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**MOBILINK MICROFINANCE BANK LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE MEMBERS OF MOBILINK MICROFINANCE BANK LIMITED**

### REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of Mobilink Microfinance Bank Limited ("the Bank") as at 30 June 2021, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

#### Scope of Review

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

#### Conclusion

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

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

**EY Ford Rhodes**  
**Chartered Accountants**  
**Place:** Islamabad, Pakistan  
**Date:** 30 November 2021

**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2021**

		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	Note	-----Rupees-----	
<b>ASSETS</b>			
Cash and balances with SBP and NBP	7	3,498,749,668	3,674,148,710
Balances with other Banks / NBFIs / MFBs	8	8,618,105,605	5,425,344,104
Investments	9	7,162,641,324	12,073,885,361
Advances – net of provisions	10	30,540,750,296	24,223,738,951
Operating fixed assets	11	1,842,105,630	1,860,006,338
Other assets	12	7,855,921,527	8,625,937,688
Deferred tax asset	13	199,324,519	119,866,407
<b>Total assets</b>		<b>59,717,598,569</b>	<b>56,002,927,559</b>
<b>LIABILITIES</b>			
Deposits and other accounts	14	48,284,114,345	46,806,826,744
Other liabilities	15	5,411,653,908	3,791,975,773
<b>Total liabilities</b>		<b>53,695,768,253</b>	<b>50,598,802,517</b>
<b>Net assets</b>		<b>6,021,830,316</b>	<b>5,404,125,042</b>
<b>REPRESENTED BY:</b>			
Share capital	16	2,713,596,830	2,713,596,830
Statutory reserve		745,176,292	622,404,030
Depositors' protection fund		225,775,347	188,995,154
Unappropriated profit		2,338,575,822	1,878,179,840
		<u>6,023,124,291</u>	<u>5,403,175,854</u>
(Deficit) / surplus on revaluation of assets	17	(1,293,975)	949,188
		<u>6,021,830,316</u>	<u>5,404,125,042</u>
<b>MEMORANDUM / OFF-BALANCE SHEET ITEMS</b>	18		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

  
 \_\_\_\_\_  
 PRESIDENT / CHIEF EXECUTIVE

  
 \_\_\_\_\_  
 DIRECTOR



**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Note	Half year ended June 30	
		2021	2020
-----Rupees-----			
Markup / return / interest earned	19	4,647,347,171	3,230,506,050
Markup / return / interest expensed	20	(737,072,151)	(847,099,635)
Net markup / interest income		<u>3,910,275,020</u>	<u>2,383,406,415</u>
Provision against non-performing loans and advances	10.3	(198,282,513)	(494,058,310)
Net markup / interest income after provisions		<u>3,711,992,507</u>	<u>1,889,348,105</u>
<b>NON MARK-UP / NON INTEREST INCOME</b>			
Fee, commission and brokerage income - net	21	(121,998,039)	(77,438,668)
Dividend income		-	6,770,285
Other income		65,063	31,447
Total non-markup / non interest income		<u>(121,932,976)</u>	<u>(70,636,936)</u>
<b>NON MARK-UP / NON INTEREST EXPENSES</b>			
Administrative expenses		(2,714,586,262)	(1,800,158,457)
Other charges		(9,582,953)	(12,665,517)
Total non-markup / non interest expenses		<u>(2,724,169,215)</u>	<u>(1,812,823,974)</u>
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>865,890,316</u>	<u>5,887,195</u>
<b>TAXATION</b>			
Current		(330,570,898)	(35,636,010)
Deferred		78,541,891	8,621,140
		<u>(252,029,007)</u>	<u>(27,014,870)</u>
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<u>613,861,309</u>	<u>(21,127,675)</u>
Unappropriated profit brought forward		1,878,179,840	1,480,440,643
<b>Profit available for appropriations</b>		<u>2,492,041,149</u>	<u>1,459,312,968</u>
<b>APPROPRIATIONS:</b>			
Transfer to:			
Statutory reserve		(122,772,262)	-
Contribution to depositors protection fund		(30,693,065)	-
		<u>(153,465,327)</u>	<u>-</u>
<b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>		<u>2,338,575,822</u>	<u>1,459,312,968</u>
Basic and diluted earnings / (loss) per share (Rupee)		<u>2.26</u>	<u>(0.08)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

