

**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022**


	(Un-Audited) March 31, 2022	(Un-Audited) December 31, 2021
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 22,512	32,465
Balances with other banks	7 193,761	28,458
Lendings to financial institutions	8 920,173	780,000
Investments	9 8,146,410	8,820,213
Advances	10 14,089,670	13,448,929
Fixed assets	11 383,940	395,039
Intangible assets	12 59,062	60,393
Deferred tax assets	1,405,090	1,405,090
Other assets	13 1,236,366	1,314,716
	26,456,984	26,285,303
<b>LIABILITIES</b>		
Bills payable	-	-
Borrowings	14 2,541,222	2,676,237
Deposits and other accounts	-	-
Liabilities against assets subject to finance lease	15 142,135	140,480
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	16 1,014,378	1,019,071
	3,697,735	3,835,788
<b>NET ASSETS</b>	22,759,249	22,449,515
<b>REPRESENTED BY</b>		
Share capital/ Head office capital account - net	19,365,000	19,365,000
Reserves	2,267,981	2,202,333
(Deficit) / surplus on revaluation of assets	17 (160,661)	(142,154)
Accumulated Profit	1,286,929	1,024,336
	22,759,249	22,449,515

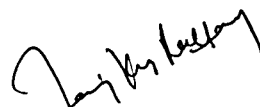
**CONTINGENCIES AND COMMITMENTS**

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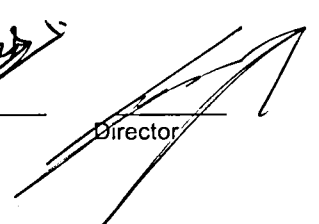
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 \_\_\_\_\_  
 President/Chief Executive

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director

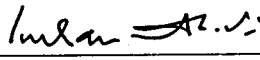
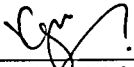
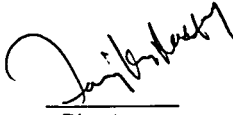
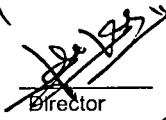
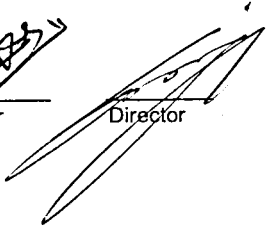
  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2022**

	Note	(Un-Audited) (Un-Audited) Quarter Ended	
		March 31, 2022	March 31, 2021
Rupees in '000			
Mark-up/Return/Interest Earned	19	717,999	669,231
Mark-up/Return/Interest Expensed	20	(44,252)	(49,220)
Net Mark-up / Interest Income		<u>673,747</u>	<u>620,011</u>
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee and Commission Income		-	-
Dividend Income		210	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	21	-	-
Other Income	22	19,681	16,324
Total non-markup/interest Income		<u>19,891</u>	<u>16,324</u>
Total Income		<u>693,638</u>	<u>636,335</u>
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	23	(343,049)	(394,758)
Workers Welfare Fund		(8,071)	(7,814)
Other charges		-	-
Total non-markup/interest expenses		<u>(351,120)</u>	<u>(402,572)</u>
Profit / (Loss) before provisions		342,518	233,763
Reversal of provision and write offs - net	24	54,061	144,281
Relief package and reprocessing charges	25	(1,108)	(570)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<u>395,471</u>	<u>377,474</u>
Taxation	26	(67,230)	(111,036)
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<u>328,241</u>	<u>266,438</u>
Rupees			
Earnings per share - basic & diluted	27	<u>0.17</u>	<u>0.14</u>

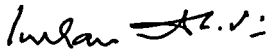
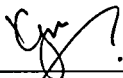

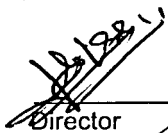
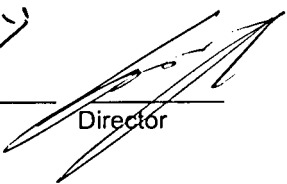
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 _____ President/Chief Executive	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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**HOUSE BUILDING FINANCE COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2022**

