



Mobilink
Microfinance Bank ^{Ltd}

Annual Report 2020





Mobilink
Microfinance Bank^{td}





Mera Fone Mera Bank



Chairman's Message

It is a matter of great pride for me to acknowledge that over the past few years, Mobilink Microfinance Bank Ltd. (MMBL) has been a front runner in the growth of the microfinance and branchless banking sectors of the country and currently operates the largest digital banking network in Pakistan. From the get-go, our driving force has been centered around financial inclusion for all using innovative digital solutions and we remain ambitious as ever about empowering the common Pakistani whilst prioritizing the highest standards of ethics and risk management along the way.

For MMBL, our work has more far-reaching and meaningful implications beyond considerations of profitability and revenue generation alone. Our mission to alleviate poverty and promote financial inclusion across the board aligns naturally with global initiatives such as the United Nations' (UN) Sustainable Development Goals (SDGs) and the gender equality objectives of the State Bank of Pakistan (SBP). Through our relentless campaign for furthering digital as well as financial literacy in both the urban and rural segments of Pakistan, we aim to help realize the immense growth potential of a nation that currently has the 3rd largest unbanked population in the world. Through our portfolio of innovative banking solutions, we are financially empowering women, the underprivileged, and the previously unbanked to establish successful and sustainable enterprises and businesses of their own.

Specifically, to promote the financial empowerment of women, MMBL continues to work closely with private sector partners, government and local communities to collaborate on initiatives that support women entrepreneurship and the enhancement of their employability skills, and the strengthening of inclusive value chains. In March 2020, we entered into an MOU with the Bahawalpur Women Chamber of Commerce and Industry to explore long-term development opportunities aimed at supporting and financially empowering underprivileged women. We have also initiated MOUs with 5 more cities including Peshawar, Quetta, Lahore, Multan, and Islamabad to the same end.

Despite the unprecedented challenges of a difficult 2020, our focus never faltered. As the COVID-19 situation continues to evolve rapidly, we are leaving no stone unturned in addressing the concerns of our customers across Pakistan. Our top-most priority right now, as always, is the health and safety of our employees, business partners, and most importantly, our customers. As part of our COVID-19 response plan, PKR 873 million of transactional costs through Inter Bank Fund Transfers were waived to facilitate customers. Our customers also had free access to online doctor consultation services in collaboration with Oladoc to know more about COVID-19 and its subsequent treatment. Further, MMBL also supported the collection of PKR 3.5 million for donation into the Prime Minister's COVID-19 relief fund. Under SBP's guidance, we gave our customers the option to defer payments of due amounts from March 2020 through the year. Also, we continued providing the fastest, the simplest, and most timely digital banking solutions to our customers spread across various regions, both rural and urban.

As a result of these focused efforts made possible by the tireless commitment of our frontline heroes, MMBL was not only able to maintain but also, increase its overall market share during the year. Our total assets grew by 47%, total deposits by 60%, and loans to customers by a staggering 61% over the past year. Our JazzCash mobile wallets also recorded a tremendous growth of 47.3% in 2020 with over 28 million registered users including 12 million monthly active wallets, an increase of 74% compared to 2019. Our branchless banking deposits also grew to PKR 29,431 million, a 71% increase over 2019. The transactional volume was enhanced by 47% whereby a total of PKR 3.1 trillion was processed through our system, an increase of 51% over the last year.

The growing scale of our operations was also accompanied by MMBL's increasingly vigilant attitude towards establishing strong Anti- Money Laundering (AML) and Combating the Financing of Terrorism (CFT) processes and controls. Regular and robust

trainings were organized throughout the year for employees across all tiers of operation for continuous reinforcement of our compliance policies and for imparting timely awareness of AML / CFT developments. Additionally, our monitoring system was further enhanced to efficiently detect and report patterns indicating suspicious transactions and fraudulent practices. The MMBL family also underwent systematic exercises on the Know Your Customer (KYC), Customer Due Diligence (CDD), and Enhanced Due Diligence (EDD) procedures to ensure the continued quality of service and full compliance with necessary regulations and practices.

In 2020, Mobilink Microfinance Bank (MMBL) was also recognized by PACRA, Pakistan's leading Credit Rating Agency, as maintaining a 'Stable Outlook' and was also excluded from the agency's watchlist. MMBL is the only microfinance bank in the industry to have garnered this combined recognition from PACRA. The rating further recognized MMBL as scoring an "A1" short-term rating and an "A" long-term rating. The Bank was also awarded the high honor of 'Best Microfinance Bank of the Year' by the CFA Society.

Despite the challenges presented by 2020, Mobilink Microfinance Bank Ltd. exceeded its targets for the year and is well-positioned to continue its exciting journey in 2021. I would fail in my duties as Chairman if I do not extend my heartfelt gratitude to our board of directors, our management team, and all our hard-working employees and business partners for their commitment and dedication. I would also like to express my gratitude to SBP for its continued guidance and leadership, and for helping the banking sector successfully navigate the uncertainties surrounding the COVID-19 crisis.

Aamir Hafeez Ibrahim

Chairman



CEO's Message

It is with great pleasure that I present the highlights of the year 2020 on behalf of Mobilink Microfinance Bank Ltd.

It was a year full of unique challenges and opportunities. An unprecedented global pandemic brought economies around the world to a halt. The 'new normal' that emerged from the midst of lockdowns, closures, layoffs, and mandatory social distancing rules and quarantines demanded quick adaptability and a forward-thinking approach from organizational leadership to keep their businesses running.

I am proud to say that the resilience and positive attitude displayed by the MMBL family during this crisis allowed us to continue our front-line operations unhindered across all our branches nationwide. It was due to the untiring efforts of our unsung heroes working behind the lines that MMBL was able to play its part in supporting the financial stability of our country.

It is quite remarkable to note that not only did MMBL manage to stay profitable for the year but also thrived and grew its operations exponentially through the spirit of **collaboration** and an ever-present drive to **innovate** and come up with new solutions.

I am pleased to share that the Bank reported a net profit of PKR 747 million in 2020. Our total assets rose to PKR 56 billion in 2020 compared to PKR 38 billion in 2019 and the deposit base increased by 60% to PKR 46.8 billion. Our gross loan portfolio increased by 58% to PKR 24.6 billion in 2020 from PKR 15.5 billion in 2019.

As of 2020, MMBL has disbursed over 760,000 traditional individual as well as micro-enterprise loans across the country. We also disbursed 4,199,868 digital nano-loans which have helped keep many a family fed and

clothed despite the unprecedented socio-economic consequences of the COVID-19 pandemic.

We further cemented our position as the largest digital bank in the country by increasing our registered JazzCash mobile wallets by 47 % from over 19 million in 2019 to over 28 million in 2020 of which 12 million are active. Our branchless banking agents also increased from over 86,000 in 2019 to over 100,000 in 2020.

In line with our commitment to promote digital banking and as a digital thought leader in the country's financial ecosystem, MMBL continues with its mission to work towards promoting a financially inclusive Pakistan through innovative digital solutions.

Today, in addition to our branchless banking, MMBL has a network of 100 physical branches and over 1,605 employees that help us reach out to marginalized communities across the country. Our continued commitment to promoting the financial inclusion of women was evident in an increase of 36% in women borrowers in our GLP and by 79% in our deposit customers over the year.

MMBL's tireless efforts to promote financial inclusion in the country were recognized by the CFA Society Pakistan which gave the 'Digital Microfinance Bank of the Year' award to the bank. We were also the only microfinance bank in the country to not only maintain a 'Stable Outlook' as recognized by PACRA, but also steer clear of its watchlist. MMBL was also honored as the D&I Leader at the 10th Annual CSR awards in recognition of its Humqadam program which is geared towards offering employment opportunities to the differently-abled segments of our population.

Our efforts also contribute towards the achievement of the **Sustainable Development Goals (SDGs)** set forth by the United Nations (UN). We support the UN SDGs through our product offerings aimed at alleviating poverty and fostering financial inclusion. We also pursue a strong women empowerment and gender diversity agenda evident in our workplace as well as our product portfolio and services. Our award winning Humqadam program also made strides to empower the differently-abled segments of our community to ultimately reduce and **eliminate all inequalities** that persist between the various socio-economic classes in Pakistan.

In the end, I would like to extend my gratitude to the State Bank of Pakistan, the Board of Directors, and the shareholders for their continued confidence, support, and guidance. I would also like to thank the management and the entire family of Mobilink Microfinance Bank and our partners at Jazz for their continued dedication, commitment, and loyalty that allowed us to meet the challenging demands of this year head-on and helped us out-perform our competition.

Ghazanfar Azzam
Chief Executive Officer

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ABOUT US





Mobilink Microfinance Bank Limited

Mobilink Microfinance Bank Limited (MMBL) is Pakistan's largest digital bank with over 28 million registered and 12 million active digital wallets. Backed by Global Telecom – VEON Co., MMBL started operations in April 2012 and launched branchless banking operations under the brand name JazzCash in partnership with Pakistan's largest telecom operator Jazz in November 2012.

With a hybrid organizational model that combines traditional microfinance with mobile/digital banking technologies, the bank now operates with 100 branches, approximately 1,605 employees and an Unstructured Supplementary Service Data (USSD) Global System for Mobile (GSM) based digital channel offering savings, Small and Medium Enterprises (SME) and Micro, Small, and Medium Enterprise (MSME) loans, small housing loans, remittances (collection of utility bills and loan installments), mobile wallets, insurance government to person, Business to Business (B2B) & Business to People (B2P) payments; thus, playing a leading role in the facilitation of complete financial inclusion.

Despite being a young bank, Mobilink Microfinance Bank has emerged as one of the frontrunners in the sector and has been successful in achieving financial breakeven within four years of commencing operations in 2016, one of the fastest in the industry. The financial performance of the Bank has been remarkable from 2016 through 2020.

Mobilink Microfinance Bank Ltd. & Jazz, under the brand name JazzCash, are offering branchless banking, digital banking and micro financial services offering simple, innovative and value-added products and services to the people of Pakistan. MMBL's game plan aims to take banking away from the confines of limited brick and mortar structures to usher in the age of cell phone banking; consequently, making a significant contribution towards banking the unbanked through digital channels. The Bank has so far financed over 760,000 individual micro and small businesses as well as the disbursal of 4,199,868 digital nano-loans since its inception in 2012. It is also the proud recipient of "Bank of the Unbanked Award" in 2018 and 2019.



Awards & Achievements



'Digital Microfinance Bank of the Year'
2019 CFA



'Stable Outlook'
PACRA 2020



'Positive Outlook'
PACRA 2021



'Bank of The Unbanked'
2018-2019
Institute of Bankers Pakistan



Semi-Finalist
European Microfinance
Awards 2020



'D&I Leader'
CSR Award
Humqadam 2020



Jazz

Jazz is Pakistan's largest mobile operator and digital company, leading the 4G service provision in the country as the most successful mobile broadband operator with over 69 million customers and growing. Since its inception, over 25 years ago, Jazz has maintained market leadership and established itself as a major contributor to the digital ecosystem of Pakistan. The company has recently recorded exceptional growth in its 4G customer base, which accounts for more than 40% of all 4G users in Pakistan. Jazz remains committed to making significant contributions to the creation of a truly digital Pakistan by developing innovative products and services.

The brand has successfully positioned itself as a digital thought leader in the ever-competitive telecommunication industry. With cutting-edge, integrated communication solutions, strong brand offerings, and the largest portfolio of digital value-added services, Jazz aims to empower millions of Pakistanis with the tools necessary to progress in an increasingly digital economy.

Together, Jazz and its sister concern Mobilink Microfinance Bank Limited operate the largest digital mobile wallet in Pakistan, JazzCash. With over 12 million active digital wallets, JazzCash brings essential payments and branchless banking services to customers across Pakistan.





VEON

Headquartered in Amsterdam, our parent company VEON (formerly VimpelCom) is among the leading telecommunication companies in the world.

VEON provides essential communications and digital services to more than 212 million customers in nine of the world's most dynamic countries all comprising of young, growing and urbanizing populations.

Since its inception, VEON has been committed to the introduction of digital services that serve local needs and improve access and engagement for all.

VEON's business practices are underpinned by its commitment to sustainability; all VEON's operations adhere to strong ethical principles aimed at uplifting communities through fostering digital entrepreneurship and promoting greater digital skills and literacy.

VEON's Operating Regions

- Pakistan • Bangladesh • Russia • Georgia • Ukraine • Kazakhstan • The Netherlands
- Algeria • Uzbekistan • Kyrgyzstan



Vision, Mission and Core Values



Vision: MMBL aims to alleviate poverty and promote financial inclusion by providing innovative solutions.



Mission: MMBL aims to provide financial solutions to the economically underprivileged for their economic freedom by using innovative Alternative Delivery Channels (ADCs) and promoting micro-businesses through an ethical and passionate team, which strives to deliver beyond expectations.

Core Values



ENTREPRENEURIAL

- Agile & Dynamic Practices; Pushing Boundaries to Explore Possibilities
- Leading Through Example
- Taking Smart Risks Only when its Within the Customers' Interest



TRUTHFUL

- Open, Honest & Reliable in all Internal & External Dealings
- To Customers, Peers, Leadership, and Shareholders, be trustworthy, keep promises and admit mistakes
- Upholding the Highest Level of Ethics



INNOVATIVE

- Driven towards Unique, Intelligent & Seamless Solutions
- Striving for the Extra-ordinary
- On a Mission to Digitize Operations



COLLABORATIVE

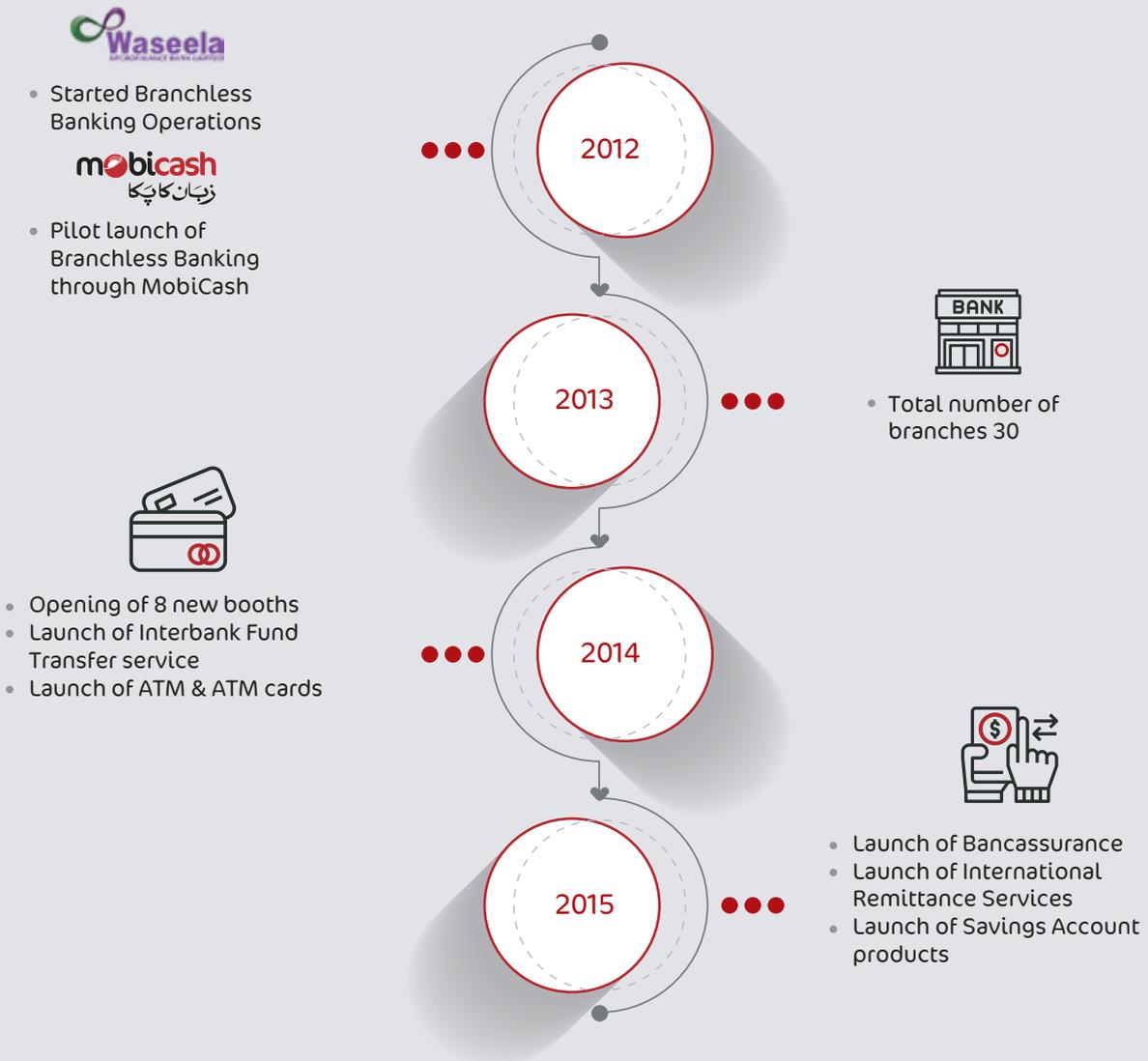
- Our Focus; Bring People Together
- Working with, Rather than Against Each Other
- Partnering both Internally and Externally, with others, to Achieve More
- Executing Tasks Faster & Smarter with Teamwork



CUSTOMER OBSESSED

- Driven by Customer Insight
- Keeping Customers at the Heart of Every Activity
- Ability to Make Tough Decisions While Keeping the Customer's Best Interest in Mind

MMBL's Journey in 09 Years

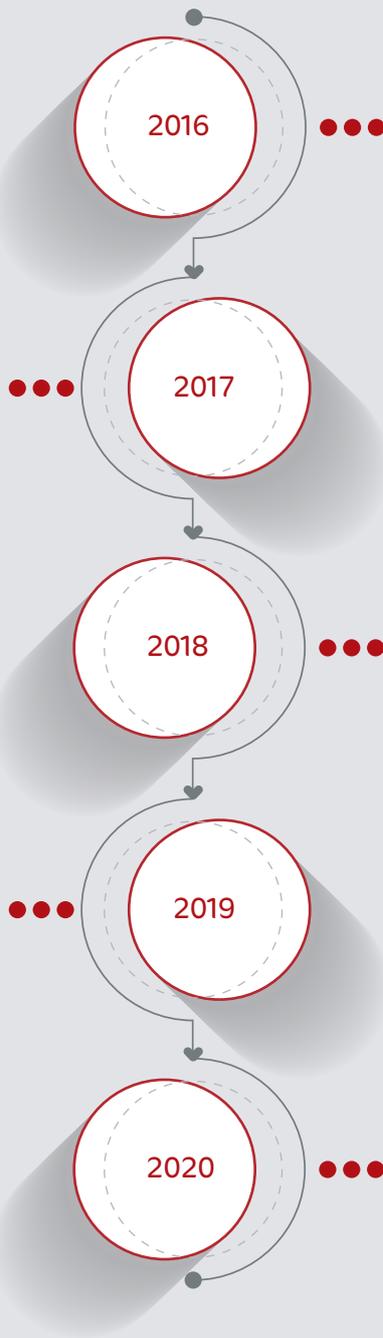




- Total number of branches 61
- Launch of House Loan
- Launch of Tractor Loan



- Launch of Khushhal Kissan Loan Value Chain
- Began digitization processes
- Launch of Mera Tahaffuz Term Deposit
- Awarded 'Bank of the Unbanked' by Institute of Bankers Pakistan
- Semifinalist in European Microfinance Awards



- Rebranding from Waseela Microfinance Bank to Mobilink Microfinance Bank



- Rebranding from Mobicash to JazzCash
- Total number of branches 35
- Total number of booths 16
- Launch of NFC payments
- Launch of Internet Banking services
- Began disbursing loans directly to mobile wallets



- 9% increase in total depositors
- 19% increase in investments
- Awarded 'Bank of the Unbanked' by Institute of Bankers Pakistan



- Total number of branches 100
- Launch of Commercial Vehicle Loan
- Launch of Bint-E-Hawa
- Total Branchless Deposit 17.4 Billion
- Awarded 'Digital Microfinance Bank of the Year' by the CFA Society
- Titled 'Stable Outlook' by PACRA and excluded from PACRA's watchlist





CORPORATE LEADERSHIP

Board of Directors



Aamir Hafeez Ibrahim

Chairman Board of Directors

With his diverse cross-functional experience in Strategic Marketing & Sales, Stakeholder Management, and Corporate Strategy, Aamir possesses an impressive track record of performing in leadership roles not just in Pakistan but internationally in Thailand, the UK, UAE, Switzerland, and the USA as well. Currently, the CEO of telecommunication giant PMCL (Jazz), Pakistan, Aamir is a highly motivated leader with a proven capacity to develop organizations and drive revenue in the telecom and automotive industry.