  
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**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Half year ended June 30	
	2021	2020
	-----Rupees-----	
<b>Profit / (loss) after taxation</b>	613,861,309	(21,127,675)
Other comprehensive income	-	-
<b>Comprehensive income / (loss) for the period transferred to equity</b>	<u>613,861,309</u>	<u>(21,127,675)</u>
<b>COMPONENTS OF COMPREHENSIVE INCOME NOT TRANSFERRED TO EQUITY</b>		
Item to be reclassified to profit and loss account subsequently on sale - net of tax		
(Deficit) / surplus on revaluation of investments - available for sale	(3,159,384)	1,760,418
Related tax impact	916,221	(510,521)
<b>Comprehensive (loss) / income for the period not transferred to equity</b>	<u>(2,243,163)</u>	<u>1,249,897</u>

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**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Capital reserves			Revenue reserves	Total
	Share capital	Statutory reserve	Depositors protection fund	Unappropriated profit	
	----- Rupees -----				
<b>Balance at January 01, 2020 (Audited)</b>	2,713,596,830	516,340,244	147,614,175	1,480,440,643	4,857,991,892
Loss for the period	-	-	-	(21,127,675)	(21,127,675)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(21,127,675)	(21,127,675)
Transfers to Statutory reserves	-	-	-	-	-
<b>Transfer to Depositors protection fund</b>					
- 5% of the profit after tax for the period	-	-	-	-	-
- return on investments	-	-	9,101,829	-	9,101,829
	-	-	9,101,829	-	9,101,829
<b>Balance at June 30, 2020 (Un-audited)</b>	2,713,596,830	516,340,244	156,716,004	1,459,312,968	4,845,966,046
Profit for the period	-	-	-	551,446,604	551,446,604
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	551,446,604	551,446,604
Transfers to statutory reserves	-	106,063,786	-	(106,063,786)	-
<b>Transfer to depositors protection fund</b>					
- 5% of the profit after tax for the period	-	-	26,515,946	(26,515,946)	-
- return on investments	-	-	5,763,204	-	5,763,204
	-	-	32,279,150	(26,515,946)	5,763,204
<b>Balance at January 01, 2021 (Audited)</b>	2,713,596,830	622,404,030	188,995,154	1,878,179,840	5,403,175,854
Profit for the period	-	-	-	613,861,309	613,861,309
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	613,861,309	613,861,309
Transfers to statutory reserves	-	122,772,262	-	(122,772,262)	-
<b>Transfer to depositors protection fund</b>					
- 5% of the profit after tax for the period	-	-	30,693,065	(30,693,065)	-
- return on investments	-	-	6,087,128	-	6,087,128
	-	-	36,780,193	(30,693,065)	6,087,128
<b>Balance at June 30, 2021 (Un-audited)</b>	2,713,596,830	745,176,292	225,775,347	2,338,575,822	6,023,124,291

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

  
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**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Note	Half year ended June 30	
		2021	2020
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		865,890,316	5,887,195
Less: Dividend income		-	(6,770,285)
		865,890,316	(883,090)
<b>Adjustment for non cash items and other items:</b>			
Depreciation on property and equipment		122,351,554	86,013,854
Depreciation right of use assets		62,229,530	51,783,495
Amortization on intangible assets		95,337,418	42,946,164
Provision against non performing loans and advances		198,282,513	494,058,310
Gain disposal of operating fixed assets		(65,063)	(31,247)
Finance charges on lease liability		37,278,842	26,104,300
		515,414,794	700,874,876
		1,381,305,110	699,991,786
<b>(Increase) / decrease in operating assets:</b>			
Advances		(6,515,293,858)	(3,054,334,521)
Other assets (excluding advance taxation)		642,422,992	(1,712,003,556)
		(5,872,870,866)	(4,766,338,077)
<b>Increase / (decrease) in operating liabilities:</b>			
Bills payable		(82,736,536)	(12,721,170)
Deposits and other accounts		1,477,287,601	3,545,241,836
Other liabilities (excluding current taxation)		1,681,796,185	632,267,158
		3,076,347,250	4,164,787,824
		(1,415,218,506)	98,441,533
<b>Cash (outflow) / inflow from operations</b>			
Income tax paid		(197,061,407)	(286,018,575)
<b>Net cash outflows from operating activities</b>		<b>(1,612,279,913)</b>	<b>(187,577,042)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in available for sale securities		6,087,128	10,862,248
Dividend income		-	6,770,285
Investment in operating fixed assets		(220,690,148)	(31,112,810)
Sale proceeds from disposal of property and equipment		1,085,714	31,247
<b>Net cash outflow from investing activities</b>		<b>(213,517,306)</b>	<b>(13,449,030)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability		(64,924,975)	(62,037,403)
<b>Net cash outflow from financing activities</b>		<b>(64,924,975)</b>	<b>(62,037,403)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,890,722,194)</b>	<b>(263,063,475)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>21,172,041,291</b>	<b>18,270,684,695</b>
		<b>19,281,319,097</b>	<b>18,007,621,220</b>
<b>Cash and cash equivalents comprise of the following:</b>			
Cash and balances with SBP and NBP		3,498,749,668	2,161,919,502
Balances with other banks/NBFIs/MFBs		8,618,105,605	4,923,141,590
Investments with original maturity of less than three months	9.1	7,164,463,824	10,922,560,128
		<b>19,281,319,097</b>	<b>18,007,621,220</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