	(Un-Audited) (Un-Audited) Quarter Ended	
	March 31, 2022	March 31, 2021
	------(Rupees in '000)-----	
Profit / (Loss) after taxation for the period	328,241	266,438
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments	(18,507)	(3,607)
<b>Total comprehensive income</b>	<u>309,734</u>	<u>262,831</u>

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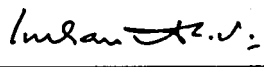
 <hr/> President/Chief Executive	 <hr/> Chief Financial Officer	 <hr/> Director	 <hr/> Director	 <hr/> Director
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**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2022**

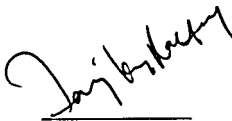
	Share capital	Statutory reserve	Surplus/(Deficit) on revaluation Rupees in '000	Unappropriated profit / (loss)	Total
<b>Opening Balance as at January 1, 2021</b>	<b>19,365,000</b>	<b>2,005,102</b>	<b>(8,585)</b>	<b>(463,601)</b>	<b>20,897,916</b>
Profit / (loss) after taxation (March 31 2021)	-	-	-	266,438	266,438
Other comprehensive income - net of tax	-	-	(3,607)	-	(3,607)
Transfer to statutory reserve *	-	53,288	-	(53,288)	-
<b>Opening Balance as at April 01, 2021</b>	<b>19,365,000</b>	<b>2,058,390</b>	<b>(12,192)</b>	<b>(250,451)</b>	<b>21,160,747</b>
Profit / (loss) after taxation (December 31, 2021)	-	-	-	719,716	719,716
Other comprehensive income - net of tax	-	-	(129,962)	699,014	569,052
Transfer to statutory reserve *	-	143,943	-	(143,943)	-
<b>Opening Balance as at January 1, 2022</b>	<b>19,365,000</b>	<b>2,202,333</b>	<b>(142,154)</b>	<b>1,024,336</b>	<b>22,449,515</b>
Profit / (loss) after taxation (March 31 2022)	-	-	-	328,241	328,241
Other comprehensive income - net of tax	-	-	(18,507)	-	(18,507)
Transfer to statutory reserve *	-	65,648	-	(65,648)	-
<b>Closing Balance as on March 31, 2022</b>	<b>19,365,000</b>	<b>2,267,981</b>	<b>(160,661)</b>	<b>1,286,929</b>	<b>22,759,249</b>


\* This represents reserve created under BPD circular No. 15 of 2004 which requires the Company to credit to its reserve an amount not less than 20% of its after tax profit till such time the reserve equals the amount of paid-up capital. Thereafter, a sum not less than 5% of its after tax profit shall be credited to the said reserve.

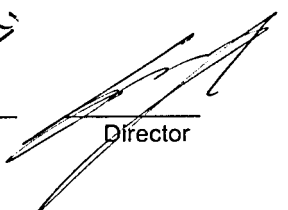
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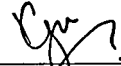
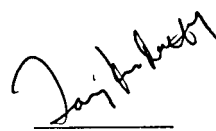
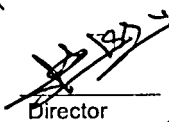
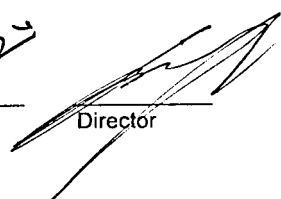
  
 \_\_\_\_\_  
 Director

  
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 Director

**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2022**

	(Un-Audited) March 31,	(Un-Audited) March 31,
Note	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	395,471	377,474
Adjustments:		
Depreciation	10,650	11,913
Depreciation right of use asset	13,928	11,705
Amortization	1,331	390
Reversal of provision / provisions and write-offs	(54,061)	(144,281)
Gain on sale of fixed assets	-	(33)
Reconciliation & GAS incentive adjustments	1,108	570
Provision for SWWF	8,071	7,814
	(18,973)	(111,922)
	376,498	265,552
(Increase)/ Decrease in operating assets		
Lendings to financial institutions	(140,173)	1,094,000
Advances	(587,791)	13,390
Others assets (excluding advance taxation)	75,266	(33,987)
	(652,698)	1,073,403
Increase/ (Decrease) in operating liabilities		
Borrowings from financial institutions	(135,549)	(14,853)
Other liabilities (excluding current taxation)	(39,474)	(574,903)
	(175,023)	(589,756)
Income tax paid	(64,146)	(35,775)
<i>Net cash flow generated from / (used in) operating activities</i>	(515,369)	713,424
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments	673,532	(650,056)
Investments in operating fixed assets	(2,813)	(16,638)
Proceeds from sale of fixed assets	-	1,477
<i>Net cash flow generated from / (used in) investing activities</i>	670,719	(665,217)
<b>Increase / (Decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	155,350	48,207
Cash and cash equivalents at end of the period	60,923	165,372
	216,273	213,579