Salman Sarwar Butt

Independent Director

With over 29 years of experience in Retail & Consumer Banking, including leadership roles in renowned organizations such as GPI, ABN AMRO Bank, Royal Bank of Scotland, NIB Bank, and Citibank, Salman is currently serving as the Chairman of Green Peak International. He has a Bachelor's degree in Arts, Economics, and Religious Philosophy from Oberlin College and a Diploma in Economics from the University of Kent.



Gabor Kocsis

Director / Non-Executive

Mr. Gabor is currently serving as Chief Financial Officer at Jazz and has vast experience in the field of finance in the telecom industry. He has served at top-level positions in different organizations including Kyivstar, Telenor Pakistan, Telenor Serbia, Telenor Hungary, and Telenor Group.



Aatiqa Lateef

Independent Director

Aatiqa Lateef is a diversified business strategist with international experience in delivering long-term value in corporate strategy, legal management, governance, and stakeholder relations. She has held progressive roles in the Technology and Financial Services sectors. With 20 plus years of experience, Aatiqa currently leads Policy for Uber Pakistan and serves on the Industry Advisory Board of Habib University. She has previously served two terms as Director of the Board of Khushhali Microfinance Bank. Aatiqa holds a Doctorate of Jurisprudence (JD) and an MBA from South Texas College of Law, Houston, and Texas A&M University.



Ghazanfar Azzam

Chief Executive Officer

Ghazanfar is one of the leading bankers in Pakistan with many achievements to his credit in the commercial, consumer, retail, SME, and micro-banking segments which include the establishment and successful operations of two leading nationwide microfinance banks in Pakistan i.e. FINCA in 2008 and Mobilink Microfinance Bank in 2012. Mobilink Microfinance Bank, backed by VEON, a global tech giant, is a hybrid model combining MSME with mobile, digital & agent-based banking offering loans, savings, remittances, utility bill collection, mobile wallets, insurance, G2P & B2P payments through an alliance with Pakistan's largest telecom operator, Jazz, under the brand name JazzCash.

Ghazanfar began his banking career with HBL, Pakistan's largest commercial bank, and moved on to work with some of the best private sector commercial banks including Union Bank, Prime Commercial Bank, and Bank Alfalah. Before transitioning to microfinance, Ghazanfar also worked with Shore Bank International (Now Enclude) as a senior consultant and Head of the SME downscaling USAID-funded WHAM project from 2005 to 2007.

Ghazanfar is a fellow of the Institute of Bankers Pakistan and also a recipient of the prestigious Hubert Humphrey Fellowship for 2000-2001 at Penn State University, PA. As part of this fellowship, he attended a course in International Finance at the World Bank Institute in Washington DC in March 2001. He did his Master's in Business Administration from IBA, Punjab University in Lahore, Pakistan.



Elias Yazbeck

Director / Non-Executive

Elias Yazbeck is VEON's Group Director, Head of Growth and Partnership. He is responsible for driving the company's strategy and execution to identify and scale digital venture opportunities across its 9 operating markets.

In addition to his Group-wide responsibilities, Elias acted as interim CEO of JazzCash - VEON's fastest Mobile Financial Services venture in Pakistan. JazzCash is Pakistan's leading mobile wallet with more than 12 million monthly active users.

Elias was previously Facebook's Head of Finserv Partnership and Market Development for EMEA following spells at Mastercard and as a management consultant, where he honed his expertise in payments, technology, and - more broadly - growth and turnaround strategies.

A French national with Lebanese origins, Elias is passionate about technology and its transformative impact on the lives of people, particularly those in developing countries. He holds a Master's in M&A from London's CASS Business School and a Bachelor of International Commerce from the ESCE in Paris.



Erwan Gelebart

Director / Non-Executive

Erwan Gelebart is currently CEO of JazzCash. He holds vast experience in the Fintech arena and he has also advised various organizations on their growth strategies across different industries by establishing and leveraging industry-specific thought leadership.

Management Team



Ghazanfar Azzam

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Mobilink Microfinance Bank now operates with a network of 100 branches and over 100,000 branchless banking agents across the country. JazzCash is playing a leading role in digitizing payments in Pakistan. Under Ghazanfar's leadership, Mobilink Microfinance Bank won two consecutive 'Bank of The Unbanked' awards in 2019 and 2020 by Pakistan Banking Awards jointly administered by the Institute of Bankers Pakistan, A.F. Ferguson, and Dawn Media Group, under the supervision of the State Bank of Pakistan.

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Samiha Ali Zahid

Chief Human Resource Officer

Samiha brings over 16 years of cross-functional experience in organizational development, staffing, human resource management, and corporate communications. She specializes in developing cohesive and high-performing teams that contribute towards business goals and employee career advancements.

Samiha holds a Master's degree in Public Administration and is a Certified Trainer. She has a proven track record of promoting a positive brand image by leading the digital thought leadership portfolio and employer branding initiatives resulting in high employee productivity and retention.



Muhammad Asim Anwar

Chief Business Officer

Asim has over 20 years of experience across diverse roles and industries. He successfully leads the MMBL workforce across various locations in the country and is involved in mobilizing field operations while achieving bank revenue targets through the introduction of quality portfolios, diversified business products, and effective client management.

Asim has a Master's degree in Business Administration from the College of Business Administration in Lahore, Pakistan.



Sana Tariq

Chief Legal & Corporate Affairs Officer, Company Secretary

Barrister Sana has vast experience in the microfinance banking sector that includes joint ventures, mergers & acquisitions, managing the board of directors, and advising shareholders. She has advised on the governance of various microfinance banks and also served as the Ethics & Compliance Officer. Prior to her current role, she practiced law and was invited to the Bar at Lincolns Inn.

Sana holds a Master's degree in Law and is enrolled at Lincolns Inn and the High Court of Sindh.



Syed Sajjad Qayyum Ashraf

Chief Service Quality

Sajjad is a seasoned banker having worked in different commercial and microfinance banks for over three decades in various positions, including leadership roles. He has been with MMBL since 2012 and has led different functions ranging from operations, business, credit, compliance, service quality, policy & procedures, procurement, and administration. Sajjad's expertise covers key banking areas that include product development, strategic planning/business initiatives, and team building. He has worked across all formats of credit i.e. corporate, SME, consumer, and microfinance.

Sajjad has several degrees and certifications including MBA, LLB(Pb.), D.A.I.B.P. and has attended a number of professional courses on banking, finance, and management in the country and abroad.



Faisal Mahmood

Chief Information Officer

Faisal is a banking technology professional with over 18 years of work experience in specialized areas that include digital transformation and business process re-engineering. He has meticulous exposure to core banking systems, alternate delivery channels, mobile/digital financial systems, enterprise technology governance, and process automations. He has served in various mid to senior management positions in notable commercial and microfinance banks such as ABN AMRO, MCB, FINCA, Waseela, and NRSP.

Faisal is a graduate of the Punjab University in Lahore, Pakistan.



Shahid Umar

Chief Ethics & Compliance Officer

Shahid possesses diverse professional experience that spans over 20 years in various roles that include leading compliance operations in telecommunication and financial sectors, managing and advising on commercial law, business ethics, regulatory, litigation, risk assessment, settlements, and much more. He has worked on several local and global initiatives for establishing compliance and structuring compliance programs. At MMBL, Shahid has been handling periodic audits and inspections, monitoring and assessing risks, filing incident reports, and overseeing corporate investigations. To his credit, he is a certified compliance and ethics professional and trainer on diverse topics such as anti-money laundering (AML) and anti-bribery practices (ABP).

Shahid holds a Master’s degree in Law from Karachi University, Pakistan.



Syed Umar Viqar

Chief Bank Operations

Umar brings over 25 years of experience in operational and strategic roles in local and multinational banks both within Pakistan and international markets.

He has worked in multiple prestigious organizations such as ANZ Grindlays, Union Bank, Standard Chartered Bank, Dubai Islamic Bank, Summit Bank, U Microfinance Bank, and Allied Bank. He was a key team member in the establishment of two prominent microfinance banks in Pakistan – MMBL & U Microfinance Bank. He not only contributed to the structuring of centralized operations of various banks and their branch operations, but also set up operations of various branchless banking brands such as MobiCash (now JazzCash), UPaisa, and MyABL Wallet.

Umar is an experienced banker with expertise in digital banking and has rich insights in managing strategic operations and sales within commercial and microfinance banking spheres. Additionally, he has a track record of innovative and creative contributions that have had significant positive outcomes on customer experience and shareholder value.

Umar holds a Master’s degree in Business Administration from Allama Iqbal Open University, Islamabad, Pakistan.



Sardar Mohammad Abubakr

Chief Finance & Strategy Officer

Abubakr has over 19 years of diverse experience in leadership and business attained through his work across Europe and Asia. He has worked in multiple senior/CXO roles, both at Group as well as Opco level.

In his last role as Chief Digital & Strategy Officer at Telenor Pakistan, he led the JV deal for Easypaisa with ANT Financial, scaled gaming, AgriTech, EdTech, and insurance services to over 100% YoY revenue growth with 10 million customers. Additionally, he won the ITU Global Innovation Award for his work with startups. He has also worked as the Interim Chief Finance Officer for Telenor, Group Finance Manager in Norway, Chief Transformation Officer, and Head of Internal Audit. He also headed the Business Controls and Assurance at Cable & Wireless Communications in Maldives where he launched the country's first-ever e-billing service. His career began in 2001 with PwC where he was involved in numerous engagements including SME Bank, FFCL, and PTCL.

Abubakr is a professionally qualified accountant (UK), a graduate of the Harvard Business School Digital Strategy Program (DIGS), the Strategy Execution Program (INSEAD), in addition to being an IT governance & control professional.



Ayyaz Haideri

Chief Branchless Banking Operations

Ayyaz is a seasoned professional with 13 years of experience in branchless banking and telecommunications. He has successfully delivered several key projects such as Easypaisa, HBL Express, and JazzCash, showcasing his diverse skillset and leadership abilities. His role in these projects involved overseeing product development, systems & processes, frontend & backend operations, and deployment. A notable project of his career is the management of JazzCash operations that includes over 28 million digital wallets, and 100,000 merchants. He also has experience managing alternative delivery channels for MMBL.

Ayyaz is a Business Graduate from the University of Central Punjab, Lahore.



Khurram Adeel

Chief Internal Auditor

Khurram brings more than 15 years of professional experience in the financial services industry. His vast experience ranges from Accounts/Finance to Audit & IT/Risk Consultancy with prominent organizations including Jazz, HBL, Askari Bank Ltd., and Banque Saudi Fransi (Riyadh, KSA).

Khurram's professional qualifications include a Master's degree in Professional Accountancy from the University of London (UK). He is a qualified Accountant (ACCA-UK), a Member of ISACA (CISM), and a Member of the Institute of Internal Auditors (CIA). He is also a member of the Internal Audit Working Group for Pakistan Banks' Association (PBA).

Management Team



Seated (L to R): Ghazanfar Azzam, Samiha Ali Zahid

Standing (L to R): Shahid Umar, Sardar Mohammad Abubakr, Faisal Mahmood, Ayyaz Haideri,
Syed Umar Viqar, Syed Sajjad Qayyum Ashraf, Khurram Adeel, Muhammad Asim Anwar





MMBL as a Digital Thought Leader

As the engine powering the leading digital mobile wallet in the country, JazzCash, with a branchless banking network of over 100,000 agents, MMBL is the largest digital bank in the country.

Our tagline 'Mera Fone Mera Bank' signifies our strategic focus on digitization of financial services by emphasizing how a phone is all one needs to avail banking services through our brand.

Since its inception, MMBL has been on a mission to support a financially inclusive Pakistan using the latest in digital and banking technologies.

Our cutting-edge digital banking solutions are allowing millions of unserved and underserved Pakistanis to access financial services and work towards their economic empowerment.

We believe that by leveraging the power of digital, we can transform lives, uplift communities, and change the economic landscape of Pakistan.

We aim to be the digital thought leaders in our country; blazing new trails on the digital highway, creating the spark for pioneering digital ideas, setting the pace for the digitalization drive of industries, igniting the digital creativity of businesses and entrepreneurs, and fostering a holistic digital ecosystem that will propel Pakistan towards an increasingly bright, digital future.



MMBL as an Employer of Choice

At MMBL, we recognize that all our achievements and successes to date have been made possible through the initiative and team effort of our family of MMBL employees.

As an Employer of Choice, MMBL aims to attract and retain the top talent in the industry. Our compensation packages are designed to reward our employees adequately for their efforts and are regularly revised to ensure market parity.

Our Human Resources strategy is aimed at creating an engaging, meaningful workplace based on respect and empowerment of our colleagues. We nurture our employees to become leaders who make decisions and are responsible for the way they want to work. We invest in the professional development of our employees through regular skill-building training sessions and workshops. A robust mechanism for merit-based grade promotions offers employees opportunities for growth and career fulfillment.

Our organizational culture centers on inclusivity and equality of opportunity for all, where hard work and initiatives are recognized and rewarded without considerations of gender, race, or religion.

As women empowerment leaders, our HR policies have been aligned to lend maximum support to our female employees and create a workplace that is safe, secure, and facilitating.

Our award-winning Humqadam program is a one-of-a-kind initiative where batches of differently-abled professionals, whose disabilities otherwise make it challenging for them to break into the corporate world, are recruited as part of a 3-month intensive training program at MMBL. The program places them in different departments across the organization per their qualifications and allows them to develop essential financial, digital, and professional skills that are sought after in the job market today. It is a testament to the effectiveness of Humqadam, and the initiative and will to succeed that it ignites in its participants, that several of the program graduates have been retained for permanent positions at MMBL based on merit.

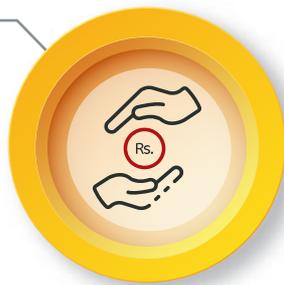
We believe in making our employees feel part of a large family where their needs, aspirations, and efforts are recognized and respected. Our employees are our most important brand ambassadors and it is their satisfaction with being part of the MMBL family that makes us know that we are an employer of choice.

Products & Services

Deposits

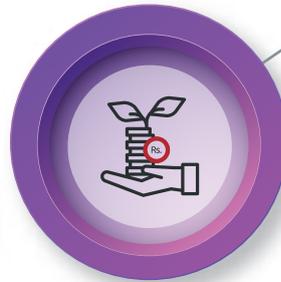
Bachat Account

A product aimed at supplementing the income of salaried or self-employed people.



Assan Current / Savings Accounts

A product designed to help low-income, unbanked, and underbanked people open and activate accounts in a cost-effective and hassle-free manner.



Mustakbil Term Deposit

This product offers an increasing rate of interest, longer deposit periods, and simple liquidity options with no early withdrawal penalties.



Bint-e-Hawa

A product geared toward women's financial empowerment that enables women from a variety of fields and backgrounds to open current or savings accounts in their names to gain access to a variety of banking benefits and services within a few hours of applying.



Loans



Karobar Loan

A product designed to facilitate micro-enterprises and small businesses to scale business operations by meeting their working capital requirements.



Tractor Loan

A product geared towards facilitating individuals involved in transportation and agricultural work.



House Loan

An offering tailored to aid people in the purchase or construction of new houses or in renovation / addition on to their existing homes.



Passbook Loan

A product for micro-entrepreneurs to help them scale their agri-farming businesses and purchase agricultural assets.



Commercial Vehicle Loan

A product for entrepreneurs wishing to purchase new or used vehicles for business operations or rental use.



Livestock Loan

A product designed to provide financial support to livestock business owners.



Fori Cash / Fori Cash Plus Loan

A product designed for entrepreneurs involved in trade, production, manufacturing, service, agriculture, and livestock raising to fulfill their immediate cash needs.



Khushhal Kissan Loan

A product designed to provide financial support for agricultural and livestock businesses.



