KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants

# Pakistan Mortgage Refinance Company Limited

## Condensed Interim Financial Statements (Un-Audited)

For the half year ended 30 June 2026

KPMG Taseer Hadi & Co.
Chartered Accountants
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# INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of Pakistan Mortgage Refinance Company Limited**

## Report on review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Mortgage Refinance Company Limited** (the Company) as at 30 June 2026 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of Review

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

### Conclusion

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

KPMG Taseer Hadi & Co.

**Other Matters**

The financial statements of the Company for half year ended 30 June 2025 and for the year ended 31 December 2025 were respectively reviewed and audited by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated 28 August 2025 and 09 March 2026, respectively.

The figures for the quarter ended 31 March 2026 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

**KPMG Taseer Hadi & Co.**
**Chartered Accountants**

**Date: 28 August 2026**

**Karachi**

**UDIN: RR202610106I1NaUGbjo**

**PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED**
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2026**

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | -------- Rupees in '000 | -------- |
| **ASSETS** | | | |
| Cash and balances with treasury banks | 7 | 139,015 | 113,258 |
| Balances with other banks | 8 | 5,033,710 | 15,858,218 |
| Lendings to financial institutions | 9 | 946,779 | 1,361,018 |
| Investments | 10 | 55,742,181 | 42,184,053 |
| Advances | 11 | 44,119,799 | 40,365,115 |
| Property and equipment | 12 | 97,216 | 107,732 |
| Right-of-use asset | 13 | 173,662 | - |
| Intangible assets | 14 | 18,667 | 23,285 |
| Deferred tax assets | | - | - |
| Other assets | 15 | 1,448,597 | 1,236,029 |
| **Total assets** | | 107,719,626 | 101,248,708 |
| **LIABILITIES** | | | |
| Bills payable | | - | - |
| Borrowings | 16 | 66,864,564 | 62,141,268 |
| Deposits and other accounts | 17 | 12,800,650 | 10,178,650 |
| Lease liabilities | 18 | 179,654 | - |
| Subordinated debt | 19 | 2,758,050 | 2,785,148 |
| Deferred tax liabilities | | - | - |
| Other liabilities | 20 | 9,828,298 | 10,775,490 |
| **Total liabilities** | | 92,431,216 | 85,880,556 |
| **NET ASSETS** | | 15,288,410 | 15,368,152 |
| **REPRESENTED BY** | | | |
| Share capital | | 6,237,759 | 6,237,759 |
| Reserves | | 2,866,230 | 2,647,703 |
| Surplus on revaluation of assets | 21 | 62,201 | 298,912 |
| Unappropriated profit | | 6,122,220 | 6,183,778 |
| | | 15,288,410 | 15,368,152 |
| **CONTINGENCIES AND COMMITMENTS** | 22 | | |

The annexed notes from 1 to 35 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2026

| | Note | Half year ended | | Quarter ended | |
|---|---|---|---|---|---|
| | | June 30, 2026 | June 30, 2025 | June 30, 2026 | June 30, 2025 |
| | | Rupees in '000 | | | |
| Mark-up / return / interest / profit earned | 23 | 5,007,698 | 4,649,600 | 2,326,463 | 2,396,411 |
| Mark-up / return / interest / profit expensed | 24 | 3,561,114 | 2,936,618 | 1,685,711 | 1,577,790 |
| Net mark-up / return / interest / profit earned | | 1,446,584 | 1,712,982 | 640,752 | 818,621 |
| **Non mark-up / interest income** | | | | | |
| Fee and commission income | 25 | 14,931 | 14,931 | 7,466 | 7,466 |
| Dividend income | | - | - | - | - |
| Foreign exchange income / (loss) | | - | - | - | - |
| Income / (loss) from derivatives | | - | - | - | - |
| (Loss) / gain on securities | 26 | (18,421) | 85,813 | (14,577) | - |
| Net gains/(loss) on derecognition of financial assets measured at amortised cost | | - | - | - | - |
| Other income | | 68 | 19 | 13 | 11 |
| Total non-markup / interest income | | (3,422) | 100,763 | (7,098) | 7,477 |
| Total income | | 1,443,162 | 1,813,745 | 633,654 | 826,098 |
| **Non mark-up / interest expense** | | | | | |
| Operating expenses | 27 | 358,671 | 243,796 | 172,760 | 62,252 |
| Workers' Welfare Fund | | 22,299 | 31,948 | 9,188 | 15,857 |
| Other charges | | - | - | - | - |
| Total non-markup / interest expenses | | 380,970 | 275,744 | 181,948 | 78,109 |
| **Profit before credit loss allowance** | | 1,062,192 | 1,538,001 | 451,706 | 747,989 |
| Credit loss allowance and write offs - net (reversal) / charge | 28 | (30,441) | (27,471) | 1,508 | (28,971) |
| **Profit before taxation** | | 1,092,633 | 1,565,472 | 450,198 | 776,960 |
| Taxation | 29 | - | - | - | - |
| **Profit after taxation** | | 1,092,633 | 1,565,472 | 450,198 | 776,960 |
| | | (Rupees) | | | |
| **Basic and diluted Earnings Per Share (EPS)** | 30 | 1.75 | 2.51 | 0.72 | 1.25 |

KAM The annexed notes from 1 to 35 and annexure form an integral part of these condensed interim financial statements.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2026

| | Note | Half year ended | | Quarter ended | |
|---|---|---|---|---|---|
| | | June 30, 2026 | June 30, 2025 | June 30, 2026 | June 30, 2025 |
| | | Rupees in '000 | | | |
| Profit after taxation for the period | | 1,092,633 | 1,565,472 | 450,198 | 776,960 |
| **Other comprehensive (loss) / income** | | | | | |
| ***Items that may be reclassified to profit and loss account in subsequent periods:*** | | | | | |
| Movement in surplus on revaluation of debt investment at Fair Value through Other Comprehensive Income (FVOCI) | | (255,132) | 141,649 | 106,277 | 214,054 |
| Debt investment carried at FVOCI reclassified to profit and loss account | 26 | 18,421 | (85,813) | 14,577 | - |
| | | (236,711) | 55,836 | 120,854 | 214,054 |
| **Total comprehensive income for the period** | | 855,922 | 1,621,308 | 571,052 | 991,014 |

KMU The annexed notes from 1 to 35 and annexure form an integral part of these condensed interim financial statements.