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

 <hr/> President/Chief Executive	 <hr/> Chief Financial Officer	 <hr/> Director	 <hr/> Director	 <hr/> Director
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**HOUSE BUILDING FINANCE COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2022**

**1. STATUS AND NATURE OF BUSINESS**

House Building Finance Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 13, 2006 under the Companies Ordinance, 1984 (now the Companies Act 2017). The registered office of the Company is situated at Finance and Trade Centre Building, Sharah-e-Faisal, Karachi, in the province of Sindh. Pursuant to SRO.I/2007 dated July 25, 2007 issued by the Finance Division of the Government of Pakistan (GoP) effective from January 1, 2007, the Company took over all the assets, running business, contracts, liabilities and proceedings of the House Building Finance Corporation which was established in 1952 under the House Building Finance Corporation Act, 1952 (XVIII of 1952) by the GoP and ceased to operate the business on December 31, 2006. As a result, in 2010, the name was also changed from House Building Finance Corporation Limited to House Building Finance Company Limited.

The Federal Government has directed the State Bank of Pakistan (SBP) to divest its entire shareholding in the Company, which will pave the way for the Company's privatisation. The Company is expected to be privatised by end of 2022.

The Company is designated as a financial institution by the Federal Government and is providing financing facilities for the purchase & construction of houses/apartments including balance transfer facility (BTF) through a network of 51 branches, 7 area offices and 3 regional offices throughout Pakistan including Azad Jammu & Kashmir and Gilgit Baltistan. According to credit rating report dated June 28, 2021 of JCR-VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "A" and "A-1".

**2. BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

**2.2** The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2021.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank/DFI for the year ended December 31, 2021.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

**5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021.

**6. CASH AND BALANCES WITH TREASURY BANKS**

		(Un-Audited) March 31, 2022	(Un-Audited) December 31, 2021
Rupees in '000			
With State Bank of Pakistan in Local currency current account	6.1	22,449	32,403
With National Bank of Pakistan in Local currency current accounts	6.2	63	62
		<b>22,512</b>	<b>32,465</b>

**6.1** This represents the amount required to be maintained by the Company in accordance with the SBP's regulations.

**6.2** The bank account carries mark-up at rate 8.25% (2021: 5.50% to 7.25%) per annum.

(Un-Audited) (Un-Audited)  
March 31, December  
2022 31, 2021  
Rupees in '000

**7 BALANCES WITH OTHER BANKS**

In Pakistan			
In deposit & transitory district bank accounts - net	7.1	193,761	28,458
		<u>193,761</u>	<u>28,458</u>

7.1 These bank accounts carry mark-up at rates ranging from 8.25% to 8.85% (2021: 5.50% to 8.00%) per annum.

**8 LENDINGS TO FINANCIAL INSTITUTIONS**

Letters of placement	8.1	55,683	55,683
Repurchase agreement lending (reverse repo)	8.2	920,173	780,000
		<u>975,856</u>	<u>835,683</u>
Less: Provision held against Lending to Financial Institutions		(55,683)	(55,683)
Lendings to Financial Institutions - net of provision		<u>920,173</u>	<u>780,000</u>

**8.1 Particulars of letters of placement**

In local currency			
Trust Investment Bank Limited (TIBL)		5,909	5,909
First Dawood Investment Bank Limited (FDIBL)		49,774	49,774
		<u>55,683</u>	<u>55,683</u>