  
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**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

**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 (2020: 100 branches (including 1 in Muzaffarabad AJK) and no booth/ service centre ) 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 STATEMENT OF COMPLIANCE**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 and the Microfinance Institutions Ordinance, 2001; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

State Bank of Pakistan, vide SBP BPRD circular no. 24, dated 05 July 2021, has extended the applicable date of adoption of IFRS-9 'Financial Instruments' from annual periods beginning on or after 01 January 2021 to annual periods beginning on or after 01 January 2022. Previously the application of IAS 39 'Financial Instruments Recognition and Measurement' was also deferred by SBP. Meanwhile, the banks are required to submit IFRS 9 compatible proforma financial statements for year ended December 31, 2020 and perform parallel run of IFRS 9 on quarterly basis. Further, SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of proforma financial statements.

**2.2** These condensed interim financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements of the Bank as at December 31, 2020, which 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (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 Institution Ordinance, 2001, the Companies Act, 2017 and the said directives shall prevail.





**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

**3 BASIS OF MEASUREMENT AND PRESENTATION**

3.1 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.

3.2 These condensed interim 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 SBP. These condensed interim financial statements have been presented in Pakistani Rupees, which is the functional and presentation currency of the Bank.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2020.

**5 ACCOUNTING ESTIMATES**

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation on the financial statements of the Bank for the year ended December 31, 2020.

**6 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 and 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 situations, MMBL under the guidelines of SBP have provided relief and alternative mechanisms/measures including online banking facilities, loans rescheduling/restructuring, complaints handling, cash withdrawal, funds transfer etc. MMBL is also conducting reviews of portfolios for the emerging risks during COVID-19.

Specific impacts related to risk categories are briefed as following:

**6.1 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, MMBL expects the negative economic impacts of the pandemic to continue even after COVID-19 ends as it will take time for businesses to resume to new normal.

MMBL has strengthened its Credit Administration function and loan portfolio procedures and reviews, portfolio analysis and MIS for Management. Besides the control measures, MMBL leveraged on digital lending platform that is in operation 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 the COVID-19 on credit risk is difficult to quantify with exactness at this point in time due to uncertain economic environment, however, MMBL Management is confident that the Bank's existing general provision (refer to note 10.3), is sufficient to cater for the credit risk emanating from this pandemic. MMBL has been maintaining specific provision as per SBP Prudential Regulations and General Provisions well above the required regulatory limit.

**6.2 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 servicing its customers via these alternative service delivery channels with minimal impact on its liquidity.

Besides the above, MMBL is maintaining its funds in high quality and liquid assets. Statutory ratios of CRR & 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 any adverse movement in the Bank's liquidity.

**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

**6.3 Equity risk**

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

**6.4 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. BCP has been activated at few locations after COVID -19 and customers have been serviced as per the implemented plan.

MMBL has significantly enhanced its Information security posture and monitoring of cyber security exposures since COVID impact. Remote work capabilities were enabled with 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 and measures to manage the information security exposures.

Customer awareness was enhanced via various mediums with communicating with customers on how they can connect with the Bank through its full suite of channels including digital and online channels. MMBL has been taking measures in creating awareness in this critical time for smooth banking experience while also updating customers of the fraud risks, scams and how to prevent them. MMBL 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.