Key Strategic Focus

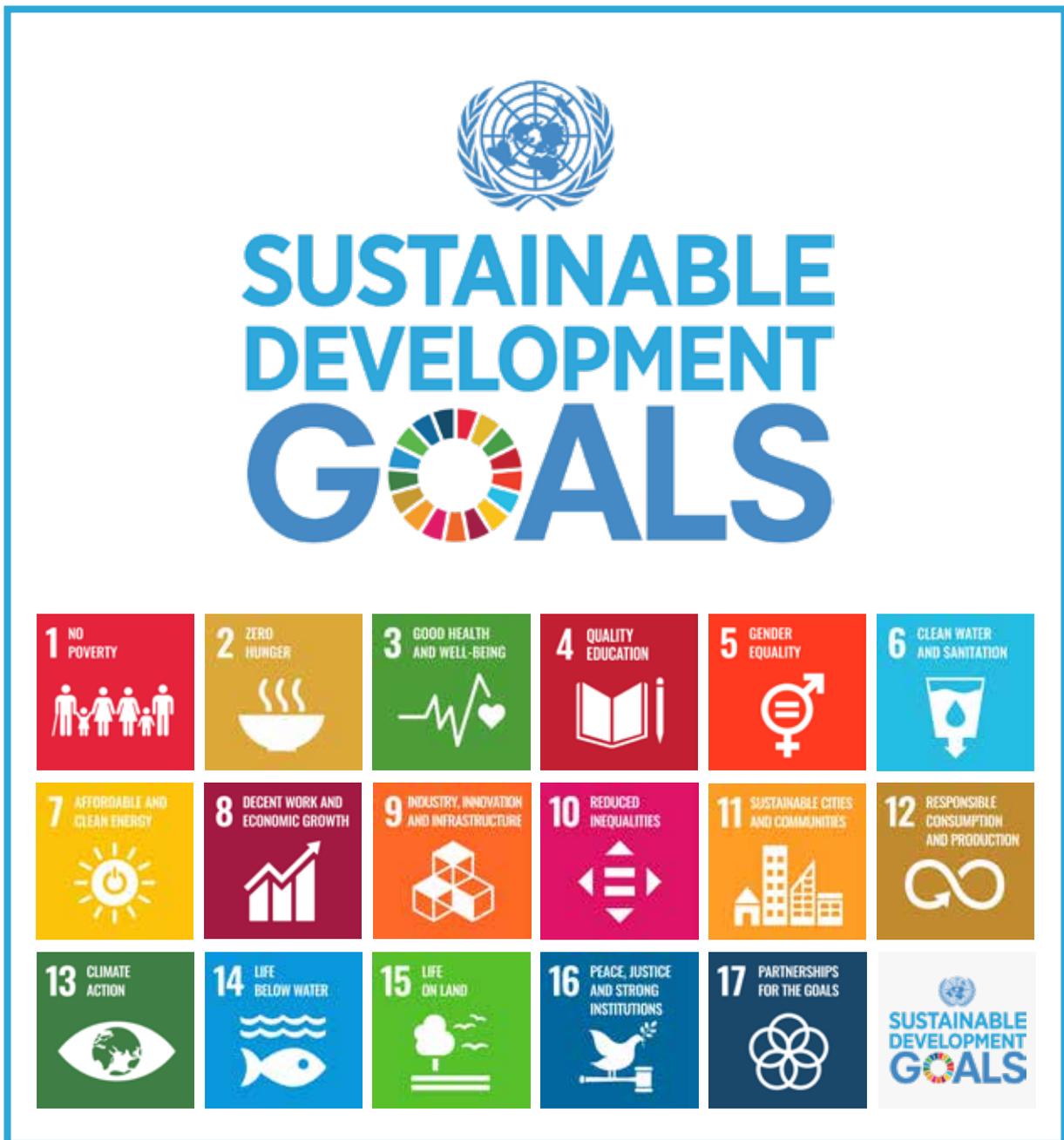


Sustainability Strategy

As a socially responsible corporate citizen and the leading digital bank in the country, we understand the power we possess to impact millions of lives through our business outreach.

Our work impacts areas spanning from education, agriculture, infrastructure development to women empowerment, poverty alleviation and equal opportunities for all.

We are consistently working towards building a financially inclusive Pakistan via the power of digital banking thereby helping the nation achieve sustainable progress in key developmental areas. We believe in diligently playing our part and contributing towards Pakistan's efforts in helping achieve the UN SDGs.



Women Empowerment: MMBL's Key Priority



MMBL understands that a nation cannot progress without its women standing side by side with its men in every sphere of life. For a developing country like Pakistan, where 49% of the population is comprised of females, the economic participation of women is a must to push the wheel of progress.

We understand the need to empower women and we intend to play our part to the maximum effect through fostering financial inclusion of women and enabling them to become successful entrepreneurs and business leaders.

Under our flagship Women Inspirational Network (WIN) initiative, we aim to empower women through a powerful set of purpose-driven actions.

To facilitate our female borrowers and ease their path to financial inclusion, MMBL aims to design female-centric products to address the specific financing needs of women and allow them to overcome the barriers restricting their access to finances. In tandem with this step, we have a number of inclusive initiatives planned to allow females from rural areas and villages to comfortably visit our branches and engage freely in dialogue and information exchange to improve their financial literacy, in addition to availing financial services.

Under WIN, MMBL will partner with key stakeholders across different industries to collaborate on projects aimed at upskilling female entrepreneurs by arranging training workshops, financial and digital literacy programs, and targeted awareness campaigns. We will also regularly engage with government intermediaries and state regulators in policy dialogues and will actively participate in any government-led initiatives for women empowerment.

The success stories of our female borrowers will be highlighted across all our media platforms to encourage other women to become financially empowered as well and realize their dreams.

Our gender-inclusive HR policy was created within the company to help our female workers maximise their job satisfaction and reach their full professional potential. **Mobi-Circle** is an exclusive forum for MMBL's female employees to explore and resolve workplace opportunities and challenges, as well as to facilitate cross-functional learning, promote networking opportunities, provide mentoring, and foster capacity growth.

MMBL is a proud champion for women in the workplace and beyond!



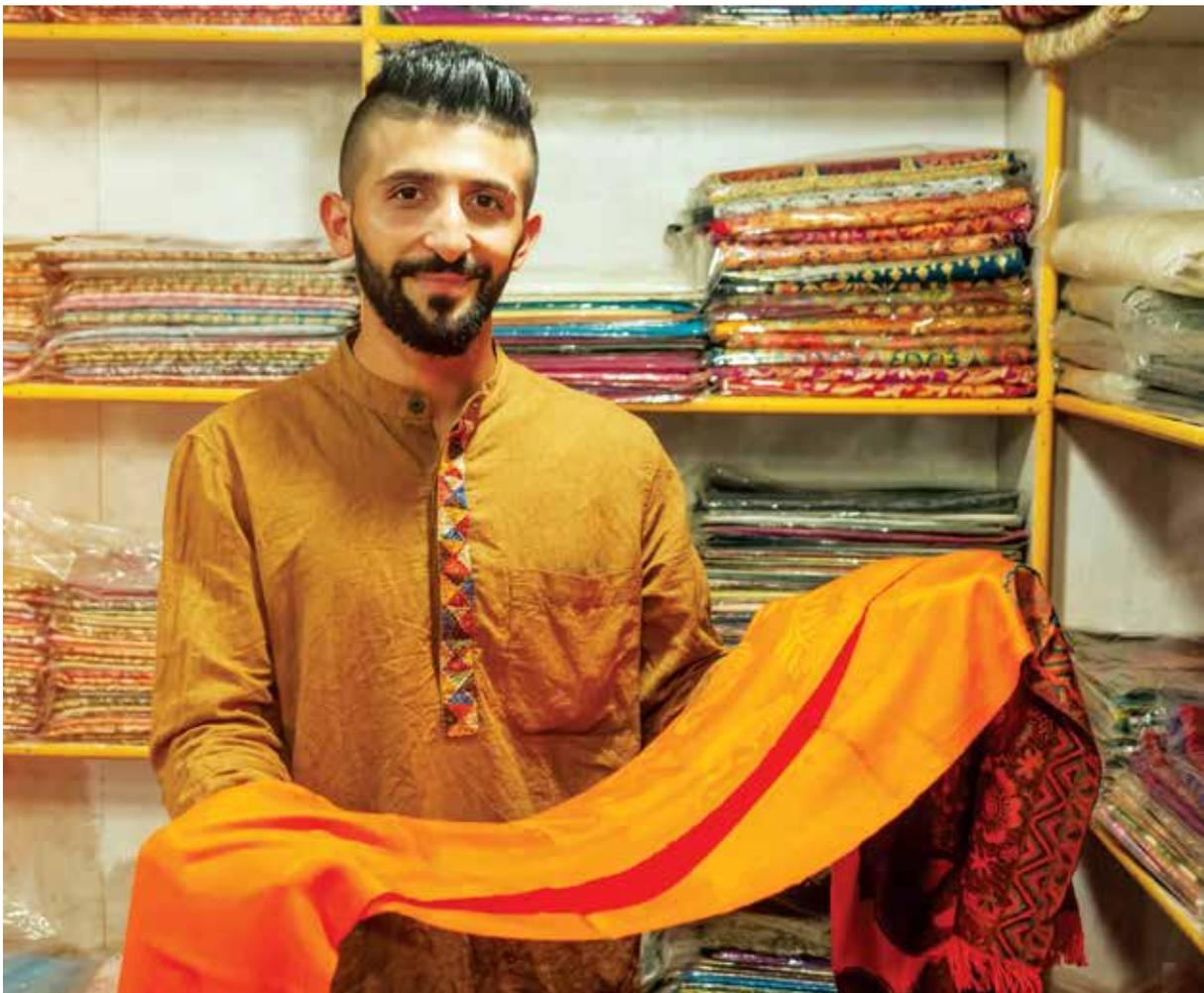
Uplifting SMEs

The SME sector in Pakistan contributes approximately 35% to the Gross Domestic Product (GDP) and 25% to the overall exports of the country. With over 3.3 million unique SME enterprises comprising of manufacturing units, service providers and startups that employ almost 80% of the nation's non-agricultural workforce, the importance of the sector to Pakistan's developing economy cannot be stressed enough.

Unfortunately, the tremendous potential that the SME sector possesses to redefine the entire socio-economic landscape of the country remains untapped due to lack of a supportive ecosystem. It is especially difficult for SME enterprises to obtain financial services from the traditional banking system due to their undocumented nature and inability to provide good collaterals.

MMBL understands the transformative effect the SME sector can have on the country's economy if allowed to grow and develop to its full strength. To realize our vision of a financially inclusive and prosperous Pakistan, we are particularly focused on uplifting the country's SME enterprises and providing them with the financial assistance they need to become a strong economic backbone for the country.

Our product portfolio caters to the unique needs of business owners and entrepreneurs operating in the SME sector and provides them with solutions that are not only financially empowering but designed to be sustainable and uplifting in the long-term. With consistent effort, we are confident that MMBL will make a notable mark on the SME landscape of Pakistan and facilitate economic empowerment for all.





Housing Finance

A nation's labor force is the economic engine that propels the country's economy forward on the road to progress and it is essential to ensure that it is well taken care of and allowed to perform at its peak potential. Access to food, clean water, education, healthcare, and equal opportunities is necessary for the prosperity and well-being of the population. Equally important is to ensure that families have basic housing facilities available to them and enjoy good living conditions.

Unfortunately, it is estimated that almost 20 million people in Pakistan are homeless and are currently living in slums or temporary housing where they face health issues due to unhygienic conditions and lack access to clean water and other essential living requirements.

While striving to uplift almost 35% of the population that lives under the poverty line and providing them with economic opportunities and venues for gainful employment, it is imperative that efforts are made alongside to provide them with basic elements essential for a good living including reasonable housing.

Recognizing this need, the government has recently launched Naya Pakistan Housing Scheme that aims to provide families from middle to lower socio-economic strata with low-cost financing to buy or build their own homes. MMBL has also made the promotion of housing finance a key strategic priority for the organization going forward, contributing towards the national agenda.

We want to help our customers in realizing the dream of owning their own homes through easy, sustainable housing finance facilities and play our part in uplifting the country's economy.



Customer Services & Complaint Handling

Customer service and satisfaction are primary concerns for the bank. Mobilink Microfinance Bank strives to entice new customers and retain existing ones through prompt and efficient service provision. Customer complaints provide crucial feedback and help identify issues and shortcomings in a company's products or services. This feedback is essential for improving our processes and quality of service to enhance the customer experience at MMBL.

We acknowledge the importance of fast and effective complaint resolution and strive towards professional excellence by facilitating our customers as promptly as possible. To achieve this, we have implemented a Centralized Complaint Management System (CMS) across all our operations – branch as well as branchless – that receives multi-channel complaints through Call Centers, e-mail, Letters, In-Person visits, Website, and SBP. The CMS helps capture, track and manage complaints and records the actions taken by the respective teams for problem-solving, and produces/extracts relevant MIS as well. Additionally, the system also monitors the automatic escalation of unresolved complaints to address all raised issues promptly.

As the largest digital bank in the country, MMBL currently maintains over 28 million customer accounts, catering to the banking needs of a significant chunk of Pakistanis from all walks of life. During 2020, the bank received 170,389 complaints, all of which were resolved within an average time of 4 working days.

Mobilink Microfinance Bank is committed to enhancing its Customer Experience through several tangents, including but not limited to the following:

- The Queue Matic Solution is in place at specific MMBL branches, providing effective and timely services.
- Specific branches have been provided with digital screens to display material relevant to Customer Awareness to help customers stay updated on market scams and fraudulent activities.
- MMBL carries out an annual Mystery Shopping activity that helps identify areas of improvement and gauges the customer experience at various branches.
- The guidelines for quality customer services are regularly disseminated to all staff members at the bank for current, customer-centric practices.
- The Customer Experience survey is carried out regularly through different channels including SMS, E-mail, Website, Calls & Field Staff Engagement activities to gather candid customer feedback.
- New staff members receive customer dealing/etiquettes, fair treatment of customers, complaint handling, and SQ standard training before directly interacting with our customers. Additionally, 1 annual customer services training is mandatory for all bank staff.
- Customer awareness programs are carried out at all MMBL branches as well as the website to facilitate informed decisions on the customer's end and to protect them from fraudulent activities.

Success Stories

Asif's success story is a testimony to the remarkable potential that financial inclusion features and is one to help people dream big, for their dreams can now materialize faster than they think.

In the small district of Pasrur, Sialkot, Asif Ali labored day in and day out to keep his fruit shop running amidst the unfortunate economic downfall that hits the rural citizen harder than the most. As the sole breadwinner of his family, he was under immense pressure to retain a stable source of income lest his children go hungry.

Despite being a skilled fruit vendor, hardworking PKReconomy, diving headfirst into the anxieties and troubles of unemployment that plague so many people across Pakistan. For some time, he struggled greatly to make ends meet and put food on the table.

Asif's passion lay in fruit-mongering and he held on to his desire to own a business while taking work in a small fruit shop, earning minimum wage to barely scrape by. The experience, however, proved quite valuable as it lent Asif the unique opportunity to witness the do's & don'ts to running a successful business, firsthand. Under the continued guidance of his employer, Asif's affiliation with the fruit business grew stronger and he was more certain than ever that the best course for him was to run his store again.

His ambitions lacked the financial nudge that was necessary to get his venture off the ground, and so he continued to work on a meager wage. His fortunes turned, when in the year 2017, the loan officer from Mobilink Microfinance Bank, Pasrur, reached out to him, offering the capital he needed to realize his dreams.

In the first loan cycle, Asif Ali was granted PKR 100,000 which he used to launch his store and set up a stock of high-quality fruit. He maintained an affable relationship with the Bank during this time and repaid the loan in a timely and professional manner.

Almost immediately after that, Asif proceeded to apply for the second loan cycle which he used to further enhance his operations and assure quality products for his consumers. Things were now looking up, his anxieties about having an empty dastarkhwan were a thing of the past. Asif currently happens to be in the third loan cycle with the Bank.

"I worked hard and had the will to be successful but I could not have done it all without the Bank's continued support. With MMBL on my back, I am bound to progress even more", says Asif, the content borrower.

Financial empowerment of the masses ought to be the prime priority of the government and financial institutions in a country like Pakistan where only 21% of the population is banked and poverty is rampant. Serving the unserved will not only add more people in the financial landscape of Pakistan but also improve prospects for them to be more educated, have better access and affordability for healthcare services, and enjoy a fulfilling life with reduced inequalities. Journeys like Asif's are a testament to the unique power of transformation that microfinancing holds.

In Pakistan, as per the Asian Development Bank, the male proportion of employed population below \$1.90 Purchasing Power Parity (PPP) per day in 2019 is 2.2% and its 2.7% for females. Financing and other efforts to boost the entrepreneurial landscape in Pakistan needs to continue further if we are to improve our rankings here and enhance poverty statistics for Pakistan.

Asif has recently installed a juicer machine at his shop and has multiplied his revenue considerably by twinning the loan borrowed with his hard work and perseverance. He continues to lead on the journey to make his life better, and his children's more prosperous.

In the ongoing era, when digital is the 'new normal', Asif's family continues to benefit from digital financial services and uses JazzCash for sending and receiving payments when needed. This has not only helped reduce the hassle in his work and save time, but also allowed more efficient as well as faster transactions while also aiding Asif in broadening the horizon of his work. Asif plans to further digitize his shop by offering online fruit delivery soon and receive payments through his digital wallet.

As a leading financial services provider, MMBL is largely focused on creating synergy between the rural and urban masses by connecting them through conventional as well as digital products and services, aiming to empower every Pakistani by being a catalyst of sustainable change.





Waseem Ullah, resident of Pashtun Chari district Nowshera, was a brilliant student growing up. However, due to financial constraints and to support his aging father, Waseem had to abandon his studies right after 10th grade.

Being the only son and eldest amongst his siblings, Waseem became the sole breadwinner for his family and started working as a laborer, at a meagre wage, in one of the livestock farms in the neighborhood. Notwithstanding the difficulties of his circumstances, Waseem kept up an entrepreneurial spirit and continued looking for ways to supplement his earnings to better support his family members.

While working on the livestock farm, Waseem gained invaluable experience and knowledge about the business and earned the respect and trust of his employer. In recognition of his hard work, he was allowed to purchase two calves of his own and keep them on the farm. He sold them both later at a high price and earned a profit. This was the spark Waseem needed. He now aspired to have a farm of his own but lacked the initial capital to jumpstart his business idea.

As per World Bank's Global Findex 2017 – a comprehensive database on financial inclusion statistics across 140 countries, Pakistan has the third largest unbanked population in the world after China and India. A staggering 100 million Pakistani adults lack access to formal financial services.

Waseem's fortunes turned when in the year 2017, Mobilink Microfinance Bank, Peshawar Branch, reached out to him and explained how availing microfinance services can help turn his dream into a reality. Excited about the prospects, Waseem applied for MMBL's Livestock Loan and was granted an initial amount of PKR 100,000 for the purchase of livestock and to convert the backyard of his home into an animal shed.