**8.2 Repurchase agreement lendings (Reverse Repo)**

In local currency			
Saudi Pak Industrial and Agricultural Investment Company Limited		500,173	-
Pak Libya Holding Company Limited		420,000	780,000
		<u>920,173</u>	<u>780,000</u>

**8.3 Category of classification**

(Un-Audited) March 31, 2022		(Un-Audited) December 31, 2021	
Classified Lending	Provision held	Classified Lending	Provision held

Rupees in '000

Domestic	55,683	55,683	55,683	55,683
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**9 INVESTMENTS**

**9.1 Investments by type:**

	(Un-Audited) March 31, 2022				(Un-Audited) December 31, 2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
<b>Available-for-sale securities</b>								
Market Treasury Bills	2,025,042	-	(6,787)	2,018,255	2,690,215	-	(10,282)	2,679,933
Pakistan Investment Bonds	4,058,801	-	(195,609)	3,863,192	4,051,472	-	(173,928)	3,877,544
Unlisted Ordinary Shares	63,785	(500)	-	63,285	63,785	(500)	-	63,285
Listed Ordinary Shares	9,603	-	(3,492)	6,111	9,603	-	(3,170)	6,433
	<u>6,157,231</u>	<u>(500)</u>	<u>(205,888)</u>	<u>5,950,843</u>	<u>6,815,076</u>	<u>(500)</u>	<u>(187,381)</u>	<u>6,627,195</u>
<b>Held-to-maturity securities</b>								
Pakistan Investment Bonds	2,177,331	-	-	2,177,331	2,172,962	-	-	2,172,962
Unlisted Sukuk Bonds	26,240	(26,240)	-	-	26,240	(26,240)	-	-
Certificate of Investments	22,500	(22,500)	-	-	22,500	(22,500)	-	-
	<u>2,226,071</u>	<u>(48,740)</u>	<u>-</u>	<u>2,177,331</u>	<u>2,221,702</u>	<u>(48,740)</u>	<u>-</u>	<u>2,172,962</u>
<b>Premium / (discount) on investment</b>	18,236	-	-	18,236	20,056	-	-	20,056
<b>Total Investments</b>	<u>8,383,302</u>	<u>(49,240)</u>	<u>(205,888)</u>	<u>8,146,410</u>	<u>9,056,834</u>	<u>(49,240)</u>	<u>(187,381)</u>	<u>8,820,213</u>

9.2 Provision for diminution in value of investments	(Un-Audited) (Un-Audited)	
	March 31, 2022	December 31, 2021
9.2.1 Opening balance	49,240	71,740
Charge / reversals	-	-
Charge for the period / year	-	(22,500)
Reversals for the period / year	-	-
Reversal on disposals	-	(22,500)
Closing Balance	49,240	49,240

### 9.2.2 Particulars of provision against debt securities

Category of classification	(Un-Audited) March 31, 2022		(Un-Audited) December 31, 2021	
	NPI	Provision	NPI	Provision
Domestic Loss	48,740	48,740	48,740	48,740

### 10 ADVANCES

	Performing		Non Performing		Total	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021

Rupees in '000

<b>In Pakistan - local currency</b>						
Rental Sharing Schemes	7,668	6,082	1,171,265	1,185,566	1,178,933	1,191,648
Interest Bearing Schemes	-	-	97,171	99,971	97,171	99,971
Ghar Aasan Scheme	363,801	417,425	841,797	838,287	1,205,598	1,255,712
Shandar Ghar Scheme	159	-	79,857	81,172	80,016	81,172
Financing facility for Small Builders	858	858	4,968	4,968	5,826	5,826
Ghar Aasan Flexi Scheme	5,667,654	5,945,258	1,255,056	1,198,601	6,922,710	7,143,859
Bisma & Saima Projects	11,062	11,446	754	760	11,816	12,206
New Small Builders	-	-	5,000	5,000	5,000	5,000
Ghar Pakistan Scheme	2,475,671	2,583,209	80,660	40,581	2,556,331	2,623,790
Ghar Pakistan Plus Scheme	1,298,733	1,369,127	43,088	17,272	1,341,821	1,386,399
HBFC Khas	3,075	3,167	-	-	3,075	3,167
Mera Pakistan Mera Ghar (Naya Pakistan Housing Scheme)	3,496,240	2,514,944	520	-	3,496,760	2,514,944
	<b>13,324,920</b>	<b>12,851,516</b>	<b>3,580,137</b>	<b>3,472,178</b>	<b>16,905,057</b>	<b>16,323,694</b>