**6.5 Capital & Capital Adequacy Ratio (CAR)**

MMBL is sufficiently capitalized and is maintaining its Capital & CAR well above the regulatory requirements.



**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>7</b>	<b>CASH AND BALANCES WITH SBP AND NBP</b>	----- Rupees -----	
	Cash in hand - local currency	886,342,534	775,854,032
	Balance with State Bank of Pakistan (SBP)	2,480,831,777	2,781,538,762
	Balance with National Bank of Pakistan (NBP) - Current accounts	<u>131,575,357</u>	<u>116,755,916</u>
		<u><u>3,498,749,668</u></u>	<u><u>3,674,148,710</u></u>

**7.1** This includes balance held with SBP in a current account to comply with the requirement of maintaining minimum balance equivalent to 5% (December 31, 2020: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>8</b>	<b>BALANCES WITH OTHER BANKS / NBFIs / MFBs</b>	----- Rupees -----	
	In Pakistan		
	- on current accounts - local currency	-	6,465,697
	- on saving accounts - local currency	5,498,105,605	5,418,878,407
	- on term deposits accounts - local currency	<u>3,120,000,000</u>	-
		<u>8,618,105,605</u>	5,425,344,104
	- on current accounts - foreign currency	-	-
		<u><u>8,618,105,605</u></u>	<u><u>5,425,344,104</u></u>

**8.1** These carry markup ranging from 5.50% to 7.35% (December 31, 2020: 5.50% to 13.80%) per annum.

**8.2** These carry markup ranging from 7.50% to 7.95% per annum, and have maturity latest by July 17, 2021.

**8.3** These accounts, having Nil balance, 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.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>9</b>	<b>INVESTMENTS</b>	----- Rupees -----	
	<b>Available for sale</b>		
	<b>Federal Government Securities</b>		
	Market Treasury Bills	7,164,463,824	12,072,548,477
	<b>Surplus on revaluation of available for sale investments</b>	<u>(1,822,500)</u>	1,336,884
		<u><u>7,162,641,324</u></u>	<u><u>12,073,885,361</u></u>

**9.1** These represent securities with original maturity period of upto three months. Investment made during the year carry markup at the rates ranging between 7.07% to 7.40% (December 31, 2020: 6.29% to 13.42%) 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 Rs. 170 million (December 31, 2020: Rs. 170 million).


**9.2** 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 assets and is charged through statement of comprehensive income in accordance with the R -11 (c) "Treatment of surplus / (deficit)" of the Prudential Regulations.



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10	ADVANCES - NET OF PROVISIONS	Note	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
			Number of loans outstanding	Amount of loans outstanding	Number of loans outstanding	Amount of loans outstanding
			Number	Rupees	Number	Rupees
	Micro credit					
	-Secured against gold		63,011	10,763,130,353	50,636	7,954,290,304
	-Unsecured		1,698,287	20,322,991,124	709,576	16,624,499,457
			<u>1,761,298</u>	<u>31,086,121,477</u>	<u>760,212</u>	<u>24,578,789,761</u>
	Less:					
	Specific provision	10.1		146,480,681		22,810,309
	General provision	10.2		398,890,500		332,240,501
				<u>545,371,181</u>		<u>355,050,810</u>
	Advances - net of provisions			<u>30,540,750,296</u>		<u>24,223,738,951</u>

10.1	Particulars of non-performing advances	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
		Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	Category of classification						
		----- Rupees -----					
	OAEM	231,186,505	-	-	25,096,685	-	-
	Substandard	397,345,827	99,336,457	99,336,457	11,759,784	2,939,946	2,939,946
	Doubtful	77,333,021	38,666,511	38,666,511	23,527,459	11,763,730	11,763,730
	Loss	8,477,713	8,477,713	8,477,713	8,106,633	8,106,633	8,106,633
		<u>714,343,066</u>	<u>146,480,681</u>	<u>146,480,681</u>	<u>68,490,561</u>	<u>22,810,309</u>	<u>22,810,309</u>


10.2 This represents general provision maintained against unsecured microcredit advances net of specific provision, cash and gold collateral at the rate of 2% (December 31, 2020: 2%) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan. 