Microfinance banks stand at the crossroads for supporting the cause of financial inclusion in Pakistan. Combined with the outreach made possible by the advent of digital financial technologies, the latent power of microfinance for implementing the financial inclusion agenda is unprecedented.

Using the loan, Waseem quickly set up his own business of rearing and selling livestock. He repaid his first loan on time and applied for the second loan cycle immediately after. Throughout the tenure of his loan, Waseem maintained a healthy, stable relationship with the bank and saw exponential growth in his business.

With every successive loan cycle, Waseem kept on increasing the size of his livestock herd and was able to install a fodder crushing machine on his farm as well. He was also able to multiply his revenue stream by starting a small-scale dairy farm for milk production and sale.

Through his relationship with MMBL, not only was Waseem able to establish a successful business but after becoming economically empowered, he decided to continue his studies; he passed his intermediate examinations as a private candidate and later enrolled himself in a distance learning program offered by Allama Iqbal Open University (AIOU), leading to graduation. His two younger sisters are also getting their formal education from a local school.

Waseem is currently in the 4th annual consecutive cycle of his loan with MMBL, a testament to the power of microfinance in helping budding entrepreneurs set up sustainable, successful businesses. Financial inclusion enabled Waseem to stand up on his own feet and lead an empowered life, allowing him to make his own decisions and choose a future of his liking.

"I am indebted to Mobilink Microfinance Bank for helping me during my bad days and lending support for sustaining my business & education", says Waseem.

Microfinance Institutions have a major role to play in countries like Pakistan. As per UNDP's Human Development Report 2020, 38.3% of the population is multidimensionally poor, while another 12.9% are classified as vulnerable to multidimensional poverty. By leveraging the power of digital in the right way, microfinance banks can play a transformative role in narrowing financial inequalities and supporting inclusive communities.

Waseem's story is a testament to the positive impact of microfinance activities and how these interventions facilitate financial inclusion for all.

Sadaf Amir, a mother of two, runs a successful cloth selling and stitching business in Islamabad. Her story is a testament to the phenomenal role that financial inclusion, powered by digital banking technology, can play in transforming lives.

Sadaf's husband was the sole breadwinner of the family but had limited income. Sadaf's father-in-law used to help support their family but after he passed away, their financial resources became severely constrained, and Sadaf was required to work to help supplement the household income.



Trusting her entrepreneurial skills, Sadaf decided to step into the business of clothing in 2016. She started by visiting multiple areas in her vicinity to market her products and stitching services. Eventually, she was able to find customers and take in her initial orders. Owing to her hard work and determination, Sadaf was able to build strong connections with her clients and earned a positive repute for her quality work and timely services.

Sadaf had set up her operations with a single, old sewing machine, and on customer demand, used to sell unstitched fabric as well. However, despite consistent efforts, she was barely able to break-even, let alone achieve profit.

Sadaf knew she had to step up her game and understood the dire need of her business to attract investments. On the search for financial aid, she came across Mobilink Microfinance Bank, Islamabad, and asked for an initial capital push of PKR 100,000, which she needed to expand her venture.

Upon receiving the required payment, she was able to purchase a new sewing machine and other necessary raw material. Soon, Sadaf was able to make her first profit figure of PKR 18,000 since the inception of her business and finally, her family was able to breathe a sigh of relief.

Sadaf repaid her first loan on time and applied for the second loan cycle immediately after.

Throughout the tenure of her loan, she maintained a healthy, stable relationship with the bank and saw substantial growth in her clothing business. With every successive loan cycle, Sadaf kept expanding her business and was able to multiply her revenue by adding more products to her operations. Her business was now gaining momentum & a regular monthly profit was being generated.

Last year, when the world was plagued by the COVID-19 pandemic and businesses started suffering because of the subsequent lockdowns, Sadaf's venture also got affected. It was then that Sadaf decided to leverage the power of digital technology and bring her payments online.

Although the pandemic negatively impacted her profitability, Sadaf kept her entrepreneurial spirit high and applied for a third loan cycle of PKR 150,000 to keep her business afloat. Using the funds, she not only purchased new stock but digitized her operations as well. She started using courier services to deliver her orders. Using Unstructured Supplementary Service Data (USSD) on her feature phone, Sadaf opened a JazzCash mobile wallet and began receiving payments digitally without the in-person hassle of cash transactions. Her business not only survived but started turning in healthy profits again.

While technology had initially been a last resort to keep her business afloat, Sadaf has now recognized the incredible outreach and convenience offered by digital banking solutions and has decided to continue using them, pandemic or not. She aims to buy a smartphone now to further expand the realm of her business and switch fully towards digital payment solutions, offering increased ease.

Sadaf is now running her business smoothly and is maintaining a healthy income for her family. She is also managing to save for her children's higher education and is a symbol of pride for her husband and family.

"I will forever be grateful to Mobilink Microfinance Bank for helping me broaden my horizons and providing financial support in my hour of need. Had the bank not supported me, I could never have achieved everything I now have", says Sadaf.

In a developing country like Pakistan, where women constitute almost half of the population, microfinance institutions have a major role to play in ensuring financial inclusion for all, particularly the underserved women.

One of the major priorities at MMBL is to engender equality in banking practices and reduce the gender divide in financial inclusion. Some recent examples include the introduction of Women Inspirational Network – a flagship program to promote women empowerment, Bint-e-Hawa – a female-centric deposit offering exclusively for women ranging from housewives to salaried professionals and entrepreneurs.

Directors' Report

For the year ended December 31, 2020

Aamir Hafeez Ibrahim

Chairman Board of Directors



On behalf of the Board of Directors, I am pleased to present the audited financial statements and Auditors' Report thereon, for the year ended December 31, 2020.

Performance Highlights:

In 2020, the 8th year of operations, the bank generated PKR 6,577 million in revenue, a growth of 20% over PKR 5,463 million in 2019. Profit before tax for the year was PKR 747 million, a 41% decrease from last year's PKR 1,266 million, Profit before tax for second half year of 2020 increased by 66% from PKR 446 million in 2019 (H2) to PKR 741 million in 2020 (H2) proving a positive outlook for the bank going forward. Net equity now stands at PKR 5,404 million growing 11% from PKR 4,859 million in the previous year. Total assets grew by 47% to PKR 56 billion from PKR 38 billion in 2019.

Operating with 100 branches, the bank achieved year-on-year growth of 61% and 60% in the loan and customer deposit portfolios respectively by enhancing the current branch network's productivity and delivering significant increase over the previous year's financial results while maintaining loan asset quality. The institution is geared towards further growth and expansion in the future, centered around its unique advantage as a key digital financial services provider.

Financial Highlights	2019	2020
	---- Amount in PKR '000' ---	
Net Mark-up/Interest Income	4,342,466	5,083,709
Provision against NPLs	(460,476)	(202,456)
Net Mark-up/Interest Income after provisions	3,881,990	4,881,253
Non-Mark-up / Non-interest Income	158,991	(105,592)
Total income	4,040,981	4,775,661
Non-Mark-up/Non-Interest Expenses	(2,775,288)	(4,029,139)
Profit/(Loss) before tax	1,265,693	746,522
Taxation	(344,860)	(216,203)
Profit/(Loss) after tax	920,833	530,319
Earnings per share (Rupees)	3.39	1.95

Indicators	2019	2020
Number of branches	74	100
Number of branchless banking agents	87,999	103,440
Active Borrowers	319,450	760,212
Gross Loan Portfolio (PKR in millions)	15,538	24,579
No. of Depositors	19,621,035	28,692,283
Deposits (PKR in millions)	29,225	46,807

In 2020, the bank continued to advance on its digital and strategic agendas now serving 760,000+ active loan clients (2019: 319,000+) and 28.5+ million deposit customers (2019: 19.5+ million and operating with 66 ATMs deployed nationwide). Going forward, further network expansion is planned along with a revamped strategy for digital financial services in 2021. To build capacity for efficient and effective growth, the bank invested in enhancement of core technology systems. AML/CFT and fraud management functions have been strengthened and a transaction monitoring system has been deployed to further strengthen the bank's capacity in light of increasing AML/CFT concerns globally. The bank is committed to the enforcement of AML/CFT guidelines and the deployed system has enabled the bank to perform real-time & offline screening against prescribed sanction lists with the capability of generating alerts and identifying suspicious transactions instantly. Platforms for human resource management, audit and risk management tools are also in the process of deployment.

Transfer to Reserve:

As per the requirements of the Microfinance Institution Ordinance, 2001 and the Prudential Regulations for Microfinance Banks issued by the State Bank of Pakistan, the Bank has transferred an amount equivalent to 20% of profit after tax to the statutory reserve PKR 106 million and 5% of profit after tax to the Depositors' Protection Fund PKR 26 million during 2020.

Controls Framework:

The Bank's management, being responsible to establish and maintain an adequate and effective system of internal controls and procedures, evaluates the effectiveness of the bank's internal control system and reviews significant policies and procedures. To make these functions more effective & independent Board Sub-Committees have been set-up to provide the necessary oversight.

Statement of Corporate Governance

The Directors are pleased to state that:

1. The financial statements prepared by the management of the bank present a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements.
4. The bank has followed all accounting standards as applicable to Microfinance Banks in Pakistan.
5. The system of internal control is sound in design and as a continuous process, efforts are made to effectively implement the internal control systems.
6. There are no doubts about the bank's ability to continue as a going concern.
7. The board has constituted the following five committees which have defined terms of reference:
 - Board Audit Committee (BAC)
 - Board Human Resources & Compensation Committee (BHRCC)
 - Board Information Technology Committee (BITC)
 - Board Risk Management & Compliance Committee (BRMCC)
 - Board Strategy Committee (BSC)

During the year, 5 board of directors meetings were held. The attendance of these meetings was as given below:

Names of Directors	Designation	Meetings attended
Mr. Aamir Hafeez Ibrahim	Chairman/ Non-Executive Director	5
Mr. Gabor Kocsis	Non-Executive Director	4
Mr. Ghazanfar Azzam	Executive Director	5
Ms. Aatiqa Lateef	Independent Director	5
Mr. Salman Sarwar Butt	Independent Director	4
Mr. Elias Yazbeck	Non-Executive Director	3
Mr. Erwan Gelebart	Non-Executive Director	1

Change in Composition in Board of Directors

Names of Outgoing Directors	Designation
Mr. Richard James	Non-Executive Director
Mr. Nadeem Raof Shaikh	Non-Executive Director

Names of Incoming Directors	Designation
Ms. Aatiqa Lateef	Independent Director
Mr. Salman Sarwar Butt	Independent Director
Mr. Elias Yazbeck	Non-Executive Director
Mr. Erwan Gelebart	Non-Executive Director

Principal Risk and Uncertainties:

Banking industry is one of the highly regulated industry in Pakistan. State Bank of Pakistan (SBP) does not only keep a regular eye on each and every unit of the industry by frequently inspecting affairs of the banks but has also put various stress indicators such as Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR), Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR).

During the year, the Bank remained compliant with all the regulatory requirements. In addition, the Bank also maintained high quality of its asset portfolio including investments and maintained industry standard liquidity, stress and delinquency ratios.

Events after Balance Sheet Date:

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Holding Company

Veon Microfinance Holding B.V is the holding company with its head office in Amsterdam, Netherlands, controlling 271,359,678 i.e. 99.99% shares (2019: 99.99%) of the Bank.

Pattern of Shareholding

The pattern of shareholding of the bank as at December 31, 2020, as required under section 236 of the Companies Ordinance, 1984 is as follows:

No. of shareholders	Shareholder(s)	No. of shares	% shareholding
2	Members of the Board of Directors	3	Less than 0.001%
1	Mr. Niaz Hussain Brohi	2	Less than 0.001%
1	Veon Microfinance Holding B.V	271,359,678	99.99%
4	-	271,359,683	100%

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) rating, as in the report published in April 30, 2021, is as follows:

	Previous – Oct 20	New – Apr 21
Long term	A	A
Short term	A1	A1
Outlook	Stable	Positive

Capital Adequacy Ratio

During the year the bank remained compliant with the statutory capital adequacy requirement.

Acknowledgements

On behalf of the Board of Directors, I would like to congratulate the management and employees of the bank on delivering the most impressive performance since inception and on the remarkable achievements which have led to the bank being recognized as a key player in the microfinance and branchless banking space. We would also like to express gratitude to the State Bank of Pakistan for continued support and guidance. I would also like to thank our customers for their confidence in us and reaffirm our commitment to maintaining the highest service standards, strong corporate governance and compliance in all our endeavors.

For and on behalf of the Board

Aamir Ibrahim,
Chairman – Board of Directors.

Dated: **April 8th, 2021**

Place: Islamabad

Auditor's Report



EY Ford Rhodes
Chartered Accountants
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Blue Area, P.O. Box 2388
Islamabad 44000, Pakistan

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INDEPENDENT AUDITORS' REPORT

To the members of Mobilink Microfinance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Mobilink Microfinance Bank Limited (the Bank), which comprise balance sheets at 31 December 2020 and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2020 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to the Board of Directors. We have nothing to report in this regard.



Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions



are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the balance sheet, the profit and loss account, the statement of comprehensive Income, the statement of changes in equity and the cash flow statement (together with the notes thereon) have been drawn up in conformity with the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Bank for the year ended 31 December 2019 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on 14 April 2020.

The engagement partner on the audit resulting in this independent auditors' report is Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants
Islamabad, Pakistan
Date: 27 April 2021

Financial Statements

For the year ended December 31, 2020



Mobilink Microfinance Bank Limited

Balance Sheet

As at December 31, 2020

	Note	2020	2019
-----Rupees-----			
ASSETS			
Cash and balances with SBP and NBP	8	3,674,148,710	2,187,973,424
Balances with other banks	9	5,425,344,104	10,830,601,597
Lending to financial institutions		-	-
Investments	10	12,073,885,361	5,252,109,674
Advances – net of provisions	11	24,223,738,951	15,072,876,354
Operating fixed assets	12	1,860,006,338	1,560,757,340
Other assets	13	8,625,937,688	3,129,116,474
Deferred tax asset	14	119,866,407	141,647,212
Total assets		56,002,927,559	38,175,082,075
LIABILITIES			
Deposits and other accounts	15	46,806,826,744	29,224,876,433
Borrowings		-	-
Subordinated debt		-	-
Other liabilities	16	3,791,975,773	4,090,960,329
Deferred tax liabilities		-	-
Total liabilities		50,598,802,517	33,315,836,762
Net assets		5,404,125,042	4,859,245,313
REPRESENTED BY:			
Share capital	17	2,713,596,830	2,713,596,830
Statutory reserve		622,404,030	516,340,244
Depositors' protection fund	5.8(b)	188,995,154	147,614,175
Unappropriated profit		1,878,179,840	1,480,440,643
		5,403,175,854	4,857,991,892
Surplus on revaluation of assets	18	949,188	1,253,421
Deferred grants		-	-
		5,404,125,042	4,859,245,313
MEMORANDUM / OFF-BALANCE SHEET ITEMS	19		

The annexed notes from 1 to 39 form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

Mobilink Microfinance Bank Limited
Profit and Loss Account
 For the Year Ended December 31, 2020

		2020	2019
	Note	-----Rupees-----	
Markup / return / interest earned	20	6,682,987,564	5,303,981,442
Markup / return / interest expensed	21	(1,599,278,571)	(961,515,684)
Net markup / interest income		5,083,708,993	4,342,465,758
Provision against non-performing loans and advances	11.3	(202,455,576)	(460,475,975)
Provision for diminution in the value of investments		-	-
Bad debts written-off directly		-	-
		(202,455,576)	(460,475,975)
Net markup / interest income after provisions		4,881,253,417	3,881,989,783
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income - net	22	(112,400,287)	79,245,758
Dividend income		6,770,285	75,109,486
Other income	23	38,107	4,635,404
Total non-markup / non interest income		(105,591,895)	158,990,648
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	24	(4,027,461,441)	(2,767,197,147)
Other provisions/ write-offs		-	-
Other charges	25	(1,678,049)	(8,090,646)
Total non-markup / non interest expenses		(4,029,139,490)	(2,775,287,793)
		746,522,032	1,265,692,638
Extra ordinary/ unusual items		-	-
PROFIT BEFORE TAXATION		746,522,032	1,265,692,638
TAXATION			
Current	26	(194,298,034)	(416,956,181)
Prior year		-	-
Deferred		(21,905,069)	72,096,247
		(216,203,103)	(344,859,934)
PROFIT AFTER TAXATION		530,318,929	920,832,704
Unappropriated profit brought forward		1,480,440,643	789,816,115
Profit available for appropriations		2,010,759,572	1,710,648,819
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		(106,063,786)	(184,166,541)
Capital reserve		-	-
Contribution to depositors protection fund		(26,515,946)	(46,041,635)
Revenue reserve		-	-
Proposed cash dividend PKR. Nil per share (2019: PKR. Nil per share)		-	-
Others		-	-
		(132,579,732)	(230,208,176)
UNAPPROPRIATED PROFIT CARRIED FORWARD		1,878,179,840	1,480,440,643
Earnings per share (Rupee)	31	1.95	3.39

The annexed notes from 1 to 39 form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

Mobilink Microfinance Bank Limited
Statement of Comprehensive Income
For the Year Ended December 31, 2020

	2020	2019
	-----Rupees-----	
Profit after taxation	530,318,929	920,832,704
Other comprehensive income	-	-
Total comprehensive income for the year	530,318,929	920,832,704

The annexed notes from 1 to 39 form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

Mobilink Microfinance Bank Limited
Statement of Changes in Equity
For the Year Ended December 31, 2020

	Capital reserves			Revenue reserves		Total
	Share capital	Statutory reserve	Depositors protection fund	Unappropriated profit		
	----- Rupees -----					
Balance at January 01, 2019	2,713,596,830	332,173,703	86,860,323	789,816,115		3,922,446,971
Profit for the year	-	-	-	920,832,704		920,832,704
Other comprehensive income	-	-	-	-		-
Total comprehensive income for the year	-	-	-	920,832,704		920,832,704
Transfers to statutory reserves	-	184,166,541	-	(184,166,541)		-
Transfer to Depositors protection fund						
- 5% of the profit after tax for the year	-	-	46,041,635	(46,041,635)		-
- return on investments	-	-	14,712,217	-		14,712,217
	-	-	60,753,852	(46,041,635)		14,712,217
Balance at December 31, 2019	2,713,596,830	516,340,244	147,614,175	1,480,440,643		4,857,991,892
Profit for the year	-	-	-	530,318,929		530,318,929
Other comprehensive income	-	-	-	-		-
Total comprehensive income for the year	-	-	-	530,318,929		530,318,929
Transfers to statutory reserves	-	106,063,786	-	(106,063,786)		-
Transfer to Depositors protection fund						
- 5% of the profit after tax for the year	-	-	26,515,946	(26,515,946)		-
- return on investments	-	-	14,865,033	-		14,865,033
	-	-	41,380,979	(26,515,946)		14,865,033
Balance at December 31, 2020	2,713,596,830	622,404,030	188,995,154	1,878,179,840		5,403,175,854