#### Employee portfolio

Housing finance to employees	489,856	486,326	5,550	5,550	495,406	491,876
Car advance to employees	70,043	68,012	-	-	70,043	68,012
Staff Personal Loan	18,800	17,388	-	-	18,800	17,388
PC advance to employees	-	-	19	19	19	19
	<b>578,699</b>	<b>571,726</b>	<b>5,569</b>	<b>5,569</b>	<b>584,268</b>	<b>577,295</b>

#### Partners' death claims

Advances - gross		(25,161)			(26,814)	(25,161)
	<b>13,903,619</b>	<b>13,398,081</b>	<b>3,585,706</b>	<b>3,477,747</b>	<b>17,462,511</b>	<b>16,875,828</b>

#### Provision for non-performing advances

##### - Specific

Rental Sharing Schemes	7,668	6,082	1,171,265	1,185,566	1,178,933	1,191,648
Interest Bearing Schemes	-	-	97,171	99,971	97,171	99,971
Ghar Aasan Scheme	-	-	763,884	774,852	763,884	774,852
Shandar Ghar Scheme	159	-	79,857	81,172	80,016	81,172
Financing facility for Small Builders	-	-	4,968	4,968	4,968	4,968
Ghar Aasan Flexi Scheme	-	-	975,467	1,015,054	975,467	1,015,054
Bisma & Saima Projects	-	-	189	194	189	194
New Small Builders	-	-	5,000	5,000	5,000	5,000
Ghar Pakistan Scheme	-	-	19,798	17,359	19,798	17,359
Ghar Pakistan Scheme Plus	-	-	5,647	5,817	5,647	5,817
Finance to employees	-	-	5,550	5,550	5,550	5,550
PC advance to employees	-	-	19	19	19	19
	<b>7,827</b>	<b>6,082</b>	<b>3,128,815</b>	<b>3,195,522</b>	<b>3,136,642</b>	<b>3,201,604</b>

##### - General

	<b>236,199</b>	<b>225,295</b>	<b>-</b>	<b>-</b>	<b>236,199</b>	<b>225,295</b>
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#### Advances - net of provision

	<b>13,659,593</b>	<b>13,166,704</b>	<b>456,891</b>	<b>282,225</b>	<b>14,089,670</b>	<b>13,448,929</b>
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10.1 Advances include Rs. 3586 million (December 31, 2021: Rs. 3,478 million) which have been placed under non-performing status as detailed below:-

Category of Classification	(Un-Audited) March 31, 2022		(Un-Audited) December 31, 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	256,854	2,287	85,320	5,185
Substandard	127,093	28,845	142,142	32,810
Doubtful	197,362	93,286	227,053	134,295
Loss	3,004,397	3,004,397	3,023,232	3,023,232
Total	3,585,706	3,128,815	3,477,748	3,195,522

10.2 Particulars of provision against advances	(Un-Audited) March 31, 2022			(Un-Audited) December 31, 2021		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	3,201,604	225,295	3,426,899	3,578,696	249,341	3,828,037
Charge / (Reversal) for the period / year	(64,962)	10,904	(54,058)	(377,092)	(24,046)	(401,138)
Amounts written off	-	-	-	-	-	-
Closing balance	3,136,642	236,199	3,372,841	3,201,604	225,295	3,426,899

10.3.1 General provision against advances has been determined in accordance with the requirements of Prudential Regulations (HF-9) issued by the State Bank of Pakistan on regular portfolio of consumer financing.