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

**PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED**
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**
**FOR THE HALF YEAR ENDED JUNE 30, 2026**

| | Note | Share capital | Statutory reserve | Surplus/ (deficit) on revaluation of investments | Unappro-priated profit | Total |
|---|---|---|---|---|---|---|
| | | Rupees in '000 | | | | |
| **Balance as at December 31, 2024 (audited)** | | 6,237,759 | 2,085,272 | 223,010 | 4,865,131 | 13,411,172 |
| **Total comprehensive income for the period** | | | | | | |
| Profit after taxation for the half year ended June 30, 2025 | | - | - | - | 1,565,472 | 1,565,472 |
| **Other Comprehensive Income / (loss)** | | | | | | |
| Movement in surplus on revaluation of debt investment at FVOCI | | - | - | 141,649 | - | 141,649 |
| Debt investment carried at FVOCI reclassified to profit and loss account | 26 | - | - | (85,813) | - | (85,813) |
| **Total comprehensive income for the half year ended June 30, 2025** | | - | - | 55,836 | 1,565,472 | 1,621,308 |
| Transfer to statutory reserve | | - | 313,094 | - | (313,094) | - |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Final dividend for the year ended December 31, 2024 @ Rs. 1.50 per share declared on February 25, 2025 | | - | - | - | (935,664) | (935,664) |
| **Balance as at June 30, 2025 (un-audited)** | | 6,237,759 | 2,398,366 | 278,846 | 5,181,845 | 14,096,816 |
| **Total comprehensive income for the period** | | | | | | |
| Profit after taxation for the half year ended December 31, 2025 | | - | - | - | 1,246,682 | 1,246,682 |
| **Other Comprehensive Income / (loss)** | | | | | | |
| Remeasurement gain on defined benefit plan | | - | - | - | 4,588 | 4,588 |
| Movement in surplus on revaluation of debt investment at FVOCI | | - | - | 46,836 | - | 46,836 |
| Debt investment carried at FVOCI reclassified to profit and loss account | | - | - | (26,770) | - | (26,770) |
| **Total comprehensive income for the half year ended December 31, 2025** | | - | - | 20,066 | 1,251,270 | 1,271,336 |
| Transfer to statutory reserve | | - | 249,337 | - | (249,337) | - |
| **Balance as at December 31, 2025 (audited)** | | 6,237,759 | 2,647,703 | 298,912 | 6,183,778 | 15,368,152 |
| **Total comprehensive income for the period** | | | | | | |
| Profit after taxation for the half year ended June 30, 2026 | | - | - | - | 1,092,633 | 1,092,633 |
| **Other Comprehensive Income / (loss)** | | | | | | |
| Movement in surplus on revaluation of debt investment at FVOCI | | - | - | (255,132) | - | (255,132) |
| Debt investment carried at FVOCI reclassified to profit and loss account | 26 | - | - | 18,421 | - | 18,421 |
| **Total comprehensive income for the half year ended June 30, 2026** | | - | - | (236,711) | 1,092,633 | 855,922 |
| Transfer to statutory reserve | | - | 218,527 | - | (218,527) | - |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Final dividend for the year ended December 31, 2025 @ Rs. 1.50 per share declared on March 04, 2026 | | - | - | - | (935,664) | (935,664) |
| **Balance as at June 30, 2026 (un-audited)** | | 6,237,759 | 2,866,230 | 62,201 | 6,122,220 | 15,288,410 |

The annexed notes from 1 to 35 and annexure form an integral part of these condensed interim financial statements.

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

**PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED**
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**
**FOR THE HALF YEAR ENDED JUNE 30, 2026**

| | Note | Half year ended June 30, 2026 | Half year ended June 30, 2025 |
|---|---|---|---|
| | | -------- Rupees in '000 -------- | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit for the period before taxation | | 1,092,633 | 1,565,472 |
| **Adjustments:** | | | |
| Net mark-up / return / interest / profit earned | | (1,446,584) | (1,712,982) |
| Depreciation | 27 | 18,271 | 17,990 |
| Depreciation on right-of-use assets | 27 | 19,295 | 11,701 |
| Amortisation of intangible assets | 27 | 4,731 | 4,554 |
| Amortisation of transaction cost | | - | 4,895 |
| Amortisation of prepaid staff cost | 24 | 7,281 | 7,290 |
| Provision for Workers' Welfare Fund | | 22,299 | 31,948 |
| Gain on sale of property and equipment | | (38) | (19) |
| (Loss) / gain on sale of securities | 26 | 18,421 | (85,813) |
| Provision for defined benefit obligation | | 10,812 | 10,644 |
| Finance charges on leased assets | 24 | 9,069 | 768 |
| Credit loss allowance and write offs - net reversal | 28 | (30,441) | (27,471) |
| | | (1,366,884) | (1,736,495) |
| | | (274,251) | (171,023) |
| **(Increase) / decrease in operating assets** | | | |
| Lendings to financial institutions | | 414,250 | 3,998,408 |
| Advances | | (3,725,587) | (11,448,372) |
| Other assets (excluding advance taxation and mark-up accrued) | | (128,298) | (19,224) |
| | | (3,439,635) | (7,469,188) |
| **Increase / (decrease) in operating liabilities** | | | |
| Borrowings | | 5,073,254 | 14,402,296 |
| Deposits and other accounts | | 2,622,000 | 10,500,550 |
| Other liabilities (excluding payable to defined benefit plan and mark-up payable) | | (96,552) | (167,261) |
| | | 7,598,702 | 24,735,585 |
| Mark-up / return / interest / profit - received | | 4,891,616 | 4,546,303 |
| Mark-up / return / interest / profit - paid | | (4,242,630) | (2,704,241) |
| Contributions paid to defined benefit scheme | | (735) | (10,662) |
| Income tax paid | | (77) | (40) |
| **Net cash generated from operating activities** | | 4,532,990 | 18,926,734 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Net investments in securities classified as FVOCI | | (13,813,318) | (4,141,738) |
| Net investments in securities classified as Fair Value through Profit and Loss (FVPL) | | 60 | 60 |
| Additions in property and equipment | | (15,821) | (77,514) |
| Additions in intangible assets | | (113) | (1,323) |
| Proceeds from disposal of property and equipment | | 8,104 | 11,974 |
| **Net cash used in investing activities** | | (13,821,088) | (4,208,541) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | | (935,664) | (935,664) |
| Payments of lease obligations against right-of-use assets | 18 | (11,186) | (16,459) |
| Repayment of Term Finance Certificates (TFC) | | (112,500) | (1,437,500) |
| Net (repayment) / receipts of long term loan | | (166,667) | 2,833,333 |
| Repayment of short term loan | | - | (15,000,000) |
| Repayment of loan of World Bank - Housing Finance Project | | (169,764) | (169,764) |
| Repayment of subordinated debt | | (116,337) | (116,337) |
| **Net cash used in financing activities** | | (1,512,118) | (14,842,391) |
| **Net decrease in cash and cash equivalents** | | (10,800,216) | (124,198) |
| Cash and cash equivalents at the beginning of the period | | 15,971,476 | 1,243,556 |
| Opening net credit allowance on cash and cash equivalents | | 2,155 | 167 |
| Cash and cash equivalents at the beginning of the period - net of credit loss allowance | | 15,973,631 | 1,243,723 |
| Credit loss allowance on cash and cash equivalents during the period | | (690) | (136) |
| **Cash and cash equivalents at the end of the period - net of credit loss allowance** | | 5,172,725 | 1,119,389 |

The annexed notes from 1 to 35 and annexure form an integral part of these condensed interim financial statements.

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

## 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan Mortgage Refinance Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on May 14, 2015 under the repealed Companies Ordinance, 1984 (now the 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 inter alia 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, 4th floor, Block-A, Shahrah-e-Faisal, Karachi.

1.3 The Company has been assigned a rating of 'AAA' by VIS Credit Rating Company Limited dated June 3, 2026 (December 31, 2025: 'AAA' dated April 24, 2025). The rating reflects the highest possible credit quality rating with the lowest expectation of default risk.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;

- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;

- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 (BCO) and the Companies Act, 2017; and

- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP);

Wherever the requirements of BCO, the Companies Act, 2017 or the directives and notifications issued by SBP and SECP differ with the requirements of IFRSs, the requirements of BCO, the Companies Act, 2017 and the said directives and notifications shall prevail.