The annexed notes from 1 to 39 form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

Mobilink Microfinance Bank Limited
Cash Flow Statement
For the Year Ended December 31, 2020

	2020	2019
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	746,522,032	1,265,692,638
Less: Dividend income	(6,770,285)	(75,109,486)
	739,751,747	1,190,583,152
Adjustment for non cash items and other items:		
Depreciation on property and equipment	199,057,989	157,008,913
Depreciation on right-of-use assets	109,140,425	96,448,432
Amortization on intangible assets	232,662,899	97,754,816
Provision against non performing advances	202,455,576	460,475,975
Operating fixed assets written off	-	1,041,729
Provision for gratuity	569,157	750,000
Gain on disposal of operating fixed assets	(38,107)	(4,635,404)
Finance charges on lease liability	56,726,013	47,443,996
	800,573,952	856,288,457
	1,540,325,699	2,046,871,609
(Increase) / decrease in operating assets:		
Advances	(9,353,318,173)	(3,104,975,302)
Other assets (excluding advance taxation)	(5,372,344,839)	(984,229,450)
	(14,725,663,012)	(4,089,204,752)
Increase / (decrease) in operating liabilities:		
Bills payable	87,737,976	35,866,710
Deposits and other accounts	17,581,950,311	7,133,390,501
Other liabilities (excluding current taxation)	(546,814,587)	1,581,295,816
	17,122,873,700	8,750,553,027
Cash inflow from operations	3,937,536,387	6,708,219,884
Income tax paid	(318,774,409)	(437,707,456)
Net cash inflows from operating activities	3,618,761,978	6,270,512,428
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(6,807,339,151)	117,793,344
Dividend income	6,770,285	75,109,486
Investment in operating fixed assets	(574,334,447)	(627,232,730)
Sale proceeds of property and equipment disposed off	120,103	6,548,399
Net cash outflow from investing activities	(7,374,783,210)	(427,781,501)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability	(163,060,975)	(121,453,446)
Net cash outflow from financing activities	(163,060,975)	(121,453,446)
Net (decrease) / increase in cash and cash equivalents	(3,919,082,207)	5,721,277,481
Cash and cash equivalents at beginning of the year	13,018,575,021	7,297,297,540
	9,099,492,814	13,018,575,021
Cash and cash equivalents comprise of the following:		
Cash and balances with SBP and NBP	3,674,148,710	2,187,973,424
Balances with other banks	5,425,344,104	10,830,601,597
	9,099,492,814	13,018,575,021

The annexed notes from 1 to 39 form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

Mobilink Microfinance Bank Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

1 STATUS AND NATURE OF BUSINESS

Mobilink Microfinance Bank Limited (the Bank) was incorporated in Pakistan on November 29, 2010 as a public limited company under the then applicable Companies Ordinance, 1984 (Repealed by the Companies Act, 2017). The Bank obtained license for Microfinance operations from the State Bank of Pakistan (SBP) on September 12, 2011 to operate on a nationwide basis and received the certificate of commencement of business from Securities and Exchange Commission of Pakistan (SECP) on February 13, 2012 whereas certificate of commencement of business from SBP was received on April 20, 2012. The Bank also operates in the territory of Azad Jammu Kashmir (AJK) and has one branch in Muzaffarabad AJK.

The Bank has 100 business locations/touch points comprising of 100 branches (including 1 in Muzaffarabad AJK) and no booth/service centre (2019: 71 business locations/touch points comprising of 74 branches (including 1 in Muzaffarabad AJK) and no booth/service center) in operation. The Bank's registered and principal office is situated at Plot No. 3-A/2, F-8 Markaz, Islamabad, Pakistan. The Bank is a subsidiary of Veon Microfinance Holdings B.V (VMH) (the Holding Company), with effect from March 27, 2020 upon transfer of 99.99% shareholding in the Bank, from Global Telecom Holdings (GTH), being a transfer of control between entities held under common control. The transfer has been registered with SBP whereas the registration with SECP is completed on July 3, 2020. The Ultimate Parent of the Bank is Veon Limited.

The Bank's principal business is to provide microfinance banking and related services to the poor and under served segment of the society under the Microfinance Institution Ordinance, 2001. The Bank is also offering Branchless Banking Services through an agency agreement with Pakistan Mobile Communications Limited (PMCL), a related party, under the Branchless Banking license from the SBP.

2 BASIS OF PRESENTATION

These financial statements have been prepared in compliance with the format as prescribed under the Banking Surveillance Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

3.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017; and
- Directives issued by the SBP and the SECP.

Wherever the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017, or the directives issued by the SBP and SECP differ with the requirements of IFRS, the requirements of the Microfinance Ordinance, 2001, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide BPRD Circular letter No. 04, dated October 23, 2019 has deferred the applicability of International Financial Reporting Standard (IFRS - 9), "Financial Instruments" for financial Institutions till December 31, 2020. According to the notification of the SECP issued vide SRO 411(1)/2008 dated April 28, 2008, IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention except:

- Investments classified as held-for-trading and available-for-sale are measured at fair value.
- Right of use asset and lease liability initially measured at their present values.

4.1 Significant accounting estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments/estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying value of assets and liabilities that 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements relates to valuation and impairment of investments, advances, determination of useful lives of depreciable assets and intangible assets, provision for income taxes and other provisions which are discussed in following paragraphs:

a) Impairment of investments

Impairment in the value of investments is made after considering objective evidence of impairment. Provision for diminution in the value of investments is made as per the Regulations issued by SBP.

b) Provision against advances

The Bank reviews its micro credit loan portfolio to assess amount of non-performing advances and provision required there against on regular basis. While assessing this requirement, the Regulations of SBP are taken into consideration.

c) Taxation

The Bank takes into account the current income tax law and decisions taken by the taxation authorities. Those amounts are shown as contingent liabilities wherein, the Bank's views differ from the views taken by the taxation authorities at the assessment stage and where the Bank considers that its view on items of material nature is in accordance with law.

d) Operating fixed assets/ intangible assets / useful life

Estimates of residual values and useful lives of operating fixed assets and intangible assets are reassessed annually and any change in estimate is taken into account in the determination of depreciation/amortization charge and impairment loss. Changes in estimates are accounted for over the estimated remaining useful life of the assets.

e) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events would have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

f) Lease term and effective interest rate for recognition of lease contracts

The Bank determines the lease term as the non-cancellable period of lease, together with periods covered by an option to extend and terminate the lease, if the Bank is reasonably certain to exercise that option at the time of entering the contract. Further, the Bank uses incremental borrowing rate to discount the lease payments to measure lease liability at the time of entering the contract.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with SBP/National Bank of Pakistan (NBP) and other banks/Non-Banking Financial Institutions (NBFIs)/Microfinance Banks (MFBS).

5.2 Investment

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Bank. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred or the Bank has transferred substantially all the risks and rewards of ownership.

Investments of the Bank are classified into the following categories:

a) Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market/ interest rate movements. These securities are disposed off within 90 days from the date of their acquisition. These are marked to market and surplus/ deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by SBP.

b) Held to maturity

Investments with fixed maturity, where management has both the intention and the ability to hold to maturity, are classified as held to maturity. Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account effective interest rate method. Profit on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

Premium or discount on acquisition of held to maturity investments is amortized through profit and loss account over the remaining period till maturity.

c) Available-for-sale

Investments which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available for sale. Available-for-sale investments are initially recognized at cost and subsequently measured at fair value. Profit on available-for-sale investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The surplus/(deficit) arising on revaluation of available for sale investments is kept in "surplus/(deficit) on revaluation of assets" through statement of comprehensive income. The surplus/(deficit) arising on these investments is taken to profit and loss account, when actually realized upon disposal of the investment.

5.3 Advances

Advances are stated net of provision for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more are classified as non-performing loans (NPLs). The unrealized interest/profit/ markup/service charges on NPLs is suspended and credited to interest suspense account. Further the NPLs are divided into following categories:

a) Other assets especially mentioned

These are advances in arrears (payments/instalments overdue) for 30 days or more but less than 60 days.

b) Substandard

These are advances in arrears (payments/instalments overdue) for 60 days or more but less than 90 days.

c) Doubtful

These are advances in arrears (payments/instalments overdue) for 90 days or more but less than 180 days.

d) Loss

These are advances in arrears (payments/ instalments overdue) for 180 days or more.

In addition the Bank maintains a Watch List of all accounts overdue for 5-29 days. However, such accounts are not treated as non-performing for the purpose of classification/ provisioning.

In accordance with the Regulations, the Bank maintains specific provision of outstanding principal net of cash collaterals and Gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

Other assets especially mentioned	Nil
Substandard	25% of outstanding principal net of cash collaterals
Doubtful	50% of outstanding principal net of cash collaterals
Loss	100% of outstanding principal net of cash collaterals

In addition to above, a general provision is made equivalent to 2% (2019: 2%) of the net outstanding balance (advances net of specific provisions) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan.

General and specific provisions are charged to the profit and loss account in the period in which they occur.

Non-performing advances are written off one month after the loan is classified as "Loss". However, the Bank continues its efforts for recovery of the written off balances.

5.4 Operating fixed assets

a) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the items and restoring on which they are located, if any.

Depreciation is charged on the straight line method at rates specified note 12.1 to the financial statements, so as to write off the cost of assets over their estimated useful lives.

Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of deletion.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to profit and loss during the year.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts. Gains are recognized within "other income" while losses are recognized in administrative expenses in the profit and loss account.

b) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

c) Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at rate specified in note 12.2 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

5.5 Deposits

Deposits are initially recorded at the amount received. Markup accrued on deposits, if any, is recognized separately as part of other liabilities and is charged to the profit and loss account over the period.

5.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or below equity/other comprehensive income in which case it is recognized in equity or below equity/other comprehensive income.

Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Instances where the Bank's view differs from the view taken by the income tax department at the assessment stage, the amounts are shown as contingent liabilities.

a) Current

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, taking into account tax credits, rebates and tax losses, if any, and any adjustment to tax payable in respect of previous years.

b) Deferred

Deferred tax is accounted for on all major taxable temporary differences between the carrying amounts of assets for financial reporting purposes and their tax base. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. At each balance sheet date, the bank reassesses the carrying amount and the unrecognized amount of deferred tax assets.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply for the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted till the balance sheet date. Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus/(deficit) arising on such revaluation.

5.7 Staff retirement benefits

a) Provident fund

The Bank participates in a defined contribution provident fund for its eligible employees. Monthly contributions are made by the Bank and its employees at the rate of 10% of basic salary. The Bank's obligation for contribution to the provident fund scheme is recognized in the profit and loss, as incurred.

b) Gratuity

The Bank maintains provision of gratuity for all contractual employees, according to the agreement signed with HRSG Outsourcing (Private) Limited, an outsourcing company. Gratuity equivalent to one month's last drawn basic salary for each completed year of service is paid to outgoing employees with at least 1 year of past service rendered.

5.8 Reserves

a) Statutory reserve

In compliance with the related regulatory requirements, the Bank is required to maintain statutory reserve to which an appropriation equivalent to 20% of the profit after tax is required to be made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is to be reduced to 5% of the profit after tax.

b) Depositor's protection fund

The Bank is required under the Microfinance Institutions Ordinance, 2001, to contribute 5% of annual after tax profit and profit earned on investments of the fund to be credited to depositors protection fund for the purpose of providing security or guarantee to persons depositing money in the Bank.

c) Cash reserve requirement

In compliance with the related regulatory requirements, the Bank is required to maintain a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenor of less than 1 year) in a current account opened with the State Bank or its agent.

d) Statutory liquidity requirement

In compliance with the related regulatory requirements, the Bank is required to maintain liquidity equivalent to at least 10% of its total demand liabilities and time liabilities with tenure of less than one year in form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan Sukuk bonds. Treasury bills and Pakistan Investment Bonds held under Depositor Protection Fund are excluded for the purpose of determining liquidity.

5.9 Provisions

A provision is recognized when, and only when, the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.10 Contract liability

The contract liabilities of the Bank comprises of advance payments received from customers in respect of which services are yet to be rendered by the Bank.

5.11 Foreign currency transactions

The financial statements are presented in Pakistani Rupee, which is the Bank's functional currency. Transactions in foreign currencies are translated into Pak Rupee at exchange rate on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange approximating those ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

5.12 Revenue recognition

a) Markup/income on advances

Markup/income/return/service charges on advances is recognized on accrual/time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the loan products. Markup/income on advances is collected with loan instalments. Due but unpaid service charges/income are accrued on overdue advances for period up to 30 days. After 30 days, overdue advances are classified as non-performing and recognition of unpaid service charges/income ceases. Further, accrued markup on non-performing advances are reversed and credited to suspense account. Subsequently, markup recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations.

b) Income from investments

Markup/income on investments is recognized on accrual/time proportion basis using the effective interest method. Where debt securities are purchased at premium or discount, those premiums/discounts are amortized through profit and loss account over the remaining period of maturity.

c) Fee, commission and brokerage income

Fee, commission and brokerage income is recognized in the profit and loss account to the extent of services rendered. Any advance payments received from customers for which services are yet to be rendered by the Bank, are recognized as contract liability in the financial statements.

d) Income from inter bank deposits

Income from inter bank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

e) Dividend income

Dividend income is recognized when the Bank's right to receive the dividend is established.

f) Gain/loss on sale of operating fixed assets

Gain on sale of operating fixed assets are recognized under other income in the profit and loss account.

Loss on sale of operating fixed assets are recognized under administrative expenses in the profit and loss account.

g) Gain/loss on sale of investments

Gains and losses on sale of investments are recognised in the profit and loss account.

5.13 Financial instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or historical cost, as the case may be.

a) Financial assets

Financial assets are cash and balances with SBP and NBP, balances with other banks/NBFLs/MFBs, lending to financial institutions, investments, advances and other assets. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost. Investments classified as held for trading and available for sale are valued at year end prices and investments classified as held to maturity are stated at amortized cost.

b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include deposit and other accounts and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the year in which it arises.

5.14 Off-setting

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

5.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

5.16 Markup bearing borrowings

Markup bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition markup bearing borrowings are stated at original cost less subsequent repayments.

5.17 Grants

The grant related to an asset is recognized in the balance sheet initially as deferred income when grant is received or there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it. Grants that compensate the Bank for expenses incurred are recognized as revenue in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

5.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS, if any is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at December 31, 2020 (2019: nil).

5.19 Right-of-use assets and their related lease liability

Right-of-use assets

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

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

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

Lease liability against right-of-use assets

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

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

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

5.20 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

The annual improvements to IFRSs that are effective from the current year

- IFRS 3 Business Combinations - Definition of a Business (amendments)
- IAS 1 & Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and
- IAS 8 Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)
- IFRS 16 Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- IFRS 14 Regulatory Deferral Accounts - Original issue

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of these standards/amendments did not have any material impact on the Bank’s financial statements.

5.21 Standards, interpretations of and amendments to published approved accounting standards that are not effective in the current year

- a) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank:

		Effective date (annual periods beginning on or after)
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 01, 2021
IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 01, 2022
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	January 01, 2022

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

The Bank expects that the adoption of the above amendments will have no material effect on the Bank's financial statements.

- b) The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	January 01, 2021

IFRS 9 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 1 January 2021. IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit losses model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The bank is in process of assessing the impact of application of IFRS 9 on the Bank's financial statements.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

	Effective date (annual periods beginning on or after)
IFRS 1 First Time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 Insurance contracts	January 1, 2021

The Bank expects that the adoption of the above standards will have no material effect on the Bank's financial statements, in the period of initial application.

6 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2019.

7 EFFECTS OF COVID-19 ON FINANCIAL STATEMENTS (FINANCIAL RISK MANAGEMENT)

The COVID-19 Pandemic has affected people and organizations across the globe in terms of the economic activities & earning capabilities. This has resulted in severe negative financial positions of the businesses, corporates/commercial entities and individuals alike. Banks being the supplier of capital to businesses have also been impacted due to decline in business activities.

To manage the economic situation, the Bank under the guidelines of SBP has provided relief & alternative mechanisms/measures via alternatives including online banking facilities, loans rescheduling/restructuring, complaints handling, cash withdrawal, funds transfer etc. the Bank is also conducting reviews of portfolios for the emerging risks during COVID-19.

Government & SBP have taken the pertinent measures to support the banks as well as the borrowers in this crucial time. These relief measures include reduction in interest rates, availability of liquidity to the market, loans rescheduling/restructuring, elimination of fees on funds transfers etc.

Specific impacts related to risk categories are briefed as following:

7.1 Credit risk and asset quality

The credit risk has increased due to the COVID-19 as the economic activities have declined across the country leading to decline in cash-flows and repayment capacity of the borrowers. As the global studies suggest, the Bank expects the negative economic impacts of the pandemic to continue even after COVID-19 ends as it will take time for businesses to adapt to new normal.

The Bank has strengthened its credit administration function, loan portfolio procedures and reviews, portfolio analysis and management information system (MIS) for management. Besides the control measures, the Bank leveraged its digital lending platform that has been operational since early 2019, to continue to serve its customers in an efficient and controlled manner.

The measures by SBP for restructuring and rescheduling of loans have provided relief to the borrowers as well as to banks to manage the cash-flows, loan portfolio quality, loan losses and income. Potential impact of COVID-19 on credit risk is difficult to quantify with accuracy at this point in time due to uncertain economic environment, however, the Bank Management is confident that the Bank's existing general provision (refer to note 11.2), is sufficient to cater to the credit risk emanating from this pandemic. The Bank has been maintaining specific provision as per SBP Prudential Regulations & General Provisions well above the required regulatory limit.

7.2 Liquidity risk

The liquidity exposure of the Bank has been impacted mainly due to deferment of the loans and decline in loan recoveries. The maturity profile of the Bank assets have resultantly increased. The Bank ALCO monitors the liquidity situation on continuous basis with sufficient MIS and portfolio reviews. The digital alternatives offered by the Bank for banking have been pivotal in terms of managing the liquidity exposure. Digital payments via the Bank Internet Banking, Branchless Banking and ATMs have led to reduced cash withdrawal needs by customers and increase in digital transactions. The Bank has and is servicing its customers via these alternative service delivery channels with minimal impact on its liquidity.

