 3,153,672 | 5,103,554 | 12,088,511 | 10,406,027 | 480,399 | 327,279 | 42,628 | 2,962 |
| Other assets | | 1,448,270 | - | - | - | - | - | - | - | - | - | 1,448,270 |
| | | 60,311,576 | 10,785,486 | 11,636,289 | 3,153,732 | 5,565,072 | 12,138,631 | 10,456,147 | 2,725,204 | 2,348,396 | 42,628 | 1,459,990 |
| 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 | | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | | | | | | | | | | | | |
| 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 | | 622,861 | - | - | - | - | - | - | - | - | - | 622,861 |
| | | 49,090,295 | 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 | 622,861 |
| **On-balance sheet gap** | | 11,221,281 | 1,885,307 | 8,536,289 | (3,332,369) | 5,278,971 | 10,466,429 | 3,383,945 | 680,800 | (5,512,614) | (11,002,607) | 837,129 |
| **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 | |

| Reconciliation to total assets | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| **Balance as per balance sheet** | **68,256,493** | 60,559,058 |
| **Less: non financial assets** | | |
| Property and equipment | 67,525 | 72,894 |
| Right-of-use assets | 21,452 | 44,854 |
| Intangible assets | 30,379 | 35,705 |
| Other assets | 182,365 | 94,029 |
| | 301,721 | 247,482 |
| Total financial assets | 67,954,772 | 60,311,576 |

| Reconciliation to total liabilities | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |
| **Balance as per balance sheet** | **54,845,321** | 49,628,046 |
| Less: non financial liabilities | **9,832,790** | 484,589 |
| Total financial liabilities | **45,012,531** | 49,143,457 |

## 40.3 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.

## 40.4 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.

### 40.4.1 Maturities of assets and liabilities - based on contractual maturity

| | 2024 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 5,338 | 5,338 | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances with other banks | 1,238,218 | 1,238,218 | - | - | - | - | - | - | - | - | - | - | - | - |
| Lending to financial institutions | 3,998,264 | - | 3,998,264 | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 27,396,823 | - | - | - | - | 3,935,080 | 7,358,368 | 2,968,174 | 12,500 | 8,292,980 | 50,120 | 2,261,975 | 1,284,880 | 1,232,747 |
| Advances | 34,456,076 | - | - | - | 171,206 | 149,987 | 3,595,180 | 3,593,216 | 1,727,962 | 5,030,250 | 10,373,037 | 4,803,545 | 796,370 | 4,215,323 |
| Property and equipment | 67,525 | - | - | - | 2,479 | 2,478 | 2,469 | 7,341 | 7,258 | 7,082 | 19,878 | 8,420 | 8,817 | 1,303 |
| Right-of-use assets | 21,452 | - | - | - | 1,131 | 1,131 | 1,131 | 3,393 | 3,393 | 3,393 | 7,880 | - | - | - |
| Intangible assets | 30,379 | - | - | - | 751 | 751 | 751 | 2,254 | 2,254 | 2,254 | 8,984 | 7,394 | 4,985 | - |
| Other assets | 1,042,418 | 52,050 | 124,350 | - | 49,860 | 145,866 | 288,588 | 216,149 | 7,130 | 34,942 | 27,477 | 26,155 | 20,101 | 49,752 |
| | 68,256,493 | 1,295,606 | 4,122,614 | - | 225,427 | 4,235,293 | 11,246,486 | 6,790,526 | 1,760,498 | 13,370,900 | 10,487,376 | 7,107,489 | 2,115,153 | 5,499,124 |
| **Liabilities** | | | | | | | | | | | | | | |
| Borrowings | 41,437,458 | - | 456,286 | - | - | 20,775,359 | 337,500 | 1,139,650 | 166,667 | 39,682 | 7,025,302 | 2,525,455 | 159,781 | 8,811,777 |
| Lease liabilities | 23,800 | - | - | - | - | - | 7,762 | 7,930 | 8,108 | - | - | - | - | - |
| Subordinated debt | 2,839,356 | - | - | - | - | - | - | 26,463 | - | 26,476 | 52,995 | 53,060 | 106,348 | 2,574,014 |
| Other liabilities | 10,544,707 | - | 9,001 | 141 | 37,377 | 399,220 | 385,874 | 349,707 | 7,416 | 227,339 | 469,323 | 471,485 | 1,152,252 | 7,035,573 |
| | 54,845,321 | - | 465,286 | 141 | 37,377 | 21,174,579 | 731,136 | 1,523,749 | 182,191 | 293,497 | 7,547,620 | 3,049,999 | 1,418,382 | 18,421,364 |
| **Net assets** | 13,411,172 | 1,295,606 | 3,657,327 | (141) | 188,051 | (16,939,286) | 10,515,350 | 5,266,777 | 1,578,306 | 13,077,403 | 2,939,756 | 4,057,490 | 696,771 | (12,922,240) |
| Share capital | 6,237,759 | | | | | | | | | | | | | |
| Reserves | 2,085,272 | | | | | | | | | | | | | |
| Unappropriated profit | 4,865,131 | | | | | | | | | | | | | |
| Surplus on revaluation of assets | 223,010 | | | | | | | | | | | | | |
| | 13,411,172 | | | | | | | | | | | | | |