2.2 These condensed interim financial statements of the Company do not include all the information and disclosures required in the annual audited financial statements and are limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 02 dated February 09, 2023 and IAS 34. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2025.

2.3 SBP has deferred the applicability of IAS 40, 'Investment Property' for banking companies / DFIs in Pakistan through BSD Circular Letter No. 10 dated August 26, 2002, till further instructions. Further, SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures', through S.R.O 411(1) / 2008 dated April 28, 2008. The SECP has notified IFAS 3, Profit and Loss Sharing on Deposits with effect from January 1, 2014. The SBP, through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of IFAS 3 till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

### 2.4 Amendments to approved accounting standards that are effective in the current period

There are certain new and amended standards, issued by IASB, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2026 but are considered not to be relevant or do not have any material effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

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

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, 2027 but are considered not to be relevant or will not have any material effect on the Company's financial statements except for:

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) with applicability date of January 01, 2027. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

The management is in the process of assessing the impact of this standard on the condensed interim financial statements of the Company.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2025.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 its revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by the management in the application of its accounting policies and the related estimates and judgments are the same as those applied to the annual audited financial statements of the Company for the year ended December 31, 2025.

## 5 BASIS OF MEASUREMENT

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

- obligation in respect of staff retirement benefit scheme is carried at present value of defined benefit obligation;
- investments classified as FVOCI and FVPL are carried at fair value;
- right-of-use assets and their related lease liability are carried at present value on initial recognition;
- advances are recorded at their fair value on initial recognition; and
- borrowings and subordinated debt obtained at lower than market rate are carried at fair value.

### 5.1 Functional and presentation currency

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

## 6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2025. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| **7 CASH AND BALANCES WITH TREASURY BANKS** | | ----------Rupees in '000---------- | |
| With SBP in: | | | |
| Local currency current account | 7.1 | 138,969 | 113,213 |
| With National Bank of Pakistan (NBP) in: | | | |
| Local currency current accounts | | 31 | 31 |
| Local currency deposit account | 7.2 | 15 | 14 |
| | | 46 | 45 |
| Less: Credit loss allowance held against balances with other banks | | - | - |
| Cash and balances with treasury banks - net of credit loss allowance | | 139,015 | 113,258 |

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

7.2 This represents deposit account maintained with NBP. This carries mark-up at the rate of 7.31% (December 31, 2025: 7.37%) per annum.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |
| **8 BALANCES WITH OTHER BANKS** | | | |
| In Pakistan | | | |
| In current account | | 815 | 268 |
| In deposit accounts | 8.1 & 8.2 | 5,033,585 | 15,860,105 |
| | | 5,034,400 | 15,860,373 |
| Less: Credit loss allowance held against balances with other banks | 8.3 | (690) | (2,155) |
| Balances with other banks - net of credit loss allowance | | 5,033,710 | 15,858,218 |

8.1 This includes deposit accounts in local currency maintained with other banks amounting to Rs. 33.585 million (December 31, 2025: 360.105 million). These carry mark-up / profit at rates ranging from 4.00% to 10.50% (December 31, 2025: 6.29% to 11.00%) per annum.

8.2 This includes Term Deposit Receipt (TDR) amounting to Rs. 5,000 million (December 31, 2025: Rs. 15,500 million) which is due to mature on July 17, 2026. This carries mark-up rate of 12.00% (December 31, 2025: 11.00% to 11.75%) per annum.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |
| **8.3 Movement in credit loss allowance held against balances with other banks – Stage 1** | | | |
| Opening balance | | 2,155 | 167 |
| Charge for the period / year | | 685 | 2,150 |
| Reversal for the period / year | | (2,150) | (162) |
| | 28 | (1,465) | 1,988 |
| Closing balance | | 690 | 2,155 |

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| **9 LENDINGS TO FINANCIAL INSTITUTIONS** | | | |
| Reverse Repurchase agreements (Repo) | 9.1 | 946,805 | 1,361,055 |
| Less: Credit loss allowance held against lendings to financial institutions | 9.3 | (26) | (37) |
| Lendings to financial institutions - net of credit loss allowance | | 946,779 | 1,361,018 |

9.1 This carry mark-up rate of 11.50% (December 31, 2025: 11.40%) per annum and will mature latest by July 02, 2026.

**9.2 Lendings to Financial Institutions- Particulars of credit loss allowance**

| | (Un-audited) June 30, 2026 | | | (Audited) December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | Lendings | Credit loss allowance held | Total | Lendings | Credit loss allowance held | Total |
| | ---- Rupees in '000 ---- | | | | | |
| Domestic | | | | | | |
| Performing - Stage 1 | 946,805 | (26) | 946,779 | 1,361,055 | (37) | 1,361,018 |

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| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |

**9.3 Movement in credit loss allowance held against lending to financial institutions – Stage 1**

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| Opening balance | | 37 | 144 |
| Charge for the period / year | | 26 | - |
| Reversal for the period / year | | (37) | (107) |
| | 28 | (11) | (107) |
| Closing balance | | 26 | 37 |

## 10 INVESTMENTS

### 10.1 Investments by type

| | (Un-audited) June 30, 2026 | | | | (Audited) December 31, 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost / amortised cost | Credit loss allowance | Surplus | Carrying value | Cost / amortised cost | Credit loss allowance | Surplus | Carrying value |
| **Debt Instruments** | (Rupees in '000) | | | | | | | |
| **Classified / Measured at FVOCI** | | | | | | | | |
| Federal Government securities | 55,355,520 | - | 61,069 | 55,416,589 | 41,535,623 | - | 298,912 | 41,834,535 |
| Non-Government debt securities | 25,000 | - | 1,132 | 26,132 | 50,000 | (2) | - | 49,998 |
| | 55,380,520 | - | 62,201 | 55,442,721 | 41,585,623 | (2) | 298,912 | 41,884,533 |
| **Classified / Measured at FVPL** | | | | | | | | |
| Non-Government debt securities | 299,460 | - | - | 299,460 | 299,520 | - | - | 299,520 |
| **Total investments** | 55,679,980 | - | 62,201 | 55,742,181 | 41,885,143 | (2) | 298,912 | 42,184,053 |

#### 10.1.1 Investments given as collateral

| | (Un-audited) June 30, 2026 | | | (Audited) December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | Cost / amortised cost | (Deficit) / surplus | Carrying value | Cost / amortised cost | (Deficit) / surplus | Carrying value |
| | Rupees in '000 | | | | | |
| Market Treasury Bills (MTB's) | 25,652,634 | (15,772) | 25,636,862 | 8,002,910 | 23,229 | 8,026,139 |

### 10.2 Credit loss allowance for diminution in value of investments

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |
| Opening balance | | 2 | 7 |
| Reversal for the period / year | 28 | (2) | (5) |
| Closing balance | | - | 2 |

### 10.3 Particulars of credit loss allowance against debt securities

| | (Un-audited) June 30, 2026 | | (Audited) December 31, 2025 | |
|---|---|---|---|---|
| | Outstanding amount | Credit loss allowance held | Outstanding amount | Credit loss allowance held |
| | Rupees in '000 | | | |
| **Domestic** | | | | |
| Performing - Stage 1 | 25,000 | - | 50,000 | (2) |