11 FIXED ASSETS	(Un-Audited) March 31, 2022	(Un-Audited) December 31, 2021
	Rupees in '000	
Capital work-in-progress	11.1	12,860
Property and equipment	266,657	274,494
Right of use-of-assets	104,423	107,685
	<u>383,940</u>	<u>395,039</u>
11.1 Capital work-in-progress		
Civil works	12,860	12,860
	<u>12,860</u>	<u>12,860</u>
12 INTANGIBLE ASSETS		
Computer Software	24,415	25,746
Capital work-in-progress	34,647	34,647
	<u>59,062</u>	<u>60,393</u>
13 OTHER ASSETS		
Income/ mark-up accrued in local currency - net of provision		
Advances	801,587	730,102
Investments	97,220	255,520
Lending to financial institutions	3,211	1,628
Advances, deposits, advance rent and other prepayments	56,810	50,542
Advance taxation (payments less provisions)	255,207	256,542
Advance for purchase of land - housing projects	53,815	53,815
Other receivables against advances	22,331	20,382
Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC)	-	-
	<u>1,290,181</u>	<u>1,368,531</u>
Less: Provision held against other assets	(53,815)	(53,815)
Other Assets (Net of Provision)	<u>1,236,366</u>	<u>1,314,716</u>
13.1 Provision held against other assets		
Advance for purchase of land - housing projects	53,815	53,815
	<u>53,815</u>	<u>53,815</u>

		(Un-Audited) March 31, 2022	(Audited) December 31, 2021
Rupees in '000			
<b>14</b>	<b>BORROWINGS</b>		
	<i>Secured</i>		
	Pakistan Mortgage Refinance Company Limited	2,538,306	2,673,855
	Refinance from SBP - HBFC Khas	2,916	2,382
		<u>2,541,222</u>	<u>2,676,237</u>
<b>15</b>	<b>LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
	Lease liability - right-of-use asset	142,135	140,480
		<u>142,135</u>	<u>140,480</u>
<b>16</b>	<b>OTHER LIABILITIES</b>		
	Markup payable on borrowing	11,812	13,913
	Retirement and other service benefits	341,522	470,630
	Demand charges	26,165	25,337
	Accrued expenses	95,364	90,333
	Advance payment from customers	301,112	287,152
	Insurance premium payable	73,858	69,224
	Advance rent received	98,583	7,406
	Refundable to customers against advances	5,103	4,715
	Sindh Workers' Welfare Fund	41,331	33,260
	Others	19,528	17,101
		<u>1,014,378</u>	<u>1,019,071</u>
<b>17</b>	<b>SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS</b>		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	9.1 (205,888)	(142,154)
<b>18</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	-Commitments	18.1 1,074,482	943,969
	-Other contingent liabilities	18.2 47,990	47,990
		<u>1,122,472</u>	<u>991,959</u>
<b>18.1</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	- Loans sanctioned but not disbursed	639,331	508,818
	Equity investment to be made in		
	- Pakistan Mortgage Refinance Company Limited	193,325	193,325
	Land to be purchased for Gwadar Housing Projects	149,725	149,725
	Land to be purchased for Gwadar Office	9,750	9,750
	Model Town Lahore Project	27,840	27,840
	Hyderabad Project	5,305	5,305
	Peshawar Office Building Project	10,485	10,485
	Other commitments	836	836
	Software being developed to replace Loan Management System	37,885	37,885
		<u>1,074,482</u>	<u>943,969</u>

## 18.2 Other contingent liabilities

Claims not acknowledged as debt

SMS Courier (Pvt) Limited (SMSCPL)	17.2.1	39,890	39,890
Liaquat National Hospital	17.2.2	8,100	8,100
		<u>47,990</u>	<u>47,990</u>

**18.2.1** In the year 1995, the Company entered into an agreement with SMS Courier (Pvt) Limited (SMSCPL), a courier service company. Subsequently, due to unsatisfactory service, the Company terminated the agreement with SMSCPL. SMSCPL claimed indemnity of loss for Rs. 39.89 million and filed a suit for recovery from the Company which is pending for adjudication in Honorable Sindh High Court. The legal advisor of the Company is of the opinion that no economic outflow is expected in this respect.

**18.2.2** In the year 2008, the Company entered into an agreement with Liaquat National Hospital (LNH) in Karachi for providing medical facilities/treatments to employees of the Company and their dependents. LNH lodged a claim of Rs. 8.1 million against the Company, which include bills of the individuals who were not referred by the Company to LNH, as these were neither the Company's employees nor their dependents. Currently, the case is pending for adjudication in Honorable Sindh High Court. The legal advisor of the Company is of the opinion that no economic outflow is expected.