| | 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 |
| Property and equipment | 72,894 | - | - | - | 5,504 | 2,183 | 2,173 | 6,494 | 6,480 | 6,217 | 23,684 | 14,214 | 4,796 | 1,148 |
| Right-of-use assets | 44,854 | - | - | - | 1,131 | 1,131 | 1,131 | 3,393 | 3,393 | 3,393 | 13,572 | 13,572 | 4,138 | - |
| Intangible assets | 35,705 | - | - | - | 14,628 | 488 | 488 | 1,465 | 1,465 | 1,445 | 5,781 | 5,750 | 4,196 | - |
| 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 | 7,066,566 | 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 | 13,251,570 |
| Deposits and other accounts | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | 53,162 | - | - | - | - | - | 7,100 | 7,252 | 7,418 | 7,592 | 23,800 | - | - | - |
| Subordinated debt | 6,818,042 | - | - | - | - | - | - | 116,337 | - | 116,337 | 232,674 | 232,674 | 465,347 | 5,654,674 |
| Other liabilities | 1,107,450 | - | 29,489 | 41,662 | 51,876 | 1,610 | 410,800 | 273,640 | 12,250 | 12,424 | 43,126 | 24,885 | 38,652 | 167,035 |
| | 49,628,046 | - | 4,891,213 | 4,080,118 | 51,876 | 1,610 | 3,517,900 | 6,766,993 | 19,668 | 306,117 | 1,739,128 | 7,097,087 | 2,083,056 | 19,073,279 |
| **Net assets** | 10,931,012 | 4,375,221 | 1,640,816 | (4,080,118) | 55,275 | 9,331,594 | (986,272) | (4,261,905) | 1,514,790 | 4,000,990 | 7,499,737 | (1,097,714) | 4,983,510 | (12,044,911) |
| Share capital | 6,237,759 | | | | | | | | | | | | | |
| Reserves | 1,519,513 | | | | | | | | | | | | | |
| Unappropriated profit | 3,527,305 | | | | | | | | | | | | | |
| Deficit on revaluation of assets | (353,565) | | | | | | | | | | | | | |
| | 10,931,012 | | | | | | | | | | | | | |