## 11 ADVANCES

| | Note | Performing (Un-audited) June 30, 2026 | Performing (Audited) December 31, 2025 | Non-performing (Un-audited) June 30, 2026 | Non-performing (Audited) December 31, 2025 | Total (Un-audited) June 30, 2026 | Total (Audited) December 31, 2025 |
|---|---|---|---|---|---|---|---|
| | | Rupees in '000 | | | | | |
| Loans, cash credits, running finances, etc. | | 17,549,181 | 16,760,660 | 1,000,122 | 1,059,131 | 18,549,303 | 17,819,791 |
| Islamic financing and related assets | | 26,433,676 | 23,437,601 | - | - | 26,433,676 | 23,437,601 |
| Advances - gross | 11.1 | 43,982,857 | 40,198,261 | 1,000,122 | 1,059,131 | 44,982,979 | 41,257,392 |
| Credit loss allowance / provision against advances | | | | | | | |
| - Stage 1 | 11.3 & 11.4 | (15,224) | (14,816) | - | - | (15,224) | (14,816) |
| - Stage 3 | 11.3 & 11.4 | - | - | (500,061) | (529,566) | (500,061) | (529,566) |
| - General | 11.3 & 11.4 | (347,895) | (347,895) | - | - | (347,895) | (347,895) |
| | | (363,119) | (362,711) | (500,061) | (529,566) | (863,180) | (892,277) |
| Advances - net of credit loss allowance / provision | | 43,619,738 | 39,835,550 | 500,061 | 529,565 | 44,119,799 | 40,365,115 |

### 11.1 Particulars of advances (gross)

| | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|
| | Rupees in '000 | |
| In local currency | 44,982,979 | 41,257,392 |

### 11.2

Advances include Rs. 1,000.122 million (December 31, 2025: 1,059.131 million) which have been placed under non-performing status as detailed below:

| Category of classification | (Un-audited) June 30, 2026 Non-performing loans | (Un-audited) June 30, 2026 Credit loss allowance | (Audited) December 31, 2025 Non-performing loans | (Audited) December 31, 2025 Credit loss allowance |
|---|---|---|---|---|
| | Rupees in '000 | | | |
| **Domestic** | | | | |
| Doubtful - Stage 3 | 1,000,122 | 500,061 | 1,059,131 | 529,566 |

### 11.3 Particulars of credit loss allowance / provision against advances

| | Note | (Un-audited) June 30, 2026 Expected Credit Loss Stage 1 | Expected Credit Loss Stage 3 | General | Total | (Audited) December 31, 2025 Expected Credit Loss Stage 1 | Expected Credit Loss Stage 3 | General | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Rupees in '000 | | | | | | | |
| Opening balance | | 14,816 | 529,566 | 347,895 | 892,277 | 20,520 | 579,918 | 347,895 | 948,333 |
| Charge for the period / year | | 3,771 | - | - | 3,771 | 5,875 | 52,957 | - | 58,832 |
| Reversal during the period / year | | (3,363) | (29,505) | - | (32,868) | (11,579) | (103,309) | - | (114,888) |
| | 28 | 408 | (29,505) | - | (29,097) | (5,704) | (50,352) | - | (56,056) |
| Closing balance | | 15,224 | 500,061 | 347,895 | 863,180 | 14,816 | 529,566 | 347,895 | 892,277 |

**11.3.1** The Company's financing activities largely belongs to the banking industry which includes Banks, DFIs, Microfinance 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 extended its financial services to Non-Banking Financial Institutions including Housing Financing Companies and Microfinance 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. In accordance with SBP BPRD Circular No. 01 of 2025 which permits it to retain such excess general provision up to 31 December 2026.

### 11.4 Advances - particulars of credit loss allowance / provision

| | Note | (Un-audited) June 30, 2026 Expected Credit Loss Stage 1 | Stage 3 | General | Total | (Audited) December 31, 2025 Expected Credit Loss Stage 1 | Stage 3 | General | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | ---Rupees in '000--- | | | | | | | |
| Opening balance | | 14,816 | 529,566 | 347,895 | 892,277 | 20,520 | 579,918 | 347,895 | 948,333 |
| New advances | | 3,771 | - | - | 3,771 | 5,875 | - | - | 5,875 |
| Advances derecognised or repaid | | (3,363) | (29,505) | - | (32,868) | (11,579) | (103,309) | - | (114,888) |
| Charge for the period / year | | - | - | - | - | - | 52,957 | - | 52,957 |
| | 28 | 408 | (29,505) | - | (29,097) | (5,704) | (50,352) | - | (56,056) |
| (Reversal) / changes in risk parameters (PDs/LGDs/EADs) | | - | - | - | - | - | - | - | - |
| Closing balance | | 15,224 | 500,061 | 347,895 | 863,180 | 14,816 | 529,566 | 347,895 | 892,277 |

### 11.5 Advances - Category of classification

| | (Un-audited) June 30, 2026 Outstanding amount | Credit loss allowance / provision held | (Audited) December 31, 2025 Outstanding amount | Credit loss allowance / provision held |
|---|---|---|---|---|
| | ---Rupees in '000--- | | | |
| **Domestic** | | | | |
| Performing - Stage 1 | 43,982,857 | 15,224 | 40,198,261 | 14,816 |
| General provision | - | 347,895 | - | 347,895 |
| | 43,982,857 | 363,119 | 40,198,261 | 362,711 |
| Non-performing - Stage 3 | | | | |
| Doubtful | 1,000,122 | 500,061 | 1,059,131 | 529,566 |
| **Total** | 44,982,979 | 863,180 | 41,257,392 | 892,277 |

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | ---Rupees in '000--- | |
| **12 PROPERTY AND EQUIPMENT** | | | |
| Capital work-in-progress | 12.1 | 10,834 | 3,323 |
| Property and equipment | | 86,382 | 104,409 |
| | | 97,216 | 107,732 |
| **12.1 Capital work-in-progress** | | | |
| Advances to suppliers | 12.1.1 | 10,834 | - |
| Equipment | | - | 3,323 |
| | | 10,834 | 3,323 |

12.1.1 This amount includes an advance of Rs. 10.695 million paid towards the purchase of office vehicles.

| | Note | (Un-audited) Half year ended June 30, 2026 | June 30, 2025 |
|---|---|---|---|
| | | ---Rupees in '000--- | |
| **12.2 Additions to property and equipment** | | | |
| The following additions have been made to property and equipment during the period: | | | |
| Capital work-in-progress | 12.1.1 | 10,834 | - |
| **Property and equipment** | | | |
| Furniture and fixtures | | 657 | - |
| Leasehold improvements | | - | 183 |
| Vehicles | | - | 74,996 |
| Electrical, office and computer equipment | | 7,652 | 2,335 |
| | | 8,309 | 77,514 |
| Total | | 19,143 | 77,514 |

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| | | (Un-audited) Half year ended June 30, 2026 | (Un-audited) Half year ended June 30, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |
| **12.3** | **Disposal of property and equipment** | | |
| | The net book value of property and equipment disposed off during the period is as follows: | | |
| | Vehicles | 7,817 | 11,955 |
| | Electrical, office and computer equipment | 249 | - |
| | **Total** | 8,066 | 11,955 |