	(Un-Audited) March 31, 2022	(Un-Audited) March 31, 2021
	Rupees in '000	
<b>19 MARK-UP/RETURN/INTEREST EARNED</b>		
On:		
a) Loans and advances		
Customers	500,938	411,831
Employees	4,346	3,393
b) Investments		
Available-for-sale	151,411	138,235
Held-to-Maturity	33,953	103,631.00
c) Lendings		
Letters of placement	-	56
Repurchase agreement lending (Reverse repo)	23,692	10,017
d) Balances with banks	3,659	2,068
	<u>717,999</u>	<u>669,231</u>
<b>20 MARK-UP/RETURN/INTEREST EXPENSED</b>		
On:		
a) Borrowing from Pakistan Mortgage Refinance Company	40,641	46,514
b) Finance lease charge	3,611	2,706
	<u>44,252</u>	<u>49,220</u>
<b>21 GAIN / (LOSS) ON SECURITIES</b>		
Realised	-	-
<b>22 OTHER INCOME</b>		
Refund of premium from insurance company	-	-
Rent on property	11,026	11,109
Gain on sale of fixed assets-net	-	33
Inspection and application fee	1,990	579
Advance Unit Purchase Charges	-	-
Balloon Payment charges of Flexi Scheme	-	-
Storage documentation	1,326	1,091
Penalty income on conventional schemes	5,060	3,128
Miscellaneous Income	279	384
	<u>19,681</u>	<u>16,324</u>
<b>23 OPERATING EXPENSES</b>		
Total compensation expense	251,480	301,563
<b>Property expense</b>		
Rent and taxes	474	2,136
Insurance	826	212
Utilities cost	4,332	3,124
Security (including guards)	1,270	596
Repair and maintenance (including janitorial charges)	14,499	15,360
Depreciation	3,740	3,740
Depreciation on right-of-use assets	13,928	11,705
Others	-	-
	<u>39,069</u>	<u>36,873</u>
<b>Information technology expenses</b>		
Hardware maintenance	1,859	146
Depreciation	3,621	4,871
Amortization	1,331	390
Network charges	3,476	3,016
	<u>10,287</u>	<u>8,423</u>

(Un-Audited)      (Audited)  
 March 31,      March 31,  
 2022      2021  
 Rupees in '000

**Other operating expenses**

Directors' fees and allowances	-	-
Legal and professional charges	7,427	12,626
Consultancy charges	858	1,392
Outsourced services costs	11,022	11,283
Travelling and conveyance	2,523	2,756
Depreciation	3,289	3,302
Training and development	3,305	1,565
Postage and courier charges	866	747
Communication	940	137
Stationery and printing	1,704	1,625
Marketing, advertisement and publicity	405	2,123
Auditors remuneration	975	975
Banking service charges	2,212	2,025
Entertainment	408	500
Vehicle expense	4,111	3,446
Subscription	28	275
Others	2,140	3,122
	<u>42,213</u>	<u>47,899</u>
	<u>343,049</u>	<u>394,758</u>

**24 PROVISIONS & WRITE OFFS - NET**

Reversal of provision for diminution in value of investments	8.3	-	22,500
Reversal of provision for lendings	9.2.1	-	-
Reversal / (provision) against loans and advances	10.2	54,061	119,858
Reversal / (provision) against doubtful receivable insurance premium from partners		-	1,923
Write off against advances		-	-
		<u>54,061</u>	<u>144,281</u>

**25 RELIEF PACKAGE AND REPROCESSING CHARGES**

Reprocessing and closing adjustment	(1,108)	(570)
	<u>(1,108)</u>	<u>(570)</u>

**26 TAXATION**

Current	67,230	111,036
Prior periods	-	-
	<u>67,230</u>	<u>111,036</u>

**27 EARNING PER SHARE - BASIC & DILUTED**

Profit for the period	<u>328,241</u>	<u>266,438</u>
Weighted average number of ordinary shares	<u>1,936,500,006</u>	<u>1,936,500,006</u>
Basic earnings per share	<u>0.17</u>	<u>0.14</u>