**40.4.2 Maturities of assets and liabilities - based on expected maturities**

| | 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 5,338 | 5,338 | - | - | - | - | - | - | - | - |
| Balances with other banks | 1,238,218 | 1,238,218 | - | - | - | - | - | - | - | - |
| Lending to financial institutions | 3,998,264 | 3,998,264 | - | - | - | - | - | - | - | - |
| Investments | 27,396,823 | - | 11,293,448 | 2,968,174 | 8,305,480 | 50,120 | 2,261,975 | 1,284,880 | 1,232,747 | - |
| Advances | 34,456,076 | 171,206 | 3,745,166 | 3,593,216 | 6,758,212 | 10,373,037 | 4,803,545 | 796,370 | 4,176,202 | 39,121 |
| Property and equipment | 67,525 | 2,479 | 4,947 | 7,341 | 14,344 | 19,878 | 8,420 | 8,817 | 1,299 | - |
| Right-of-use assets | 21,452 | 1,131 | 2,262 | 3,393 | 6,786 | 7,880 | - | - | - | - |
| Intangible assets | 30,379 | 751 | 1,503 | 2,254 | 4,508 | 8,984 | 7,394 | 4,985 | - | - |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | - |
| Other assets | 1,042,418 | 226,260 | 434,454 | 216,149 | 42,072 | 27,477 | 26,155 | 20,101 | 34,731 | 15,021 |
| | 68,256,493 | 5,643,647 | 15,481,780 | 6,790,526 | 15,131,402 | 10,487,376 | 7,107,489 | 2,115,153 | 5,444,978 | 54,141 |
| **Liabilities** | | | | | | | | | | |
| Bills payable | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 41,437,458 | 456,286 | 21,112,859 | 1,139,650 | 206,349 | 7,025,302 | 2,525,455 | 159,781 | 5,403,796 | 3,407,981 |
| Deposits and other accounts | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | 23,800 | - | 7,762 | 7,930 | 8,108 | - | - | - | - | - |
| Subordinated debt | 2,839,356 | - | - | 26,463 | 26,476 | 52,995 | 53,060 | 106,348 | 267,781 | 2,306,233 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 10,544,707 | 46,518 | 785,094 | 349,707 | 234,755 | 469,323 | 471,485 | 1,152,253 | 2,276,758 | 4,758,814 |
| | 54,845,321 | 502,804 | 21,905,715 | 1,523,749 | 475,688 | 7,547,620 | 3,049,999 | 1,418,383 | 7,948,335 | 10,473,027 |
| **Net assets** | 13,411,172 | 5,140,843 | (6,423,935) | 5,266,777 | 14,655,714 | 2,939,756 | 4,057,490 | 696,770 | (2,503,357) | (10,418,886) |
| | | | | | | | | | | |
| Share capital | 6,237,759 | | | | | | | | | |
| Reserves | 2,085,272 | | | | | | | | | |
| Unappropriated profit | 4,865,131 | | | | | | | | | |
| Surplus on revaluation of assets | 223,010 | | | | | | | | | |
| | 13,411,172 | | | | | | | | | |

| | 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 |
| Property and equipment | 72,908 | 5,504 | 4,356 | 6,494 | 12,698 | 23,684 | 14,214 | 4,782 | 1,162 | - |
| Right-of-use assets | 44,840 | 1,131 | 2,262 | 3,393 | 6,786 | 13,572 | 13,572 | 4,138 | - | - |
| Intangible assets | 35,795 | 808 | 1,616 | 2,425 | 4,817 | 9,571 | 9,520 | 6,948 | - | - |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | - |
| Other assets | 1,542,299 | 198,557 | 782,813 | 477,322 | 36,737 | 19,275 | 19,275 | 2,499 | 5,821 | - |
| | 60,559,148 | 11,000,581 | 11,865,471 | 2,506,049 | 5,843,472 | 9,242,655 | 6,003,143 | 7,069,303 | 6,985,759 | 42,624 |
| **Liabilities** | | | | | | | | | | |
| Bills payable | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 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 | 6,553,928 |
| Deposits and other accounts | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities | 53,162 | - | 7,100 | 7,252 | 15,010 | 23,800 | - | - | - | - |
| 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 | 1,107,450 | 123,028 | 412,411 | 273,641 | 24,673 | 43,126 | 24,885 | 38,652 | 167,033 | - |
| | 49,628,046 | 9,023,207 | 3,519,512 | 6,766,994 | 325,784 | 1,739,128 | 7,097,087 | 2,083,057 | 8,028,043 | 11,045,234 |
| **Net assets** | 10,931,102 | 1,977,374 | 8,345,959 | (4,260,945) | 5,517,688 | 7,503,527 | (1,093,944) | 4,986,246 | (1,042,284) | (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 | | | | | | | | | |

**41 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on February 25, 2025 have proposed a final cash dividend in respect of the year ended December 31, 2024 of Rs. 1.5 per share (2023: Re. 1.5 per share). These financial statements do not include the effect of this appropriation which will be accounted for subsequent to the year end.