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| | | | ----------Rupees in '000---------- | |
| **13** | **RIGHT-OF-USE ASSETS** | | | |
| | **Opening balance** | | | |
| | Cost | | - | 117,010 |
| | Accumulated depreciation | | - | (95,558) |
| | **Net carrying amount at January 1** | | - | 21,452 |
| | Additions during the period | 13.1 | 192,957 | - |
| | Depreciation charge for the period / year | 27 | (19,295) | (21,452) |
| | **Closing balance - Net carrying amount** | | 173,662 | - |

13.1 This represents the lease agreement for the company's office premises, commencing from January 01, 2026 for a term of five years.

| | | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |
| **14** | **INTANGIBLE ASSETS** | | |
| | Capital work-in-progress | 113 | - |
| | Computer software | 18,554 | 23,285 |
| | | 18,667 | 23,285 |

| | | (Un-audited) Half year ended June 30, 2026 | (Un-audited) Half year ended June 30, 2025 |
|---|---|---|---|
| | | ----------Rupees in '000---------- | |
| **14.1** | **Additions to intangible assets** | | |
| | The following additions have been made to intangible assets during the period: | | |
| | **Directly purchased** | | |
| | Capital work-in-progress | 113 | - |
| | Computer software | - | 1,323 |
| | | 113 | 1,323 |

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| | | | ----------Rupees in '000---------- | |
| **15** | **OTHER ASSETS** | | | |
| | Mark-up / return / interest / profit accrued in local currency | | 1,095,626 | 979,544 |
| | Advances, deposits and prepayments | | 34,843 | 109,041 |
| | Advance against purchase of securities | 15.1 | 200,000 | - |
| | Advance taxation | | 28,232 | 28,155 |
| | Prepaid staff cost | | 90,284 | 119,543 |
| | | | 1,448,985 | 1,236,283 |
| | Less: Credit loss allowance held against other assets | 15.2 | (388) | (254) |
| | Other assets - net of credit loss allowance | | 1,448,597 | 1,236,029 |

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15.1 This amount includes Rs. 200 million paid as subscription money towards the issuance of TFC, which was subsequently issued on July 6, 2026.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| **15.2 Credit loss allowance held against other assets** | | ----------Rupees in '000---------- | |
| Mark-up / return / interest / profit accrued in local currency | 15.2.1 | 388 | 254 |

**15.2.1 Movement in credit loss allowance held against other assets - Stage 1**

| | Note | | |
|---|---|---|---|
| Opening balance | | 254 | 379 |
| Charge for the period / year | | 218 | 92 |
| Reversal for the period / year | | (84) | (217) |
| | 28 | 134 | (125) |
| Closing balance | | 388 | 254 |

## 16 BORROWINGS

| | Note | | |
|---|---|---|---|
| **Secured** | | | |
| TFC | 16.1 | 11,582,307 | 11,725,000 |
| Repo | 16.2 | 25,493,200 | 7,966,242 |
| Long term loan / Facility | 16.3 | 6,500,000 | 6,666,667 |
| **Total secured** | | 43,575,507 | 26,357,909 |
| **Unsecured** | | | |
| Borrowings from Government of Pakistan under World Bank - Housing Finance Project | 16.4 | 4,088,180 | 4,128,778 |
| Bai Muajjal | 16.5 | 19,200,877 | 30,654,581 |
| Clean Borrowing | 16.6 | - | 1,000,000 |
| **Total unsecured** | | 23,289,057 | 35,783,359 |
| | | 66,864,564 | 62,141,268 |

16.1 These certificates have maturity of five to ten years and carry mark-up rate ranging from 9.35% to 10.51% (December 31, 2025: 9.35% to 10.84%) per annum. The principal is payable annually or at maturity whereas mark-up is payable semi-annually.

16.2 This represents Repo borrowing at mark-up rate ranging from 11.53% to 11.57% (December 31, 2025: 10.55% to 10.58%) per annum and are due to mature latest by July 03, 2026. The market value of securities given as collateral against these borrowings is given in note 10.1.1 to these condensed interim financial statements.

16.3 These long term loans / facility carry mark-up / profit rates ranging from 11.09% to 12.22% (December 31, 2025: 11.29% to 11.55%) per annum and will mature latest by November 13, 2028.

16.4 This represents borrowing from Government of Pakistan under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum. The interest and the principal are payable semi-annually, whereby the principal is repayable in fifty installments, the repayment of which has commenced from April 15, 2023. The loan has been recorded at fair value.

16.5 Bai Muajjal borrowings carry profit rate ranging from 11.55% to 11.60% (December 31, 2025: 10.45% to 10.90%) per annum and are due to mature latest by September 17, 2026.

16.6 Clean borrowing carry mark-up at Nil (December 31 2025: 10.55% per annum) and were matured on January 02, 2026.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| **17 DEPOSITS AND OTHER ACCOUNTS** | | ----------Rupees in '000---------- | |
| **Customers** | | | |
| Others - In local currency | 17.1 | 650 | 650 |
| **Financial institutions** | | | |
| Others - In local currency | 17.2 | 12,800,000 | 10,178,000 |
| | | 12,800,650 | 10,178,650 |

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17.1 This represents non mark-up bearing Certificate of Investments (COI) issued to the employees of the Company and are due to mature latest by January 27, 2027.

17.2 This represents Certificate of Investments - Islamic (COII) issued at a profit rate ranging from 11.45% to 11.95% (December 31, 2025: 10.27% to 10.85%) per annum and are due to mature latest by August 07, 2026.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| **18 LEASE LIABILITIES** | | ----------Rupees in '000---------- | |
| Opening balance | | - | 23,800 |
| Additions during the period / year | | 181,771 | - |
| Interest / markup expense | 24 | 9,069 | 889 |
| Lease payments including interest / markup | | (11,186) | (24,689) |
| Closing balance | | 179,654 | - |

**18.1 Contractual maturities of lease liabilities**

| | | | |
|---|---|---|---|
| Not later than one year | | 44,744 | 23,800 |
| Later than one year and upto five years | | 134,910 | - |
| Total lease liabilities | | 179,654 | 23,800 |

For the purpose of discounting, PKRV rate of 10.65% has been used.

## 19 SUBORDINATED DEBT

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

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| Issue amount (Rupees in '000) | | 7,050,716 | 7,050,716 |
| Outstanding principal at fair value (Rupees in '000) | 19.1 | 2,758,050 | 2,785,148 |
| 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 |

19.1 The actual outstanding amount of subordinated debt as at June 30, 2026 is Rs. 6,236.358 million (December 31, 2025: Rs. 6,352.695 million). This was initially recognised at fair value as explained in note 20.1.

| | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| **20 OTHER LIABILITIES** | | ----------Rupees in '000---------- | |
| Mark-up / return / interest / profit payable in local currency | | 796,286 | 1,477,802 |
| Deferred Government Grant | 20.1 | 8,402,309 | 8,620,029 |
| Provision for Government levies | | 292,598 | 270,314 |
| Provision for employees' benefit | | 93,191 | 150,836 |
| Accrued expenses | | 33,085 | 37,258 |
| Withholding tax payable | | 6,702 | 10,270 |
| Unearned income | 20.2 | 193,315 | 208,246 |
| Payable to defined benefit plan | | 10,812 | 735 |
| | | 9,828,298 | 10,775,490 |

20.1 This represents the difference between issue amount and fair value determined at the time of disbursement under IFRS 9, of subordinated debt and borrowings from Government of Pakistan under Housing Finance Project. It is being recognized in statement of profit and loss account in line with the recognition of borrowing expense, which the Government grant is compensating.