## 28 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

### 28.1 Fair value of financial assets

The Bank 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).
- 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) March 31, 2022			Total
	Level 1	Level 2	Level 3	
<b>On balance sheet financial instruments</b>				
				Rupees in '000
<b>Financial assets - measured at fair value</b>				
<u>Investments</u>				
Federal Government Securities	-	5,881,447	-	5,881,447
Listed Ordinary Shares	6,111	-	-	6,111
	(Un-Audited) December 31, 2021			Total
	Level 1	Level 2	Level 3	
<b>On balance sheet financial instruments</b>				
				Rupees in '000
<b>Financial assets - measured at fair value</b>				
<u>Investments</u>				
Federal Government Securities	-	6,557,477	-	6,557,477
Listed Ordinary Shares	6,433	-	-	6,433

#### Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and Input used	Input Used
Market Treasury Bills & PIBs	Market approach	PKRV Rates

## 29 RELATED PARTY TRANSACTIONS

Related parties comprise of associates, directors and key management personnel of the Company. There were no transactions with the key management personnel other than those under the terms of their employment. Details of transactions with the related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

	March 31, 2022			December 31, 2021		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
<b>Advances</b>						
Opening balance	55,439	-	-	58,357	-	-
Addition during the period / year	471	-	-	9,871	-	-
Repaid during the period / year	(1,776)	-	-	(16,288)	-	-
Transfer in / (out) - net	3,823	-	-	3,499	-	-
Closing balance	<u>57,957</u>	-	-	<u>55,439</u>	-	-
<b>Income</b>						
Markup / return / interest earned	<u>471</u>	-	-	<u>1,997</u>	-	-

(Un-Audited) (Un-Audited)  
 March 31, December 31,  
 2022 2021  
 Rupees in '000

**30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses) 22,919,910 21,425,178

**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital	22,700,187	22,389,122
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	22,700,187	22,389,122
Eligible Tier 2 Capital	99,561	95,434
Total Eligible Capital (Tier 1 + Tier 2)	<u>22,799,748</u>	<u>22,484,556</u>

**Risk Weighted Assets (RWAs):**

Credit Risk	7,964,889	7,634,707
Market Risk	1,222,503	1,218,378
Operational Risk	5,829,135	5,829,135
Total	<u>15,016,527</u>	<u>14,682,220</u>

Common Equity Tier 1 Capital Adequacy Ratio	151.17%	152.49%
Tier 1 Capital Adequacy Ratio	<u>151.17%</u>	<u>152.49%</u>
Total Capital Adequacy Ratio	<u>151.83%</u>	<u>153.14%</u>

**Leverage Ratio (LR):**

Eligible Tier-1 Capital	22,700,187	22,389,122
Total Exposure	27,531,466	27,229,272
Leverage Ratio	<u>82.45%</u>	<u>82.22%</u>

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	5,904,000	6,589,000
Total Net Cash Outflow	40,000	5,000
Liquidity Coverage Ratio	<u>14760%</u>	<u>131780%</u>

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	25,992,000	25,458,000
Total Required Stable Funding	12,138,000	11,951,000
Net Stable Funding Ratio	<u>214%</u>	<u>213%</u>

**31 RECLASSIFICATION OF COMPARATIVE FIGURES**

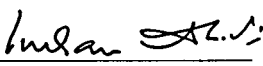
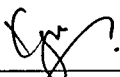
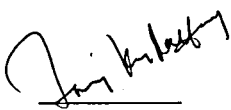

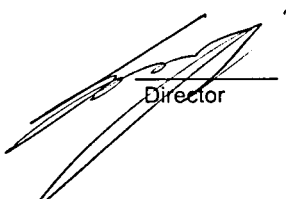
Comparative figures have been reclassified and re-arranged where necessary for the purpose of better presentation.

**32 DATE OF AUTHORIZATION**

These financial statements were approved and authorized for issue on APRIL 27, 22 by the Board of Directors of the

**33 GENERAL**

Figures have been rounded-off to the nearest thousand rupees except stated otherwise.

 _____ President/Chief Executive	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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