**42 GENERAL**

**42.1** 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.

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

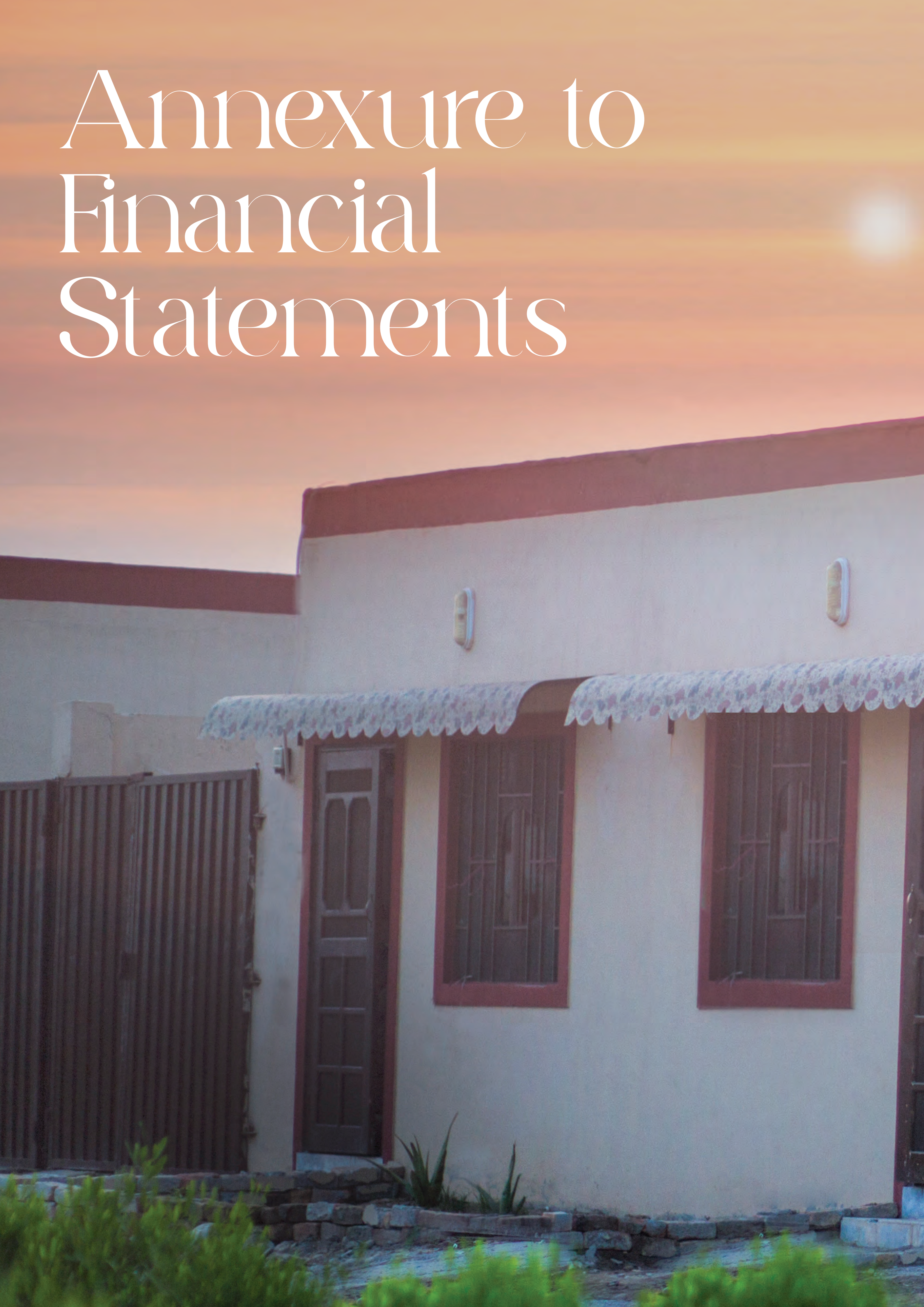
**42.3** The corresponding figure have been rearranged and reclassified, wherever considered necessary, for the purpose of compliance with the prescribed format by SBP and for better presentation and comparison and to reflect the substance of the transaction. There have been no significant reclassification or in these financial statements during the current year except for the impacts of adoption of IFRS 9 as disclosed 4.2.7 of these financal statements.