20.2 This includes unearned Trustee fee income received in advance from Credit Guarantee Trust (CGT) and is being recognized on a straight line basis over the term of the guarantee provided by CGT as explained in note 25.1.

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| | | | ----------Rupees in '000---------- | |
| 21 | **SURPLUS ON REVALUATION OF ASSETS** | | | |
| | Surplus on revaluation of investments measured at FVOCI | 10.1 | 62,201 | 298,912 |
| 22 | **CONTINGENCIES AND COMMITMENTS** | | | |
| | - Other Contingent Liabilities | 22.1 | - | - |
| | - Commitments | 22.2 | 19,662 | - |
| | | | 19,662 | - |

**22.1 Other Contingent Liabilities:**

There were no contingencies and commitments outstanding as at June 30, 2026 and December 31, 2025.

**22.2 Commitments:**

| | Note | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| **Commitments for acquisition of:** | | | |
| - property and equipment | 22.2.1 | 19,549 | - |
| - intangible assets | | 113 | - |
| | | 19,662 | - |

22.2.1 This represents the outstanding portion of the purchase price of vehicles that are not yet available for their intended use and has been disclosed as a commitment.

| | | Note | (Un-audited) Half year ended June 30, 2026 | June 30, 2025 |
|---|---|---|---|---|
| | | | ----------Rupees in '000---------- | |
| 23 | **MARK-UP / RETURN / INTEREST / PROFIT EARNED** | | | |
| | Loans and advances | | 2,129,807 | 2,349,939 |
| | Investments | | 2,093,112 | 1,861,784 |
| | Clean lendings | | 8,587 | 26,168 |
| | Reverse Repo | | 140,288 | 97,678 |
| | Deferred grant income | | 217,720 | 304,034 |
| | Balances with banks (including TDR) | | 418,184 | 9,997 |
| | | 23.1 | 5,007,698 | 4,649,600 |
| 23.1 | **Interest income (calculated using Effective Interest Rate (EIR) method) recognised on:** | | | |
| | Financial assets measured at amortised cost | | 2,696,866 | 2,483,782 |
| | Financial assets measured at FVPL | | 18,834 | 21,067 |
| | Financial assets measured at FVOCI | | 2,074,278 | 1,840,717 |
| | Deferred grant Income | | 217,720 | 304,034 |
| | | | 5,007,698 | 4,649,600 |
| 24 | **MARK-UP / RETURN / INTEREST / PROFIT EXPENSED** | | | |
| | Borrowings from Government of Pakistan under World Bank - Housing Finance Project | | 265,673 | 322,346 |
| | Subordinated debt | | 182,785 | 221,504 |
| | Repo | | 377,093 | 122,551 |
| | TFC | | 570,783 | 694,380 |
| | Clean borrowings | | 81,927 | 11,124 |
| | Long term loan | | 365,304 | 246,675 |
| | Short term loan | | - | 190,646 |
| | COI / COII | | 412,724 | 277,023 |
| | Bai Muajjal | | 1,288,475 | 842,311 |
| | | | 3,544,764 | 2,928,560 |
| | Amortization of prepaid staff cost | | 7,281 | 7,290 |
| | Interest / mark-up against lease liability | 18 | 9,069 | 768 |
| | | | 3,561,114 | 2,936,618 |
| 24.1 | Interest expense calculated using EIR method | | 3,544,764 | 2,928,560 |
| | Other financial liabilities | | | |
| | Amortization of prepaid staff cost | | 7,281 | 7,290 |
| | Interest / mark-up against lease liability | | 9,069 | 768 |
| | | | 16,350 | 8,058 |
| | | | 3,561,114 | 2,936,618 |
| 25 | **FEE AND COMMISSION INCOME** | | | |
| | Trustee fee | 25.1 | 14,931 | 14,931 |

25.1 This represents fee for trustee services rendered to CGT. The Company is entitled to a trustee fee at 0.25 times of the premium received by the schemes for Low Income Housing and Low Income Housing - Mera Pakistan Mera Ghar (MPMG).

| | | | (Un-audited) Half year ended | |
|---|---|---|---|---|
| | | Note | June 30, 2026 | June 30, 2025 |
| | | | ----------Rupees in '000---------- | |
| **26** | **(LOSS) / GAIN ON SECURITIES** | | | |
| | Realised - net | | (18,421) | 85,813 |
| **26.1** | Realised (loss) / gain on Federal Government Securities | | (18,421) | 85,813 |
| **26.2** | Net (loss) / gain on debt instruments measured at FVOCI | | (18,421) | 85,813 |

| | | | (Un-audited) Half year ended | |
|---|---|---|---|---|
| | | Note | June 30, 2026 | June 30, 2025 |
| | | | ----------Rupees in '000---------- | |
| **27** | **OPERATING EXPENSES** | | | |
| | **Total compensation expense** | | 230,199 | 132,759 |
| | **Property expense** | | | |
| | Insurance | | 472 | 472 |
| | Utilities cost | | 2,686 | 3,318 |
| | Security expense | | 619 | 589 |
| | Repairs and maintenance | | 304 | 272 |
| | Depreciation on lease hold improvements | | 3,235 | 3,752 |
| | Depreciation on right-of-use assets | 13 | 19,295 | 11,701 |
| | | | 26,611 | 20,104 |
| | **Information technology expenses** | | | |
| | Software maintenance | | 16,242 | 10,493 |
| | Disaster recovery site cost | | 1,141 | 998 |
| | Website maintenance | | 317 | 182 |
| | Hardware maintenance | | 279 | 338 |
| | Depreciation | | 5,839 | 5,573 |
| | Amortisation | | 4,731 | 4,554 |
| | Network charges | | 1,400 | 1,522 |
| | | | 29,949 | 23,660 |
| | **Other operating expenses** | | | |
| | Directors' fees and allowances | | 18,200 | 24,640 |
| | Fees and allowances to Shariah Board | | 7,752 | 7,108 |
| | Legal and professional charges | | 4,674 | 3,368 |
| | Fees and subscription | | 4,868 | 3,165 |
| | Outsourced services costs | | 3,765 | 3,377 |
| | Travelling and conveyance | | 5,701 | 3,019 |
| | Depreciation | | 9,197 | 8,665 |
| | Training and development | | 1,439 | 1,119 |
| | Postage and courier charges | | 87 | 103 |
| | Communication | | 795 | 783 |
| | Printing and stationery | | 1,396 | 1,374 |
| | Marketing, advertisement and publicity | | 3,565 | 1,909 |
| | Auditors' remuneration | | 2,746 | 2,441 |
| | Insurance | | 4,443 | 3,442 |
| | Vehicle repairs and maintenance | | 88 | 101 |
| | Entertainment | | 1,051 | 584 |
| | Brokerage expenses | | 1,270 | 966 |
| | Others | | 875 | 1,109 |
| | | | 71,912 | 67,273 |
| | | | 358,671 | 243,796 |

| | | | | |
|---|---|---|---|---|
| **28** | **CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET** | | | |
| | **(Reversal) / charge for credit loss allowance on:** | | | |
| | Balances with other banks | 8.3 | (1,465) | (31) |
| | Lendings to financial institutions | 9.3 | (11) | (144) |
| | Investments | 10.2 | (2) | (4) |
| | Advances | 11.3 | (29,097) | (27,166) |
| | Other assets | 15.2.1 | 134 | (126) |
| | | | (30,441) | (27,471) |

29 **TAXATION**

The income of the Company is exempt from income tax under the Table given for Clause 57(4) of Part 1 of the Second Schedule of the Income Tax Ordinance, 2001.

| | (Un-audited) Half year ended | |
|---|---|---|
| | June 30, 2026 | June 30, 2025 |
| **30 BASIC AND DILUTED EPS** | ----------Rupees in '000---------- | |
| Profit for the period | 1,092,633 | 1,565,472 |
| | (Number of shares) | |
| Weighted average number of ordinary shares | 623,775,900 | 623,775,900 |
| | --------------(Rupees)-------------- | |
| Basic EPS | 1.75 | 2.51 |

30.1 **Diluted EPS**

Diluted EPS has not been presented separately as the Company does not have any convertible instruments in issue as at June 30, 2026 and June 30, 2025.