Besides the above, the Bank is maintaining its funds in high quality & liquid assets. Statutory ratios of cash reserve requirement (CRR) and statutory liquidity requirement (SLR) are maintained optimally. ALCO monitors the liquidity position on ongoing basis along with evaluating various scenario analysis for liquidity exposures. Accordingly, the Bank Management is confident that the liquidity situation maintained by the Bank is sufficient to cater to any adverse movement in the Bank's liquidity.

7.3 Equity risk

The Bank does not have any investment in equity shares and accordingly is not exposed to equity risk.

7.4 Operational risk

The Bank is closely monitoring the situation and has invoked required actions to ensure the safety and security of the Bank's staff and uninterrupted service to customers. Business Continuity Plans (BCP) for respective areas are in place with thorough testing.

The Bank has significantly enhanced its information security posture and monitoring of cyber security exposures since COVID-19's impact. Remote work capabilities were enabled for major part of the staff and only necessary staff was required to come to the Bank. Branch Staff was also kept at minimum level to service customers with Government implemented SoPs and health facilities. Control measures were assessed to ensure that the Bank's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. Cyber traffic of the Bank has been actively monitored and managed to assess trends/behaviors besides implementing various tools & measures to manage the information security exposures.

Customer awareness was enhanced via various mediums by communicating with customers on how they can connect with the Bank through its full suite of channels including digital and online. The Bank has been taking measures in creating awareness in this critical time for smooth banking experience while also updating customers on fraud risks, scams and how to prevent them. The Bank has taken appropriate measures to ensure that service levels are available and maintained, customer complaints are resolved, turnaround times are monitored and the Bank continues to meet the expectations of its employees and customers.

7.5 Capital and capital adequacy Ratio (CAR)

The Bank is sufficiently capitalized and is maintaining its Capital and CAR well above the regulatory requirements.

		December 31, 2020	December 31, 2019
		----- Rupees -----	
8	CASH AND BALANCES WITH SBP AND NBP	Note	
	Cash in hand - Local currency	775,854,032	646,081,183
	Balance with State Bank of Pakistan (SBP)	2,781,538,762	1,530,331,292
	Balance with National Bank of Pakistan (NBP)		
	- Current accounts	116,755,916	11,560,949
	- Deposit accounts	-	-
		3,674,148,710	2,187,973,424

8.1 This includes balance held with SBP in a current account to comply with the requirement of maintaining minimum balance equivalent to 5% (December 31, 2019: 5%) of the Bank's demand deposits and time deposits with tenure of less than one year.

		December 31, 2020	December 31, 2019
		----- Rupees -----	
9	BALANCES WITH OTHER BANKS	Note	
	In Pakistan		
	- on current accounts - Local currency	6,465,697	6,465,697
	- on saving accounts - Local currency	5,418,878,407	3,324,135,900
	- on term deposits accounts - Local currency	-	7,500,000,000
		5,425,344,104	10,830,601,597
	- on current accounts - Foreign currency	-	-
		5,425,344,104	10,830,601,597

9.1 These carry markup ranging from 5.50% to 13.80% (December 31, 2019: 11.25% to 13.80%) per annum.

9.2 These carried markup ranging from 13.50% to 14.08% per annum, and matured on May 31, 2020.

9.3 These accounts are being maintained with Meezan Bank and United Bank Limited for the purpose of home remittance under Pakistan remittance initiative as approved by the SBP.

		December 31, 2020	December 31, 2019
		----- Rupees -----	
10	INVESTMENTS		
	Note		
	Available for sale		
	Federal Government Securities		
	Market Treasury Bills	12,072,548,477	5,250,344,293
	Surplus on revaluation of available for sale investments	1,336,884	1,765,381
		12,073,885,361	5,252,109,674

10.1 These represent securities with original maturity period of upto three months. Investment made during the year carry markup at the rates ranging between 6.29% to 13.42% (December 31, 2019: 13.05% to 13.69%) per annum. These also include securities with original maturity period of upto three months held for the purposes of Depositors' Protection Fund with a cumulative face value of amount of PKR 170 million (December 31, 2019: PKR 150 million).

10.2 In accordance with R-11C of the Prudential Regulations, available for sale securities have been valued on mark-to-market basis and the resulting surplus/(deficit) is kept in a separate account titled 'surplus/(deficit) on revaluation of investments' and is charged through statement of comprehensive income in accordance with the R -11 (c) "Treatment of surplus/(deficit)" of the Prudential Regulations.

		December 31, 2020	December 31, 2019
		----- Rupees -----	
Particulars of surplus on revaluation of available-for-sale investments:			
	Balance at the beginning	1,765,381	55,156,190
	Movement in revaluation of assets	(428,497)	(53,390,809)
	Balance at the end	1,336,884	1,765,381

		December 31, 2020		December 31, 2019	
		Number of loans outstanding	Amount of loans outstanding	Number of loans outstanding	Amount of loans outstanding
		Number	Rupees	Number	Rupees
11	ADVANCES - NET OF PROVISIONS				
	Micro credit				
	-Secured against gold	50,636	7,954,290,304	26,407	2,954,576,765
	-Unsecured	709,576	16,624,499,457	293,038	12,583,204,513
		760,212	24,578,789,761	319,445	15,537,781,278
	Less:				
	Specific provision	97,669	22,810,309	7,020	217,592,687
	General provision	611,907	332,240,501	291,965	247,312,237
		709,576	355,050,810	298,985	464,904,924
	Advances - net of provisions		24,223,738,951		15,072,876,354

11.1 Particulars of non-performing advances

Advances include PKR 68.5 million (2019: 584.7 million) which as detailed below, have been placed under non performing status.

		December 31, 2020		December 31, 2019	
Category of classification	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required
		Rupees			
OAEM	25,096,685	-	-	152,357,855	-
Substandard	11,759,784	2,939,946	2,939,946	131,105,790	32,776,447
Doubtful	23,527,459	11,763,730	11,763,730	232,930,071	116,465,035
Loss	8,106,633	8,106,633	8,106,633	68,351,205	68,351,205
	68,490,561	22,810,309	22,810,309	584,744,921	217,592,687

11.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 2% (2019: 2%) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan.

11.3 Particulars of provision against non-performing advances

December 31, 2020 December 31, 2019

	December 31, 2020		December 31, 2019	
	Specific	General	Specific	General
	----- Rupees -----			
Opening balance	217,592,687	247,312,237	64,079,380	221,348,395
Charge for the year	117,527,312	84,928,264	434,512,133	25,963,842
Amounts written-off	(312,309,690)	-	(280,998,826)	-
	(194,782,378)	84,928,264	153,513,307	25,963,842
Closing balance	22,810,309	332,240,501	217,592,687	247,312,237
	----- Rupees -----		----- Rupees -----	
	464,904,924		464,904,924	
	202,455,576		460,475,975	
	(312,309,690)		(280,998,826)	
	(109,854,114)		179,477,149	
	355,050,810		464,904,924	

11.4 Particulars of write offs

Against provisions
Directly charged to profit and loss account

	December 31, 2020	December 31, 2019
	----- Rupees -----	
	312,309,690	280,998,826
	312,309,690	-
	312,309,690	280,998,826

11.5 The SBP has advised vide circular letter No. 1 of 2020 dated March 26, 2020 to provide regulatory relief to borrowers to dampen the effect of COVID-19 for microfinance borrowers who were regular as on February 15, 2020 and subsequently vide circular no AC&MFD Circular Letter No. 7 dated August 10, 2020 has extended the eligibility of regular borrowers with effect from December 31, 2019. Accordingly, pursuant to the regulatory relief given by SBP to dampen the effects of COVID-19, the Bank has restructured/deferred 169,153 loans amounting to PKR 15,470 million (2019: Nil).

31 December 2019	31 December 2020
(Rupees)	(Rupees)
296,729,971	458,701,557
1,171,860,300	874,822,112
391,416,067	227,233,671
<u>1,860,006,338</u>	<u>1,560,757,340</u>

12 OPERATING FIXED ASSETS

Capital Work in progress - note 12.1
Property and equipment - note 12.1
Intangible assets - note 12.2

12.1 Property and equipment

	Cost			Depreciation			Net book value					
	At January 01	Additions	Adjustments /transfers	Disposals/ write offs	31-Dec-20	Charge for the year	At January 01	Adjustments /transfers	Disposals/ write offs	31-Dec-20	Rate per annum	
2020												
Leased assets												
Right of Use	552,478,146	265,857,860	-	-	818,336,006	109,140,425	90,776,884	-	-	199,917,309	618,418,697	10-20%
Owned assets												
Furniture and fixture	122,426,655	21,527,064	-	-	143,953,719	20,381,503	73,863,619	-	-	94,245,122	49,708,597	20%
Electrical, office and computer equipment	659,863,929	273,015,425	-	(2,107,250)	930,772,104	127,413,511	404,819,768	-	(2,025,254)	530,208,025	400,564,079	10-33%
Vehicles	76,758,831	13,577,293	-	-	90,336,124	20,641,169	33,399,477	-	-	54,040,646	36,295,478	25%
Leasehold improvements	137,615,308	31,340,956	-	-	168,956,264	30,621,806	71,461,009	-	-	102,082,815	66,873,449	25%
	<u>1,549,142,869</u>	<u>605,318,598</u>	-	<u>(2,107,250)</u>	<u>2,152,354,217</u>	<u>308,198,416</u>	<u>674,320,757</u>	-	<u>(2,025,254)</u>	<u>960,493,917</u>	<u>1,171,860,300</u>	
2019												
Leased assets												
Right of Use	382,093,047	176,056,647	-	(5,671,548)	552,478,146	96,448,432	-	-	(5,671,548)	90,776,884	461,701,262	10-20%
Owned assets												
Furniture and fixture	99,172,856	27,527,803	-	(4,274,004)	122,426,655	18,294,725	59,445,645	-	(3,876,751)	73,863,619	48,563,036	20%
Electrical, office and computer equipment	571,414,984	90,115,436	-	(1,666,491)	659,863,929	97,301,807	308,606,357	-	(1,088,396)	404,819,768	255,044,161	10-33%
Vehicles	56,908,893	27,087,552	-	(7,237,614)	76,758,831	20,629,413	18,308,986	-	(5,538,922)	33,399,477	43,359,354	25%
Leasehold improvements	85,169,977	58,974,233	-	(6,528,902)	137,615,308	23,103,395	54,605,932	-	(6,248,218)	71,461,009	66,154,299	25%
	<u>1,194,759,757</u>	<u>379,761,671</u>	-	<u>(25,378,559)</u>	<u>1,549,142,869</u>	<u>253,457,345</u>	<u>443,287,247</u>	-	<u>(22,423,835)</u>	<u>674,320,757</u>	<u>874,822,112</u>	

12.2.1 As required by BSD Circular No II of 2003, details of property and equipment disposed off during the year is disclosed in Annexure-I and forms integral part of these financial statements.

12.2 Intangible assets

	Cost			Amortization			Net book value				
	At January 01	Additions	Disposals/ write offs	Disposals/ write offs	At December 31	Charge for the period	At January 01	Disposals/ write offs	At December 31	Rate per annum	
December 31, 2020											
Software License	472,412,989	396,845,295	-	869,258,284	245,179,318	232,662,899	245,179,318	-	477,842,217	391,416,067	10-33%
	<u>472,412,989</u>	<u>396,845,295</u>	-	<u>869,258,284</u>	<u>245,179,318</u>	<u>232,662,899</u>	<u>245,179,318</u>	-	<u>477,842,217</u>	<u>391,416,067</u>	
December 31, 2019											
Software License	335,081,060	137,331,929	-	472,412,989	147,424,502	97,754,816	147,424,502	-	245,179,318	227,233,671	10-33%
	<u>335,081,060</u>	<u>137,331,929</u>	-	<u>472,412,989</u>	<u>147,424,502</u>	<u>97,754,816</u>	<u>147,424,502</u>	-	<u>245,179,318</u>	<u>227,233,671</u>	

12.2.1 This includes Temenos -24 (R-17) software with carrying value of PKR 19,583,594 (2019: 78,797,089) and remaining amortization period of 0.9 (2019: 1.9) years.

		December 31, 2020	December 31, 2019
		----- Rupees -----	
13	OTHER ASSETS		
	Income/markup accrued	4,461,564,125	2,395,761,571
	Advances, deposits and prepayments	250,993,243	166,032,475
	Advance taxation - net	127,593,169	3,116,794
	Branch adjustment account	581,571	-
	Receivable from related parties	3,063,720,809	71,380,556
	Inventory/printed stationary	25,435,542	10,715,459
	Crop and livestock insurance claims	265,823,200	265,708,860
	Others	430,226,029	216,400,759
		8,625,937,688	3,129,116,474
13.1	Advance taxation - net		
	Opening balance	3,116,794	(17,634,481)
	Tax paid	318,774,409	437,707,456
	Provision for taxation	(194,298,034)	(416,956,181)
	Closing balance	127,593,169	3,116,794
13.2	Receivable from related parties		
	Pakistan Mobile Communications Limited (PMCL)	3,063,720,809	71,170,686
	Business Communication System (Private) Limited	-	209,870
		3,063,720,809	71,380,556
13.3	This represents claims for the amount of insurance premiums lodged/to be lodged with SBP under crop loan insurance scheme and livestock insurance scheme for borrowers of the Bank.		
14	DEFERRED TAX ASSET	December 31, 2020	December 31, 2019
		----- Rupees -----	
	Arising in respect of following deductible temporary differences		
	Provision against non-performing advances	102,964,736	134,822,428
	Provision for gratuity	925,873	760,818
	Lease liability net of right of use assets	10,556,301	9,470,252
		114,446,910	145,053,498
	Arising in respect of following taxable temporary differences		
	Operating fixed assets	5,807,193	(2,894,326)
	Surplus on revaluation of available for sale investments	(387,696)	(511,960)
		5,419,497	(3,406,286)
		119,866,407	141,647,212

15	DEPOSITS AND OTHER ACCOUNTS	Note	December 31, 2020		December 31, 2019	
			Number	---- Rupees ----	Number	---- Rupees ----
	Time liabilities					
	Fixed deposits		378	10,240,596,621	1,087	6,706,676,219
	Demand Liabilities					
	Saving deposits		41,611	4,929,589,568	40,597	3,876,553,959
	Current deposits		415,485	2,205,914,379	316,511	1,420,782,576
	Branchless deposits					
	Saving		311,511	2,623,515,229	58,622	1,306,979,857
	Current		27,923,298	26,807,210,947	19,204,218	15,913,883,822
			28,691,905	36,566,230,123	19,619,948	22,518,200,214
			28,692,283	46,806,826,744	19,621,035	29,224,876,433
15.1	Particulars of deposits by ownership					
	Individual depositors		28,587,760	29,839,328,116	19,532,570	19,594,801,205
	Institutional depositors:					
	Corporations/Firms		1,094	6,513,393,147	454	7,255,696,559
	Banks and financial institutions		89	7,430,911,801	12	1,872,694,596
	Retailers		102,632	2,792,654,255	87,335	347,140,269
	Franchises		687	168,400,352	639	148,561,066
	Customer care centers		21	62,139,073	25	5,982,738
			28,692,283	46,806,826,744	19,621,035	29,224,876,433

15.2 Deposits include related parties balance amounting to PKR 149 million (2019: PKR 642 million) as disclosed in note 32.

16	OTHER LIABILITIES	Note	December 31,	December 31,
			2020	2019
			----- Rupees -----	
	Mark-up/return/interest payable on deposits		269,925,877	217,261,138
	Bills payable		241,480,726	153,742,750
	Accrued expenses		468,781,142	232,389,573
	Payable to related parties	16.1	223,769,081	204,246,532
	Provision for gratuity	16.2	3,192,666	2,623,509
	Taxes and levies withheld		165,250,088	215,363,180
	Payable to suppliers		354,443,586	156,963,719
	Bills collected for settlement through NADRA		-	672,172,970
	Uncollected remittances		1,103,795,249	937,931,841
	Lease liability on right of use assets	16.3	591,259,852	431,736,954
	Remittances		284,408,140	574,372,704
	Others		85,669,366	292,155,459
			3,791,975,773	4,090,960,329

16.1 Payable to related parties

Pakistan Mobile Communication Limited (PMCL)	221,286,958	201,764,409
Oracap - Global Telecom Holdings (GTH)	2,482,123	2,482,123
	223,769,081	204,246,532

16.2 Provision for gratuity

Opening balance	2,623,509	1,873,509
Charge for the year	569,157	750,000
Payment during the year	-	-
Closing balance	3,192,666	2,623,509

16.3 Lease liability on right-of-use asset

Lease liability as at January 1	431,736,954	329,689,757
Additions during the year	265,857,860	176,056,647
Accretion of interest	56,726,013	47,443,996
Payment of lease liability during the year	(163,060,975)	(121,453,446)
As at December 31	591,259,852	431,736,954

17 SHARE CAPITAL

Authorized capital

2020 Numbers	2019 Numbers			
300,000,000	300,000,000	Ordinary shares of PKR 10 each.	3,000,000,000	3,000,000,000

Issued, subscribed and paid-up capital

271,359,683	271,359,683	Ordinary shares Fully paid in cash of PKR 10 each.	2,713,596,830	2,713,596,830
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17.1 Veon Microfinance Holdings B.V (VMH) is the holding company controlling 271,359,678 i.e. 99.99% shares (December 31, 2019: 99.99% shares held by Global Telecom Holdings (GTH)) of the Bank (refer to note 1 for details).

December 31, 2020	December 31, 2019
------------------------------	-------------------

----- Rupees -----

18 SURPLUS ON REVALUATION OF ASSETS

Available for sale investments	1,336,884	1,765,381
Related deferred tax	(387,696)	(511,960)
	949,188	1,253,421

19 MEMORANDUM/OFF BALANCE SHEET ITEMS

19.1 Contingencies

There are no material contingencies as at year end (December 31, 2019: Nil).

		December 31, 2020	December 31, 2019
	Note	----- Rupees -----	
19.2 Commitments			
Operating fixed assets		115,081,631	39,640,000
Bank guarantee	19.3	110,000,000	100,000,000
Standby Letter of Guarantee	19.4	42,125,000	15,484,760
		267,206,631	155,124,760

19.3 This represents Bank guarantees issued by the Bank to Pakistan Railway against the online payment processing services.

19.4 This represents letter of guarantee issued by the Bank to Visa and Mastercard International Service Association for interbank settlement.