**43 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on February 25, 2025 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 2024

**For the year ended December 31, 2024**

بسم اللہ الرحمن الرحیم

الحمد للہ رب العلمین والصلاۃ والسلام علی سید الانبیاء وخاتم النبیین وعلی آلہ واصحابہ اجمعین

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. 19 Bn and 4.1 Bn respectively as at December 31, 2024.

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. Shariah Compliance Manual along with checklists
2. Market Risk Management Policy
3. Liquidity Risk Management Policy
4. Expenditure Policy
5. Operational Risk Management Policy
6. Credit Risk Policy
7. Risk Management Policy
8. E & S policy
9. Credit Risk Manual
10. CAD/Operations Islamic Manuals
11. AML KYC Policy
12. Shariah Compliant Housing and Auto Finance products
13. Pool Management Policy
14. Pool Management Manual
15. Mudarabah Agreement
16. Service Level Agreement (SLA) between PMRC Islamic Business and Support Functions

### 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 2024, 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. In addition, the orientation sessions for the Senior Management (ManCom) and the Board of Directors were conducted by the Shariah Board.

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 Shariah Compliance 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 2024 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 2024, 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:

- As SBP has issued clear instructions for the conversion of PMRC's entire business to an Islamic framework, guidance and support will be provided upon receiving the conversion plan from PMRC management to ensure its swift implementation. The SB further recommends issuing all new facility in Islamic mode. Similarly, all staff financing facility may be converted into Islamic also. 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 واصحابه وبارك وسلم

**Dr. Mufti Muhammad Yunas Ali**
Resident Shari'ah Board Member
and Head Shari'ah Compliance

**Mufti Ehsan Waquar Ahmad**
Chairman Shari'ah Board

Date: February 25, 2025

# شریعہ بورڈ رپورٹ ٢٠٢٤

**یہ رپورٹ ۳۱ دسمبر ۲۰۲۴ کو ختم ہونے والے سال کے ضمن میں بورڈ آف ڈائریکٹرز کو پیش کی گئی۔**

بسم الله الرحمن الرحيم

الحمد لله رب العلمين والصلاة 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 اپروولز

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 2024 تک بالترتیب (19) بلین روپے اور 4.1 بلین ہے۔

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 بر آں، 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

1. Shariah Compliance Manual (شرعی کی تعمیل کا دستورالعمل)
2. Market Risk Management Policy (مارکیٹ رسک مینجمنٹ پالیسی)
3. Liquidity Risk Management Policy (لیکویڈیٹی رسک مینجمنٹ پالیسی)
4. Expenditure Policy (اخراجات کی پالیسی)
5. Operational Risk Management Policy (آپریشنل رسک مینجمنٹ پالیسی)
6. Credit Risk Policy (کریڈٹ رسک پالیسی)
7. Risk Management Policy (رسک مینجمنٹ پالیسی)
8. E & S policy (ای اینڈ ایس پالیسی)
9. Credit Risk Manual (کریڈٹ رسک مینوئل)
10. CAD/Operations Islamic Manuals (کیڈ \ آپریشنز اسلامک مینوئل)
11. AML & KYC Policy (اے ایم ایل اینڈ کے وائی سی پالیسی)
12. Shariah Compliant Housing and Auto Finance products (شریعت کے مطابق ہاؤسنگ اور آٹو فنانس پراڈکٹس)
13. Pool Management Policy (پول مینجمنٹ پالیسی)
14. Pool Management Manual (پول مینجمنٹ مینوئل)
15. Mudarabah Agreement (مضاربہ ایگریمنٹ)
16. Service Level Agreement (SLA) between PMRC Islamic Business and Support Functions (اسلامک بزنس اور سپورٹ فنکشنز کے درمیان سروس لیول ایگریمنٹ)