31 **FAIR VALUE MEASUREMENTS**

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 assets and liabilities at concessional rate are based on market rate at transaction date.

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.

The management considers that the estimated fair value of the remaining financial assets and liabilities is not significantly different from their respective carrying amounts.

31.1 **Fair value of financial assets**

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

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

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

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

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

| | (Un-audited) June 30, 2026 | | | |
|---|---|---|---|---|
| | 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 | - | 55,416,589 | - | 55,416,589 |
| Non-government debt securities | - | 325,592 | - | 325,592 |

| On balance sheet financial instruments | (Audited) December 31, 2025 Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | Rupees in '000 | | | |
| **Financial assets - measured at fair value** | | | | |
| Investments | | | | |
| Federal government securities | - | 41,834,535 | - | 41,834,535 |
| Non-government debt securities | - | 349,518 | - | 349,518 |

### 31.2 Valuation techniques and inputs used in determination of fair values

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

## 32 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

| | (Un-audited) June 30, 2026 | | | (Audited) December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | 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 accounts** | | | | | | |
| Opening balance | - | - | 31 | - | - | 31 |
| Deposits | - | - | 570,862 | - | - | 1,155,846 |
| Withdrawal | - | - | (570,862) | - | - | (1,155,846) |
| Closing balance | - | - | 31 | - | - | 31 |
| **In deposit account** | | | | | | |
| Opening balance | - | - | 14 | - | - | 13 |
| Deposits | - | - | 1 | - | - | 1 |
| Withdrawal | - | - | - | - | - | - |
| Closing balance | - | - | 15 | - | - | 14 |
| | - | - | 46 | - | - | 45 |
| **Balances with other banks** | | | | | | |
| **In current account** | | | | | | |
| Opening balance | - | - | 268 | - | - | 1,579 |
| Deposits | - | - | 320,280 | - | - | 441,337 |
| Withdrawal | - | - | (319,733) | - | - | (442,648) |
| Closing balance | - | - | 815 | - | - | 268 |
| **In deposit accounts** | | | | | | |
| Opening balance | - | - | 667 | - | - | 199,303 |
| Deposits | - | - | 543,392 | - | - | 993,503 |
| Withdrawal | - | - | (542,484) | - | - | (1,192,139) |
| Closing balance | - | - | 1,575 | - | - | 667 |
| | - | - | 2,390 | - | - | 935 |
| **Lendings to financial institutions** | | | | | | |
| Opening balance | - | - | - | - | - | - |
| Addition during the period / year | - | - | 70,286,632 | - | - | 35,820,543 |
| Repayments during the period / year | - | - | (69,339,827) | - | - | (35,820,543) |
| Closing balance | - | - | 946,805 | - | - | - |

| | (Un-audited) June 30, 2026 | | | (Audited) December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | Directors | Key management personnel | Other related parties | Directors | Key management personnel | Other related parties |
| | Rupees in '000 | | | | | |
| **Advances** | | | | | | |
| Opening balance | - | 97,273 | 19,075,369 | - | 98,015 | 12,594,487 |
| Addition during the period / year | - | 14,511 | 4,000,000 | - | 21,955 | 9,975,000 |
| Repayment during the period / year | - | (27,281) | (2,207,432) | - | (22,697) | (3,494,118) |
| Closing balance | - | 84,503 | 20,867,937 | - | 97,273 | 19,075,369 |
| Credit loss allowance held against advances | - | 11 | 5,176 | - | 13 | 5,460 |
| **Other assets** | | | | | | |
| Mark-up / return / interest / profit accrued | - | - | 553,541 | - | - | 400,943 |
| Advances, deposits and prepayments | - | 49,784 | - | - | 67,083 | - |
| Closing balance | - | 49,784 | 553,541 | - | 67,083 | 400,943 |
| Credit loss allowance held against other assets | - | - | 136 | - | - | 112 |
| **Deposits and other accounts** | | | | | | |
| Opening balance | - | 225 | 5,678,000 | - | - | - |
| Received during the period / year | - | 25 | 5,100,000 | - | 250 | 11,678,000 |
| Withdrawn during the period / year | - | (50) | (8,778,000) | - | (25) | (6,000,000) |
| Closing balance | - | 200 | 2,000,000 | - | 225 | 5,678,000 |
| **Borrowings** | | | | | | |
| Opening balance | - | - | 15,979,935 | - | - | 8,662,500 |
| Borrowings during the period / year | - | - | 92,373,882 | - | - | 80,256,235 |
| Settled during the period / year | - | - | (99,749,956) | - | - | (72,938,800) |
| Closing balance | - | - | 8,603,861 | - | - | 15,979,935 |
| **Other liabilities** | | | | | | |
| Mark-up / return / interest / profit payable | - | - | 181,042 | - | - | 454,740 |
| Payable to defined benefit plan | - | - | 10,812 | - | - | 735 |
| Unearned income | - | - | 190,456 | | | 205,387 |
| Closing balance | - | - | 382,310 | - | - | 660,862 |

| | (Un-audited) June 30, 2026 | | | (Un-audited) June 30, 2025 | | |
|---|---|---|---|---|---|---|
| | Directors | Key management personnel | Other related parties | Directors | Key management personnel | Other related parties |
| | Rupees in '000 | | | | | |
| **Statement of profit and loss account** | | | | | | |
| **Income** | | | | | | |
| Mark-up / return / interest / profit earned | - | 6,421 | 1,039,215 | - | 7,757 | 902,834 |
| Fee and commission income | - | - | 14,931 | - | - | 14,931 |
| **Expense** | | | | | | |
| Mark-up / return / interest / profit expensed | - | 3,811 | 948,471 | - | 4,734 | 898,894 |
| Directors' fees and allowances | 18,200 | - | - | 24,640 | - | - |
| Remuneration of key management personal | - | 177,782 | - | - | 179,781 | - |
| Operating expenses | - | 1,096 | - | - | - | - |
| Credit loss allowance - reversal | - | (2) | (260) | - | (1) | (171) |
| Charge for defined contribution plan | - | - | 8,078 | - | - | 8,677 |
| Charge for defined benefit plan | - | - | 10,812 | - | - | 10,644 |
| **Other transactions** | | | | | | |
| Proceeds from sale of fixed assets | - | 8,042 | - | - | 11,969 | - |