		December 31, 2020	December 31, 2019
	Note	----- Rupees -----	
20 MARKUP/RETURN/INTEREST EARNED			
Markup on advances		5,263,826,369	3,963,314,859
Income on investment in Government Securities		924,570,009	489,242,681
Markup on deposit accounts with treasury and other banks		494,591,186	851,423,902
		6,682,987,564	5,303,981,442

21 MARKUP/RETURN/INTEREST EXPENSED

Interest on deposits	21.1	1,599,278,571	961,515,684
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21.1 Markup expense on deposits includes amount of PKR 52 million (2019: PKR 39 million) in respect of deposit balances of a related party as disclosed in note 32.

		December 31, 2020	December 31, 2019
	Note	----- Rupees -----	
22 FEE, COMMISSION AND BROKERAGE INCOME - NET			
Loss from branchless banking	22.1	(595,911,114)	(260,667,555)
Commission from insurance companies	22.3	53,041,783	-
Loan processing fee		416,130,192	307,299,582
Others		14,338,852	32,613,731
		(112,400,287)	79,245,758
22.1 (Loss)/income from branchless			
Branchless banking income	22.2	4,518,357,049	6,107,258,187
Commission to retailer/franchisee		(4,560,487,626)	(4,680,354,706)
Commission to a related party-PMCL	22.4	(224,948,891)	(1,441,027,497)
NADRA charges related to branchless banking		(328,831,646)	(246,543,539)
		(595,911,114)	(260,667,555)

22.2 This represents the income from branchless banking operations (JazzCash formerly Mobicash) carried out by the Bank together with PMCL through agency agreement under SBP Branchless Banking Regulations. As per the agreement, Income from Jazz cash (Net of Agents commission) is shared between the Bank and PMCL in the ratio of 30:70 respectively.

22.3 This represents commission received from insurance companies against Life and Health insurance of the Bank's customers.

22.4 This represents PMCL's share in net fee income at the rate of 70% and 50% share in float.

**December 31,
2020**

December 31, 2019

----- Rupees -----

23 OTHER INCOME

Gain on disposal of fixed assets

38,107

4,635,404

23.1 This represents commission received from insurance companies against Life and Health insurance of the Bank's customers.

December 31, 2020

December 31, 2019

----- Rupees -----

24 ADMINISTRATIVE EXPENSES

Note

Salaries, allowances etc.

1,749,925,107

1,231,137,163

Contribution to defined contribution plan

81,316,266

55,550,907

Provision for gratuity

569,157

750,000

Non-executive directors' fees, allowances and other expenses

5,000,000

410,000

Training/Capacity building

4,552,242

11,833,119

Rent, taxes, insurance, electricity, etc.

228,004,826

212,075,608

Legal and professional charges

34,695,534

11,732,799

Communications

12,500,722

17,889,203

Repair and maintenance - Vehicle

23,453,967

22,245,221

Finance cost of lease liability on right of use assets

56,726,013

47,443,996

Stationery and printing

125,362,079

73,824,439

Advertisement and publicity

2,054,857

13,910,033

Auditors' remuneration

24.1

5,250,000

5,725,000

Depreciation

12.1

308,198,414

253,457,345

Amortization

12.2

232,662,899

97,754,816

Operating fixed assets written off

-

1,041,729

Travel and transportation

24,462,470

34,489,610

Repair and maintenance - General

34,051,404

34,806,758

NADRA verification charges

24.3

63,736,451

37,594,263

Bank charges

264,677,464

152,980,591

IT equipment and software maintenance

487,835,894

292,456,835

Security

104,569,141

68,196,838

Janitorial services

60,021,058

43,932,838

Office supplies

12,189,667

12,050,357

Entertainment

4,695,837

5,349,844

Other projects cost

57,326,538

10,807,000

Others

43,623,434

17,750,835

4,027,461,441

2,767,197,147

24.1 Auditors' remuneration

Audit fee		2,000,000	2,000,000
Fee for half yearly review		700,000	700,000
Fee for special audits/certifications	24.2	2,250,000	2,725,000
Out of pocket expenses		300,000	300,000
		5,250,000	5,725,000

24.2 This includes fee for audits of financial statements of AJK operations for the years 2020 and for certifications required for submission to SBP.

24.3 This includes verification charges of National Database and Registration Authority (NADRA) for verisys and eCIB charges of SBP.

December 31, 2020 December 31, 2019

----- Rupees -----

25 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	25.1	35,585	3,580,000
Loss on foreign currency transactions		-	2,644,639
Workers Welfare Fund - Sindh		1,642,464	1,866,007
		1,678,049	8,090,646

25.1 The charge of last year represents the penalties paid to the State Bank of Pakistan (SBP) in respect of certain instances of violations of the Anti Money Laundering/Combating The Financing of Terrorism regulations and related directives issued by SBP.

December 31, 2020 December 31, 2019

Note

----- Rupees -----

26 TAXATION

For the year

Current	194,298,034	416,956,181
Deferred	21,905,069	(72,096,247)
	216,203,103	344,859,934

26.1 Relationship between tax expense and accounting loss

Profit before taxation	746,522,032	1,265,692,638
Tax at applicable tax rate of 29% percent (2019: 29% percent)	29%	29%
	216,491,389	367,050,865
Effect of:		
- Prior years	-	-
- Permanent differences	-	1,579,342
- Income charged at different tax rate	(2,380,331)	(22,342,850)
- Others	2,092,044	(1,427,423)
	216,203,103	344,859,934

	2020			2019		
	Credit / Sales Staff	Banking / Support	Total	Credit / Sales Staff	Banking / Support	Total
At year end						
Permanent	821	767	1,588	823	573	1,396
Contractual/temporary	-	17	17	-	30	30
	821	784	1,605		603	1,426
Average during the year						
Permanent	822	670	1,492	651	-	651
Contractual/temporary	-	24	24	-	42	42
	822	694	1,516		42	693

28 PROVIDENT FUND TRUST

This represents the income from branchless banking operations (JazzCash formerly Mobicash) carried out by the Bank together with PMCL through agency agreement under SBP Branchless Banking Regulations. As per the agreement, Income from JazzCash (Net of Agents commission) is shared between the Bank and PMCL in the ratio of 30:70 respectively.

29 NUMBER OF BRANCHES/SERVICE CENTERS

	2020 (Number)	2019 (Number)
Beginning of the year	74	61
Opened during the year	26	13
Closed/Merged during the year	-	-
At the end of the year	100	74

30 REMUNERATION OF DIRECTORS AND EXECUTIVES

	President/Chief Executive		Director		Executives	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Fees	-	-	5,000,000	410,000	-	-
Managerial remuneration	19,070,832	17,695,554	-	-	287,660,477	215,308,761
Rent and house maintenance	270,000	270,000	-	-	52,544,079	38,632,930
Utilities	1,907,088	1,742,724	-	-	28,808,878	21,472,154
Relocation allowance	-	-	-	-	1,851,201	2,408,812
Conveyance allowance	-	-	-	-	3,602,176	2,573,220
Car allowance	-	-	-	-	29,604,941	17,858,623
Car maintenance	-	-	-	-	4,706,929	3,806,401
Contribution to defined contribution plan	1,907,086	1,742,724	-	-	27,855,951	20,786,131
Fuel allowance / reimbursements	-	-	-	-	9,727,864	8,099,382
Sales staff incentive	-	-	-	-	44,341,261	21,367,629
Meal Allowance	-	-	-	-	2,554,252	1,907,833
Transport Allowance	-	-	-	-	-	-
Training compensation	-	-	-	-	-	-
Bonus, prizes and rewards	9,720,000	9,000,000	-	-	75,406,984	31,387,553
	32,875,006	30,451,002	5,000,000	410,000	568,664,993	385,609,429
Number of persons	1	1	2	2	205	153

a) Executive means any employee whose basic salary exceed PKR 500, 000 (2019: PKR 500,000) per year.

b) The President/Chief Executive Officer and certain other executives are provided with free use of the Bank's owned and maintained cars in accordance with their entitlement as per rules of the Bank.

		2020	2019
31 EARNING PER SHARE (RUPEE)			
Profit after taxation - Rupees	A	530,318,929	920,832,704
Weighted average ordinary shares - Numbers	B	271,359,683	271,359,683
Earning per share - Rupees	A/B	1.95	3.39

32 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Bank's Ultimate Parent is Veon Limited (VL). Therefore, all subsidiaries and associated undertakings of VL are related parties of the Bank. Other related parties include directors, key management personnel (KMP) which include CEO and Head of Departments (HOD's) and entities under common directorship. All transactions involving related parties are subject to the approval of the Board of Directors. During the year, no transactions were entered into with the Holding Company and VL by the Bank. Significant transactions with the related parties other than those referred to in the foregoing entered into during the year are as follows:

		December 31, 2020	December 31, 2019
		----- Rupees -----	
Transactions during the year:	Relationship with related party		
Pakistan Mobile Communications Limited (PMCL)	Associated Company		
Payments made for expenses incurred on behalf of PMCL by the Bank		3,467,352,154	1,096,459,237
Payments made for expenses incurred on behalf of the Bank by PMCL		47,014,641	2,127,510
Payments made against defined contribution plan being employee and employer contributions		123,471,724	80,440,026
Deposits made during the year		17,433,359,673	25,111,930,127
Withdrawals during the year		17,910,088,081	24,992,811,412
Markup/return/interest expensed to PMCL		52,075,705	38,753,567
Deposit Mobilization Commission Paid		840,963,905	790,614,155
Branchless commission (Net of agents commission)		(616,015,014)	650,413,342
Employees' Provident Fund Trust			
Bank's contribution paid to the fund		61,596,747	55,550,907
Key Management Personnel			
Remuneration of key management personnel (KMP)	Key Management Personnel	142,421,955	75,946,895
Balances outstanding:	Relationship with related party		
Payable to Global Telecom Holdings (GTH)	Associated Company (Formerly Parent Company)*	-	2,482,123
Receivable from PMCL	Associated Company	3,063,720,809	71,170,686
Payable to PMCL	Associated Company	(221,286,958)	(201,764,409)
Receivable from Business Communication System (Private) Limited	Associated Company	209,870	209,870
Deposits accounts contain amounts relating to following related parties:			
Pakistan Mobile Communications Limited (PMCL)	Associated Company	119,880,536	614,764,579
Key Management Personnel	Key Management Personnel	29,272,507	26,854,694

*Refer to note 1

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.2 to these financial statements.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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).

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1.

b) Financial instruments in level 2

Financial instruments included in level 2 comprise of investment in market treasury bills.

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	Level 1	Level 2	Level 3
	----- Rupees -----		
December 31, 2020			
Financial assets measured at fair value			
Available for sale investments - Market treasury bills	-	12,072,548,477	-
December 31, 2019			
Financial assets measured at fair value			
Available for sale investments - Market treasury bills	-	5,250,344,293	-
Valuation techniques and inputs used in determination of fair values			
Item	Valuation techniques and inputs used		
Market treasury bills	Fair value of investment in market treasury bills is determined based on the rates / prices sourced from		

34 MATURITIES OF ASSETS AND LIABILITIES

	December 31, 2020			
	Total (Rupees)	Up to one month (Rupees)	Over one month up to six months (Rupees)	Over six months up to one year (Rupees)
Market rate assets				
Cash and Balance with SBP and NBP	3,674,148,710	-	-	-
Balances with other Banks/NBFIs/MFBS	5,425,344,104	-	-	-
Investments	12,073,885,361	1,180,658,600	10,893,226,761	-
Advances	24,223,738,951	6,701,015,799	4,910,950,277	9,970,881,120
Total market rate assets	45,397,117,126	16,981,167,213	15,804,177,038	9,970,881,120
Other non-earning assets				
Operating fixed assets	1,860,006,338	109,280	546,400	655,680
Other assets	8,625,937,688	4,542,856,715	3,470,222,945	124,127,571
Deferred tax asset	119,866,407	-	-	119,866,407
Total non-earning assets	10,605,810,433	4,542,965,995	3,470,769,345	124,783,251
Total assets	56,002,927,559	21,524,133,208	19,274,946,383	10,095,664,371
Cost/non-cost bearing liabilities				
Deposits and other accounts	46,806,826,744	37,856,050,572	7,449,057,500	1,025,766,000
Other non-cost bearing liabilities				
Other liabilities	3,791,975,773	1,927,245,018	1,694,674,114	94,153,270
Total Liabilities	50,598,802,517	39,783,295,590	9,143,731,614	1,119,919,270
Net assets	5,404,125,042	(18,259,162,382)	10,131,214,769	8,975,745,101
Represented by :				
Share Capital	2,713,596,830			
Statutory reserves	622,404,030			
Depositor's protection fund	188,995,154			
Accumulated profit	1,878,179,840			
Surplus/(deficit) on revaluation of assets	949,188			
	5,404,125,042			

35 MATURITIES OF ASSETS AND LIABILITIES

	December 31, 2019				
	Total (Rupees)	Up to one month (Rupees)	Over one month up to six months (Rupees)	Over six months up to one year (Rupees)	Over one year (Rupees)
Market rate assets					
Cash and Balance with SBP and INBP	2,187,973,424	-	-	-	-
Balances with other Banks/NBFIs/MFBs	10,830,601,597	-	-	-	-
Investments	5,252,109,674	-	-	-	-
Advances	15,072,876,354	698,869,550	5,664,168,664	7,440,169,984	1,269,668,156
Total market rate assets	33,343,561,049	18,969,554,245	5,664,168,664	7,440,169,984	1,269,668,156
Other non-earning assets					
Operating fixed assets	1,560,757,340	114,874,826	5,094,933	16,398,781	1,424,388,800
Other assets	3,129,116,474	31,142,558	2,633,174,599	207,336,736	257,462,581
Deferred tax asset	141,647,212	-	-	-	141,647,212
Total non-earning assets	4,831,521,026	146,017,384	2,638,269,532	223,735,517	1,823,498,593
Total Assets	38,175,082,075	19,115,571,629	8,302,438,196	7,663,905,501	3,093,166,749
Cost/non cost bearing liabilities					
Deposits and other accounts	29,224,876,433	23,377,080,104	2,455,902,188	2,778,047,527	613,846,614
Other non-cost bearing liabilities					
Other liabilities	4,090,960,329	2,796,808,436	619,222,997	233,875,607	441,053,289
Total Liabilities	33,315,836,762	26,173,888,540	3,075,125,185	3,011,923,134	1,054,899,903
Net assets	4,859,245,313	(7,058,316,911)	5,227,313,011	4,651,982,367	2,038,266,846
Represented by:					
Share Capital	2,713,596,830				
Statutory reserves	516,340,244				
Depositor's protection fund	147,614,175				
Accumulated profit	1,480,440,643				
Surplus/(deficit) on revaluation of assets	1,253,421				
	4,859,245,313				

36 CAPITAL RISK MANAGEMENT

The Bank’s objectives when managing its capital are:

- a) To comply with the capital requirements set by the SBP;
- b) To safeguard the Bank’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- c) To maintain a strong capital base to support the development of its business.

Capital requirements applicable to the Bank are set out under Microfinance Institutions Ordinance, 2001. These requirements are put in place to ensure sufficient solvency margins. The Bank manages its capital requirement by assessing its capital structure against required capital level on regular basis. The minimum paid up capital requirement applicable to the Bank is PKR 1 billion whereas the paid up capital of the Bank as at December 31, 2020 is PKR 2.71 billion (2019: PKR 2.71 billion).

The Bank intends to maintain the required regulatory capital either through its risk management strategies or by increasing the capital in line with the business and capital needs.

37 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to the BPRD circular no 06 of 2017 of SBP, the material outsourcing arrangements of the bank are listed below;

Sr No	Name of the service provider	Nature of service	Estimated cost of outsourcing 2020 (per annum)
1	KPMG Taseer Hadi & Co.	Business of providing tax, accounting, consultancy and payroll.	2,757,824

38 GENERAL

38.1 Figures in these financial statements have been rounded to the nearest Rupee, unless otherwise stated.

38.2 Captions as prescribed by BSD circular No. 11 dated December 30, 2003 issued by SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss

38.3 The addresses of the branches of the Bank are as follows:

S. No	Branch Name	Address
1	Islamabad	3-A/2, Kaghan Road, F-8 Markaz ,Islamabad
2	Abbottabad	Jahanzeb Plaza, Shalimar Motors, Near Sethi Masjid, Mansehra Road, Abbottabad
3	Swabi	Shop No. 1 , Fazal Dad Khan Market, Mardan Road Near Meezan Bank, Swabi
4	Khushab	Plot No 198, Block No14, Main Bazar Jauharabad, District Khushab
5	Peshawar	Tilla Mansion, Near WAPDA labour Colony Krishan Pura Main GT Road Peshawar
6	Haripur	Shop No. 7-8, Naeem Khan Market GT Road, Opposite Total Petrol Pump, Haripur
7	Mardan	Shop No. 1-5, Naeem Khan Market, Opposite Post Graduate College Chowk, Mardan
8	Lahore	Plot No.37-A, Khyabane-e- Iqbal Block XX (Commercial) Phase III , DHA, Lahore
9	Lodhran	Malik Arcade, Main Hall, Opposite Shell Petrol Pump, Near Jalalpur Morr, Multan Road, Lodhran
10	Sialkot	M.A. Heights, Ground Floor, Defence Road, Near Sublime Chowk, Opposite WAPDA Office, Sialkot
11	Sahiwal	Plot No. 515-B, Office No. G-3, Ground Floor, Saeed Center Farid Road, Sahiwal
12	Sargodha	5, Zahoor Plaza, Noori Gate, Sargodha
13	Pakpattan	Maqsood Arcade Block 2119/190, Main Muhammadi Road, Tehsil Arifwala, District Pakpattan
14	Faisalabad	P-7 Santpura Main Allama Iqbal Road OPP. GC University, Faisalabad
15	Bhakkar	Plot No. 12/13, Ward No. 12/6 Near Nasir Hospital, Mandi Town Bhakkar
16	Multan	Plot No. 3626-AB, Azmat Wasti Road, Chowk Sadu Hassam, Multan
17	Layyah	Shop No. 2, Karim Market, Near Gilani Manzil Chowk Azam Road Layyah
18	Liaquatpur	Plot No 7 Ghalla Mandi Road, Tehsil Liaquat Pur District Rahim Yar Khan
19	Rahim Yar Khan	Bin Hakim Plaza, Shahi Road, City Pul, Behind Zam Zam Store, Rahim Yar Khan
20	Chishtian	Plot No. 13-14, E Block, Jamia Bazar Opposite PTCL Franchise Near Stylo Shoes Chishtian District Bahawalnager
21	Toba Tek Singh	Shop # 240 & 241, Mal Godown Road, Grain Market, Toba Tek Singh
22	Jhang	Building No.93, Near Girls College Chowk, Gojra Road, Jhang Sadar.
23	Kahror Pacca	Shop # 1 & 2, Duniapur Road, Tehsil Kehrur Pecca, District Lodhran
24	Khanpur	Shop # 1, 2 & 3, Bypass Road, Opposite Attock Petrol Pump, (Daewoo Terminal) Khanpur, District Rahim Yar Khan
25	Chowk Azam	Shop # 1, 2 & 3, Opposite Bank of Punjab, MM Fatehpur Road, Chowk Azam