## شریعہ کمپلائنس ریویو (SCR)

زیر 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 کنونشنل 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 2024 ، 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۔ اس کے علاوہ شریعہ بورڈ کے ذریعے سینئر مینجمنٹ (ManCom) اور بورڈ آف ڈائریکٹرز کے لیے اورینٹیشن سیشنز کا انعقاد کیا گیا۔

## 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 2024 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 تا کہ اس بات کی ضمانت دی جاسکے کہ اسٹیک ہولڈرز میں تقسیم کی جانے والی آمدنی عام طور پر حلال اور خالص رہے۔

v) سال 2024 میں، ادائیگیوں میں تاخیر کی وجہ سے صارفین سے چیریٹی 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 :

- جیسا کہ اسٹیٹ بینک آف پاکستان نے پی ایم آر سی کے پورے کاروبار کو اسلامی فریم ورک میں تبدیل کرنے کے لیے واضح ہدایات جاری کی ہیں، چنانچہ پی ایم آر سی انتظامیہ سے متعلقہ منصوبہ موصول ہونے پر رہنمائی اور مدد فراہم کی جائے گی تاکہ اس پر تیزی سے عمل درآمد کو یقینی بنایا جاسکے۔ شریعہ بورڈ مزید سفارش کرتا ہے کہ تمام نئی سہولتیں اسلامی وضع میں جاری کی جائیں۔ اسی طرح تمام سٹاف فنانسنگ سہولت کو بھی اسلامی وضع میں تبدیل کیا جاسکتا ہے۔ موجودہ عملے کی شرعی تعمیل کے لحاظ سے استعداد کار میں اضافہ، خاص طور پر معاون عملہ کی تربیت کو مزید بڑھانے کی ضرورت ہے، جیسا کہ سروس لیول ایگریمنٹ (SLA) میں اسٹیٹ بینک کے سرکلرز کو مدنظر رکھتے ہوئے ذکر کیا گیا ہے۔ اس ضمن میں معاون افراد کی صلاحیتوں میں مزید 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۔

وصلی اللہ تعالی علی سیدنا ومولانا ونبینا محمد وعلی آلہ واصحابہ وبارک وسلم

**ڈاکٹر مفتی محمد یونس علی**
ریذیڈنٹ شریعہ بورڈ ممبر
اور سربراہ شریعہ کمپلائنس

**مفتی احسان وقار احمد**
چیئرمین شریعہ بورڈ

Date: February 25, 2025

# Annexure to and Forming Part of the Financial Statements

## For the year ended December 31, 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 year ended December 31, 2024 are as follows:

| | | Note | 2024 | 2023 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| (A) | **Statement of financial position** | | | |
| | **ASSETS** | | | |
| | Balances with other banks | | 909,352 | 130,191 |
| | Islamic financing and related assets - net | 1 | 18,976,964 | 18,718,206 |
| | | | 420,652 | 821,918 |
| | Other assets | | 20,306,968 | 19,670,315 |
| | **LIABILITIES** | 2 | - | 4,100,000 |
| | Due to financial institutions | | 18,255,229 | 14,258,765 |
| | Due to head office | | 148,056 | 204,602 |
| | Other liabilities | | 18,403,285 | 18,563,367 |
| | | | 1,903,683 | 1,106,948 |
| | **NET ASSETS** | | | |
| | **REPRESENTED BY** | | 150,000 | 150,000 |
| | Islamic banking fund | | 353,214 | 191,390 |
| | Reserves | | 1,400,470 | 765,558 |
| | Unappropriated profit | | 1,903,684 | 1,106,948 |
| | **CONTINGENCIES AND COMMITMENTS** | 3 | | |
| (B) | **Profit and loss account** | | | |
| | Profit / return earned | 4 | 2,738,586 | 2,089,795 |
| | Profit / return expensed | 5 | 1,902,995 | 1,450,059 |
| | **Net profit / return** | | 835,591 | 639,736 |
| | **Other income** | | | |
| | Fee and commission income | | 14,764 | 19,480 |
| | Dividend income | | - | - |
| | Foreign exchange income | | - | - |
| | Income / (loss) from derivatives | | - | - |
| | Gain / (loss) on securities | | - | - |
| | Other income | | - | - |
| | | | 14,764 | 19,480 |
| | **Total income** | | 850,355 | 659,216 |
| | **Other expenses** | | | |
| | Operating expenses | | 29,568 | 18,634 |
| | Workers' Welfare Fund | | 16,513 | 12,499 |
| | **Total other expenses** | | 46,081 | 31,133 |
| | Profit before provisions | | 804,274 | 628,083 |
| | Provisions / credit loss allowance and write offs - (net charge) | | (4,845) | (15,628) |
| | **Profit before taxation** | | 809,119 | 612,455 |
| | Taxation | | - | - |
| | **Profit after taxation** | | 809,119 | 612,455 |

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |

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

| | | 2024 | 2023 |
|---|---|---|---|
| Musharakah financing | | 19,005,402 | 18,733,656 |
| Employee staff loans | | 626 | 178 |
| Islamic Financing and related assets - gross | | 19,006,028 | 18,733,834 |
| Less: Provision / credit loss allowance | | (29,064) | (15,628) |
| Islamic Financing and related assets- net of provision | | 18,976,964 | 18,718,206 |

2 **DUE TO FINANCIAL INSTITUTION**

| | Note | 2024 | 2023 |
|---|---|---|---|
| Sukuk certificates | 2.1 | - | 4,100,000 |

2.1 The figures for the year ended 2023 represents redemable 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% 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, 2024 and December 31, 2023.

| | 2024 | 2023 |
|---|---|---|
| | (Rupees in '000) | |

4 **PROFIT / RETURN EARNED**

| | 2024 | 2023 |
|---|---|---|
| **Profit earned on:** | | |
| Financing | 2,727,045 | 2,075,566 |
| Balances with banks | 11,541 | 14,229 |
| | 2,738,586 | 2,089,795 |

5 **PROFIT / RETURN EXPENSED**

| | 2024 | 2023 |
|---|---|---|
| **Profit expensesd on:** | | |
| Financing | 1,902,995 | 1,450,059 |

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 maintained two musharakah pools and the average rate of profit earned on the assets tagged in the pools during the year range from 7.79% to 16.89% (2023: 6.10% to 16.92%) per annum. There is little or no risk of default in assets tagged against these pools.

Profit was paid on semi-annual basis. Profit rate of 8.25% per annum and 8.63% per annum was distributed to the investors.

## 7 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. 12.383 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) | Remeasure-ment | Net Impact | Balance as at January 1, 2024 | IFRS 9 Category |
|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | |
| **Assets** | | | | | | | |
| Balances with other banks | 130,191 | Loans and receivables | - | - | - | 130,191 | Amortised cost |
| Islamic financing and related assets - net | 18,718,206 | Loans and receivables | (8,641) | (4) | (8,645) | 18,709,561 | Amortised cost |
| Other assets | 821,918 | Loans and receivables | (292) | (3,446) | (3,738) | 818,180 | Amortised cost |
| | 19,670,315 | | (8,933) | (3,450) | (12,383) | 19,657,932 | |
| **Liabilities** | | | | | | | |
| Due to financial institutions | 4,100,000 | | - | - | - | 4,100,000 | Amortised cost |
| Due to head office | 14,258,765 | | - | - | - | 14,258,765 | Amortised cost |
| Other liabilities | 204,602 | | - | - | - | 204,602 | Amortised cost |
| | 18,563,367 | | - | - | - | 18,563,367 | |
| | 1,106,948 | | (8,933) | (3,450) | (12,383) | 1,094,565 | |

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