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32.1 In addition to the above, the Company has outstanding sub-ordinated loan amounting to Rs. 2,758.050 million (December 31, 2025: Rs. 2,785.148 million) and borrowing under World Bank - Housing Finance Project amounting to Rs. 4,088.180 million (December 31, 2025: Rs. 4,128.778 million) from the Ministry of Finance. These balances are stated after adjusting for unearned Government Grant amounting to Rs. 8,402.309 million (December 31, 2025: 8,620.029 million).

| | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|
| | ----------Rupees in '000---------- | |
| **33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS** | | |
| **Minimum Capital Requirement (MCR):** | | |
| Paid-up capital | 6,237,759 | 6,237,759 |
| **Capital Adequacy Ratio (CAR):** | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 15,207,786 | 15,045,954 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 15,207,786 | 15,045,954 |
| Eligible Tier 2 Capital | 185,967 | 439,298 |
| Total Eligible Capital (Tier 1 + Tier 2) | 15,393,753 | 15,485,252 |
| **Risk Weighted Assets (RWAs):** | | |
| Credit Risk | 9,901,255 | 11,230,908 |
| Market Risk | 485,546 | 860,442 |
| Operational Risk | 6,860,409 | 6,860,409 |
| Total | 17,247,210 | 18,951,759 |
| Common Equity Tier 1 Capital Adequacy Ratio | 88.18% | 79.39% |
| Tier 1 Capital Adequacy Ratio | 88.18% | 79.39% |
| Total Capital Adequacy Ratio | 89.25% | 81.71% |
| **Leverage Ratio (LR):** | | |
| Eligible Tier-1 Capital | 15,207,786 | 15,045,954 |
| Total Exposure | 103,099,326 | 95,624,747 |
| Leverage Ratio | 14.75% | 15.73% |
| **Liquidity Coverage Ratio (LCR):** | | |
| Total High Quality Liquid Assets | 30,867,515 | 34,460,313 |
| Total Net Cash Outflow | 3,633,263 | 4,677,109 |
| Liquidity Coverage Ratio | 850% | 737% |
| **Net Stable Funding Ratio (NSFR):** | | |
| Total Available Stable Funding | 42,485,672 | 46,200,957 |
| Total Required Stable Funding | 33,842,458 | 40,576,990 |
| Net Stable Funding Ratio | 125.54% | 113.86% |

**34 GENERAL**

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

**34.2** Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of better presentation and comparison and to reflect the substance of the transactions.

**35 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on **August 28, 2026** by the Board of Directors of the Company.

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

PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED
ANNEXURE TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2026

The Company is managing the operations of its Shariah Compliant products through its Head Office. The statement of financial position and profit and loss account for the half year ended June 30, 2026 are as follows:

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| (A) | **Statement of financial position** | | -------- Rupees in '000 -------- | |
| | **ASSETS** | | | |
| | Balances with other banks | | 372 | 10,821,869 |
| | Islamic financing and related assets - net | 1 | 26,410,639 | 23,415,070 |
| | Other assets | | 633,341 | 511,604 |
| | | | 27,044,352 | 34,748,543 |
| | **LIABILITIES** | | | |
| | Due to financial institutions | 2 | 1,000,000 | 1,000,000 |
| | Due to head office | | 9,898,750 | 20,538,593 |
| | Deposits and other accounts | 3 | 12,800,000 | 10,178,000 |
| | Other liabilities | | 306,286 | 434,921 |
| | | | 24,005,036 | 32,151,514 |
| | **NET ASSETS** | | 3,039,316 | 2,597,029 |
| | **REPRESENTED BY** | | | |
| | Islamic banking fund | | 150,000 | 150,000 |
| | Reserves | | 580,340 | 491,883 |
| | Unappropriated profit | 7 | 2,308,976 | 1,955,146 |
| | | | 3,039,316 | 2,597,029 |
| | **CONTINGENCIES AND COMMITMENTS** | 4 | | |

| | | Note | (Un-audited) For the half year ended June 30, 2026 | (Un-audited) For the half year ended June 30, 2025 |
|---|---|---|---|---|
| (B) | **Statement of profit and loss account** | | -------- Rupees in '000 -------- | |
| | Profit / return earned | 5 | 1,483,774 | 1,322,606 |
| | Profit / return expensed | 6 | 1,029,101 | 980,437 |
| | **Net profit / return** | | 454,673 | 342,169 |
| | **Other income** | | | |
| | Fee and commission income | | 7,382 | 7,382 |
| | **Total income** | | 462,055 | 349,551 |
| | **Other expenses** | | | |
| | Operating expenses | | 11,630 | 11,003 |
| | Workers' Welfare Fund | | 8,991 | 6,675 |
| | **Total other expenses** | | 20,621 | 17,678 |
| | Profit before provisions / credit loss allowance | | 441,434 | 331,873 |
| | Provisions / credit loss allowance and write offs - net reversal | | 853 | 4,811 |
| | **Profit before taxation** | | 442,287 | 336,684 |
| | Taxation | | - | - |
| | **Profit after taxation** | | 442,287 | 336,684 |

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| 1 | **ISLAMIC FINANCING AND RELATED ASSETS - NET** | | ----------Rupees in '000---------- | |
| | Musharakah financing | | 26,390,305 | 23,403,133 |
| | Diminishing Musharaka | | 43,371 | 34,312 |
| | Other financing | | - | 156 |
| | Islamic Financing and related assets - gross | | 26,433,676 | 23,437,601 |
| | Less: Provision / credit loss allowance - stage 1 | | (23,037) | (22,531) |
| | | | 26,410,639 | 23,415,070 |

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| 2 | **DUE TO FINANCIAL INSTITUTIONS** | | ----------Rupees in '000---------- | |
| | **Financial institutions** | | | |
| | Long Term Facility | 2.1 | 1,000,000 | 1,000,000 |

2.1 This long term facility carry profit at the rate of 11.98% per annum (December 31, 2025: 11.29%) and will mature latest by November 13, 2028.

| | | Note | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|---|
| 3 | **DEPOSITS AND OTHER ACCOUNTS** | | ----------Rupees in '000---------- | |
| | **Financial institutions** | | | |
| | Others - In local currency | 3.1 | 12,800,000 | 10,178,000 |

**3.1** This includes COII issued at a profit rate ranging from 11.45% to 11.95% (December 31, 2025: 10.27% to 10.85%) per annum and are due to mature latest by August 07, 2026.

## 4 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and December 31, 2025.

| | | (Un-audited) Half year ended June 30, 2026 | (Un-audited) Half year ended June 30, 2025 |
|---|---|---|---|
| 5 | **PROFIT / RETURN EARNED** | -------- Rupees in '000 -------- | |
| | **Profit earned on:** | | |
| | Financing | 1,482,059 | 1,312,654 |
| | Balances with banks | 1,715 | 9,952 |
| | | 1,483,774 | 1,322,606 |
| 6 | **PROFIT / RETURN EXPENSED** | | |
| | **Profit expenses on:** | | |
| | Financing | 1,029,101 | 980,437 |

| | | (Un-audited) June 30, 2026 | (Audited) December 31, 2025 |
|---|---|---|---|
| 7 | **ISLAMIC BUSINESS UNAPPROPRIATED PROFIT** | ----------Rupees in '000---------- | |
| | Opening Balance | 1,955,146 | 1,400,470 |
| | Add: Islamic banking profit for the period / year | 442,287 | 693,345 |
| | Less: Reserves | (88,457) | (138,669) |
| | Closing balance | 2,308,976 | 1,955,146 |