S. No	Branch Name	Address
26	Shujaabad	Shop # 1, Opposite Munawara Masjid, Jalalpur Road, Tehsil Shujaabad, District Multan
27	Dunyapur	Main Hall, Tariq Iron Plaza, Dokota Road, Dunyapur, District Lodhran
28	Ahmedpur East	Shop # 123, Dera Nawab Road, Abbasia Chowk, Ahmedpur Road East
29	Darya Khan	Shop No.3, Hashmi Chowk Opposite GPO, Main GT Road, Tehsil Darya Khan, District Bhakkar.
30	Jalalpur Pirwala	Arain Plaza, Opposite Allied Bank, Permit Road, Tehsil Jalal Pur Pirwala, District Multan.
31	Chota Sahiwal	Vinni House, Main Jhang-Sargodha Road, Tehsil Chota Sahiwal District Sargodha
32	Hyderabad	Survey no. 41/187/1, Jamia Masjid Road, Saddar Cantoment, Hyderabad
33	Hala	Plot No. 1403, Opposite Sarwari College, Dargah Road New Hala
34	Daharki	Plot No. 446 shop No. 02 Near EFU Office, main GT Road, Daherki
35	Pannu Aqil	Plot # 435, Baiji Road, Pannu Aqil
36	Ranipur	Shop No. 1 & 2, Behind Al.Shifa Medical Center Near Askari Bank Main National Highway, Ranipur, District Khair Pur
37	Karachi	Plot # 40D, 24th Commercial Street, Phase II Ext, DHA, Karachi
38	Burewala	Shop No. 1, Al-Ramay industries Multan Road, Tehsil Burewala, District Vehari
39	Fort Abbas	Shop No. 3 & 4, Grain Market, Zia Shaheed Road, Fort Abbas, District Bahawalnagar.
40	Kot Addu	Shop No. 1 & 2, Main GT Road, Near Al Hilal Tractor Workshop, Kot Adu, Distt Muzaffar Garh
41	Mian Channu	Shop No. 3 & 4 Batalvi Plaza, Near Ghallani Plaza, Shaheed Road, Tehsil Mian Channu, District Khanewal
42	Mandi Bahauddin	Main Hall, Al Kausar Plaza, Punjab Centre Near Cheema Chowk, Phalia Road, Mandi Bahauddin
43	Sadiqabad	Near KLP Fanoos, Nishtar Chowk Cinema Road, Tehsil Sadiq Abad District Rahim Yar Khan
44	Haronabad	Plot No 738, Block C, Main Bangla Road, Haroonabad
45	Hasilpur	Near Khushhali Bank, Rasool Abad Colony, Bahawalpur Road, Tehsil Hasilpur District Bahawalpur.
46	Gojra	Manzoor Hussain Plaza, Shop No. 1, 2, & 3 Rana Chowk, Mohallah Abid Park, Penser Road, Gojra, Tehsil Gojra District Toba Tek Singh.
47	Mankera	Yousaf Younus Building, shop No. 03, 04 & 05, Gohar Wala Chowk, near Highway Rest House, Jhang Bhakkar Road, District Mankera
48	Karor Lal Esan	Shop No. 1, Near NADRA Office, Station Chowk Fateh Pur Road, Tehsil Karor Lal Esan
49	Arifwala	4-A, Muhammadi Road, Tehsil Arifwala, District Pakpattan
50	Bhalwal	Shop No. 1 & 2, Near Jalebi Moor, Liaqat Shaheed Road, Tehsil Bhalwal, District Sargodha
51	Minchinabad	Plot number 150, Circular Road Minchinabad District Bahawalnagar.

S. No	Branch Name	Address
52	Basirpur	Shop No 1 & 2 opposite Govt Degree college for Women, Tehsil Depalpur, Haveli Road, Basirpur, District Okara
53	Chowk Sarwar Shaheed	Bilmuqabil Ghala Mandi Gate # 2, Near ZTBL, Multan Road, Chowk Sarwar Shaheed, Tehsil Kot Addu District Muzaffargarh
54	Muzaffargarh	Purani Chungi # 2, Jhang Road Tehsil & District Muzaffargarh
55	Pasrur	Hall No. 1, Faisal Colony, Mashriki, Near PSO Pump, Narowal Bypass, Sialkot Road Pasrur.
56	Chiniot	Shop No. 7, 8, Main Faisalabad Road, Sagheer Town Chiniot
57	Shorkot	Ghani Building, Jhang Road, Near Bus Stand, Shorkot City District Jhang
58	Larkana	Plot no. 72 Old Anaj Mandi, Shaikh Mohallah, near Haji Dhani Bux oil mill, Bank Square Road Larkana.
59	Qambar	Old bus Stand, Main Mangana Road Qamber.
60	Muzaffarabad	Ghulam Rasool Plaza, Near Combined Military Hospital Muzaffarabad AJ&K
61	Narowal	Yousaf Hall, Circular Road, Near Civil Hospital Jassar Bypass, Narowal
62	Jhandanwala	Al Karam Plaza, Kalma Chowk, Sargodha road, Nawan Jandanwala Tehsil Jandanwala, District Bhakkar
63	Alipur	Shop No. 1.2.3 Rana Building, Near Rashid Minhas School, Bahawal Cannal by Pass Road, Ali Pur District Muzaffargarh
64	Shahkot	Main Nankana Sahib Road, Opposite Government Elementary school No 3, Shahkot, District Nankana
65	Samundri	Al Iqbal Center, Main Faisalabad Road, Mohallah Muhammad Pura, Near GO petrol Pump, Samundri, District Faisalabad
66	Pindi Bhattian	Ali Shopping Complex, Main Hafiz Abad Road, Pindi Bhattian, District Hafizabad
67	Dipalpur	Mughal Arcade, Shop No.1, 2, 3, Main Kasur Road, Near Bus Stand, Tehsil Depalpur District, Okara
68	Phalia	Arfat Plaza, Opposite PTCL Exchange, Main Gujrat & Sargodha Road, Phalia, District Mandi Bahauddin
69	Shahdadkot	Sheikh Mansion, Near Peer Sajawal Shah, Shahdad Kot
70	Talagang	Malik Bashir Market, Opposite PEPSI Agency, Near Dra Autos, Main MainWali Road, Talagang, District Chakwal
71	Nasirabad	Indus Plaza, Main Hall, Main Road, Naseerabad, District Larkana
72	Chakdara	Samad Plaza, University Road, Hajiabad, Chakdara, District Lower Dir
73	Moro	Memom Plaza, Shop # 1-4, Near Saim Bachat Bazar, Dadu Road, Moro, District Nosheroferoz
74	Quetta	Hall # 2, Agha Chambers, Chuharmal Road of M.A. Jinnah Road, Quetta
75	Haveli Lakha	Plot No.I-P-65, Pak Pattan Road, Haveli Lakhha, Tehsil Depalpur, District Okara
76	Khairpur Tamewali	Khewat No. 127/119, khatooni No.274 to 279, Main Highway Hasilpur/Bahawalpur Road, Near New General Bus stand, Khairpur Tamewali, Tehsil Khairpur Tamewali, District Bahawalpur
77	Gujranwala	Ground Floor, Baig Tower, Mollah Badhia Nagar, Opposite General Bus Stand, GT Road Gujranwala

S. No	Branch Name	Address
78	Islamabad I-8	Plot No I-J Bazar No 3, Near potohar Metro Station, Mughal Market, 9th Avenue, sector I-8/1, Islamabad.
79	Jhelum	Azan Plaza, Ground floor, Machine Mohalla, # 3, Old GT Road Jhelum
80	Gulistan-e-Johar Karachi	Shop No 15, FL-08, Block 04, Crown Gardan, Gulistan-e- Johar, Karachi
81	Rawat Islamabad	Khasra No 1543, Kulsum Plaza, Opposite Chamber More, Main G.T. Road Rawat, Islamabad
82	Piplan	Near Alkarim Hospital, Mandi town, Liaqatabad, Piplan, Tehsil Piplan District Mianwali.
83	Muridke	Shop No.1 Bahauddin Arcade, Main GT Road, Muridke, Tehsil Muridke, District Lahore
84	Mingora	Hall # 01 Ground Floor, Opposite Jalil International Hospital , GT Road, Rahimabad, Mingora, District Swat.
85	Dera Ismail Khan	Al Hameed Mall, Near Besakhi Ground, Opposite Divisional Food Office, South Circular Road, D.I. Khan
86	Timergara	Shop No. 1, Sarwar Plaza, Rest House Road, Timergara, District Lower Dir
87	Pir Mahal	khewat No. 3, Khatoni No. 12-13 Shahnawaz Plaza, Kamalia road, by pass, Pir Mahal, Tehsil Pir Mahal Distt Toba Tek Singh.
88	Jaranwala	Square # 04, Faisalabad Road, Near Chatha Hospital, Jaranwala Tehsil Jaranwala District Faisalabad.
89	Jatoi	Shop No.1 Dawood Wali Plaza, Rampur Road Jatoi, Tehsil Jatoi, District Muzaffargarh
90	Gujrat	Khasra No 1098/599, 1293/1099, Khewat No 91, Khatooni No 118, Mohallah Allah Lok Colony, GT Road, Gujrat
91	Bahawalpur	Shop # 2, Bank square, Railway link Road, Opposite ABL, Model Town B, Bahawalpur.
92	Hafizabad	Opposite Nadra Office Gujranwala road Hafizabad.
93	Chunian	Khasra No. 3311/4, khewat No. 20, Khatoni No. 564, Changa Manga Road, Chunian, District Kasur.
94	Bahawalnagar	Waheed Arshad Chowk, Main Road, 1-A, Jinnah Colony, Bahawalnagar.
95	Mansehra	Khewat No. 590-1167, Khatoni No. 1138-612, Ammar Arcade, Ghulam Chous Hazarvi Road, Mansehra.
96	Sheikhupura	Lahore road, Near National Floor Mill, Tehsil & District Sheikhupura.
97	Sukkur	Khasra No. 33/5 C, Khatooni No. 33/5 C 1, Memon Plaza, work shop road, Tehsil and District Sukkur
98	Wazirabad	Khewat No. 394, Khatoni No. 727, Khasra No. 4 Main GT road Wazirabad, District Gujranwala
99	Nowshera	Hall No. 01, Sanam Plaza Mardan/Noshera Road Tehsil & District Nowshera
100	Dina	Hajra Plaza Mangla Road Dina, Tehsil Dina District Jhelum opposite APNA Bank, Dina

Details of property and equipment disposed off during the year as referred to in Note 12.2.1 of financial statements:

Particulars of Asset	Cost	Accumulated Depreciation	Book Value	Sales Proceed	Gain/ (Loss)	Mode of Disposal	Relationship	Particulars of buyers
----- Rupees -----								
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Rubab Seher
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Mazhar Mehmood
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Muhammad Imran
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Jahanzab Abbas
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Aamir Ali
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Ahmed Zeeshan
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Usman Khan
Laptop lenovo E560	70,000	70,000	-	8,750	8,750	As per Policy	Employee	Abdulla Bin Zahid
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Fahad hayat
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Tehsin Ali
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Samina Siddique
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Basit Ullah Butt
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	AbdulAziz
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Laeq Ahmed
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Muhammad Zameer
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Umer Murtaza
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Shahbaz Basit
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Saddam Sharif
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Zunaira Akram
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Rao Wajahat saleem
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Saira Aslam
Laptop lenovo E550	70,000	70,000	-	-	-	As per Policy	Employee	Mayoom khan
HP Probook 450 G3	91,350	91,350	-	20,900	20,900	As per Policy	Employee	Adeel Shahzad
HP Probook 450 (Ci5)	76,650	76,650	-	1,597	1,597	As per Policy	Employee	Atiq Ur Rehman
HP Spectre Notebook	184,900	184,900	-	23,113	23,113	As per Policy	Ex Chief Financial Officer	Tayseer Ali
HP Probook 450 G3	91,350	91,350	-	20,934	20,934	As per Policy	Ex Financial controller	Saad Ali
SAMSUNG TAB S4	123,000	41,004	81,996	44,809	(37,187)	As per Policy	Ex Chief Financial Officer	Tayseer Ali
				2,107,250	2,025,254	81,996	120,103	38,107

Regional Presence

Business Footprint

Khyber Pakhtunkhwa **11** •

Federal **02** •

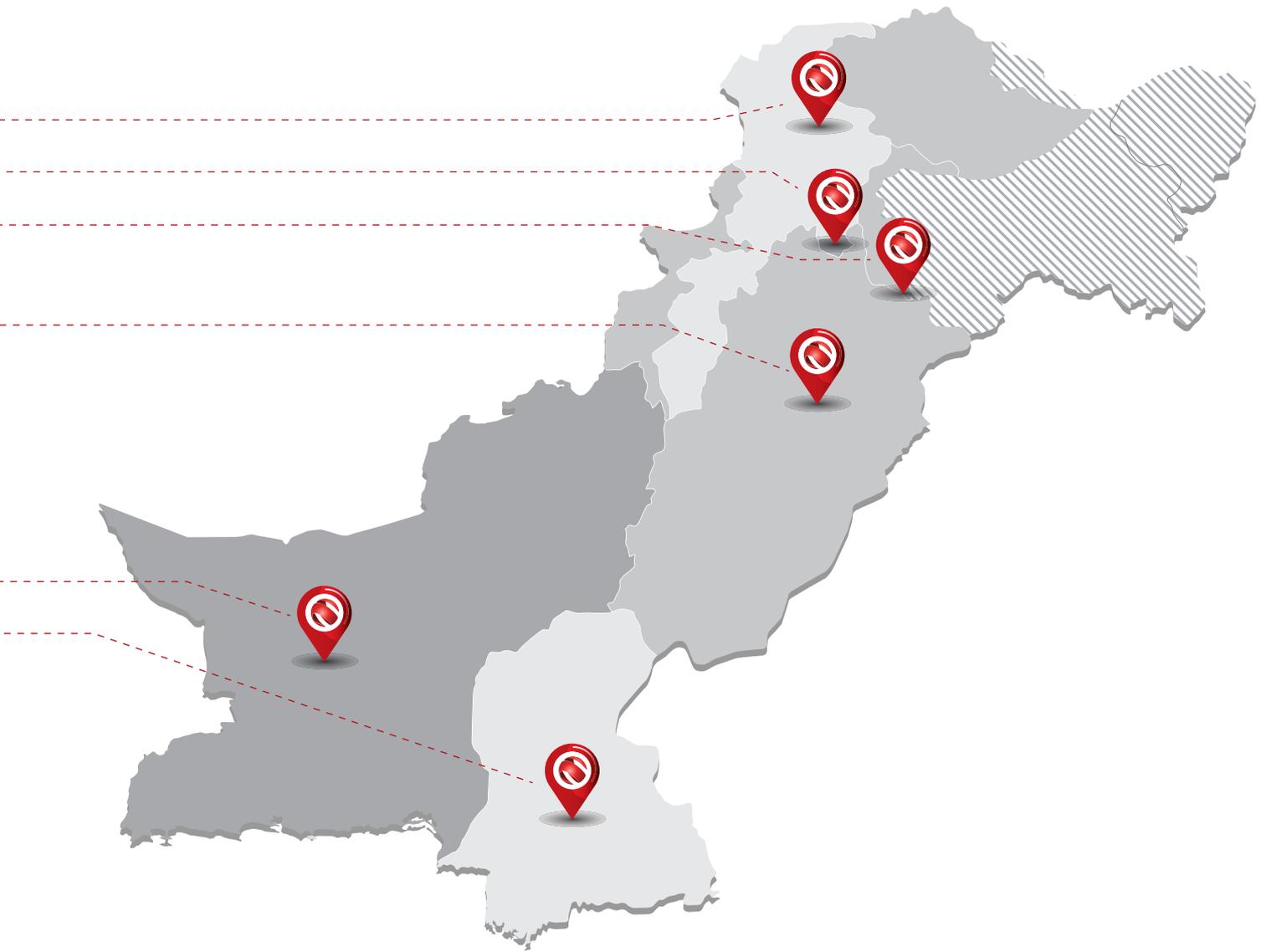
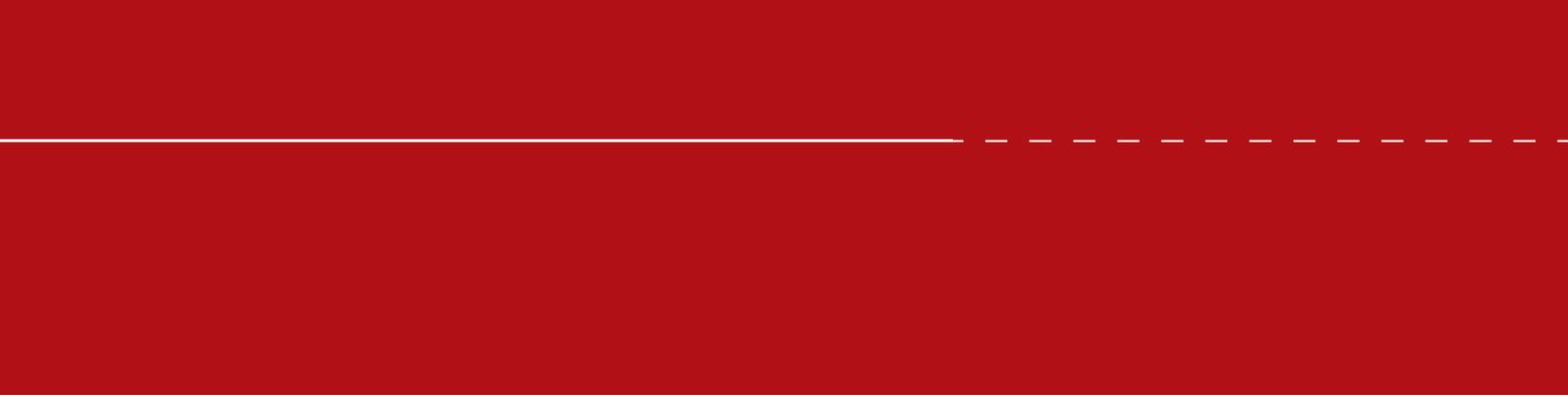
Azad Jammu & Kashmir **01** •

Punjab **72** •

Balochistan **01** •

Sindh **13** •

Total branches **100**



Mera Fone Mera Bank

For any queries, please contact Corporate Communications at
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