**MOBILINK MICROFINANCE BANK LIMITED**  
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**10.3 Particulars of provision against non-performing advances**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	22,810,309	332,240,501	355,050,810	217,592,687	247,312,237	464,904,924
Charge for the period/ year	131,632,514	66,649,999	198,282,513	117,527,312	84,928,264	202,455,576
Amounts written-off	(7,962,142)	-	(7,962,142)	(312,309,690)	-	(312,309,690)
	123,670,372	66,649,999	190,320,371	(194,782,378)	84,928,264	(109,854,114)
Closing balance	146,480,681	398,890,500	545,371,181	22,810,309	332,240,501	355,050,810

<b>10.4 Particulars of write offs</b>	(Un-audited) June 30, 2021		Audited December 31, 2020
	----- Rupees -----		
Against provisions	<b>7,962,142</b>		<b>312,309,690</b>

**10.5** SBP vide circular letter No.1 of 2020 dated 26 March 2020 and subsequently vide circular letter No. 7 of 2020 dated 10 August 2020 provided regulatory relief based on specific requirement to borrowers to defer payment of principal on loan obligations by one year. Further, financing facilities of such borrowers, who were unable to service the markup amount or need deferment exceeding one year, were allowed to be restructured / rescheduled upon their request. This scheme was expired on 31 March 2021. The bank also deferred / rescheduled certain loans in line with its internal credit policy. As at 30 June 2021, outstanding balance of such loans is Rs 9.9 billion (2020: 15 billion). 

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		(Un-audited) June 30, 2021	Audited December 31, 2020
		----- Rupees -----	
<b>11</b>	<b>OPERATING FIXED ASSETS</b>		
	Capital work in progress	43,493,786	296,729,971
	Property and equipment excluding right of use assets	712,070,265	553,441,603
	Intangible assets	488,004,116	391,416,067
		<u>1,243,568,167</u>	<u>1,241,587,641</u>
	Right of use assets	598,537,463	618,418,697
		<u>1,842,105,630</u>	<u>1,860,006,338</u>
<b>11.1</b>	<b>Additions during the period/ year</b>		
	Additions:		
	Electrical, office and computer equipment	100,176,675	273,015,425
	Furniture and fixture	35,131,031	21,527,064
	Vehicles	15,156,000	13,577,293
	Leasehold improvements	131,537,161	31,340,956
	Intangible assets	191,925,467	396,845,295
		473,926,334	736,306,033
	Net transfers - capital work-in-progress	(253,236,185)	(161,971,586)
		<u>220,690,149</u>	<u>574,334,447</u>
<b>12</b>	<b>OTHER ASSETS</b>		
	Income/ markup accrued	5,571,870,964	4,461,564,125
	Advances, deposits and prepayments	292,457,922	250,993,243
	Advance taxation - net	-	127,593,169
	Branch adjustment account	581,665	581,571
	Receivable from related parties	1,296,600,719	3,063,720,809
	Inventory/ printed stationary	48,063,107	25,435,542
	Crop and livestock insurance claims	280,625,386	265,823,200
	Others	365,721,764	430,226,029
		<u>7,855,921,527</u>	<u>8,625,937,688</u>
<b>12.1</b>	<b>Receivable from related parties</b>		
	Pakistan Mobile Communications Limited (PMCL)	<u>1,296,600,719</u>	<u>3,063,720,809</u>
<b>12.2</b>	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.		
		(Un-audited) June 30, 2021	Audited December 31, 2020
		----- Rupees -----	
<b>13</b>	<b>DEFERRED TAX ASSET</b>		
	Arising in respect of following deductible temporary differences		
	Provision against non-performing advances	158,157,642	102,964,736
	Provision for gratuity	925,873	925,873
	Intangible asset	314,894	-
	Lease liability net of right of use assets	19,582,681	10,556,301
		178,981,090	114,446,910
	Arising in respect of following taxable temporary differences		
	Operating fixed asset	19,814,904	5,807,193
	Surplus on revaluation of available for sale investments	528,525	(387,696)
		<u>20,343,429</u>	<u>5,419,497</u>
		<u>199,324,519</u>	<u>119,866,407</u>



**MOBILINK MICROFINANCE BANK LIMITED**  
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14	DEPOSITS AND OTHER ACCOUNTS	Note	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
			Number	---- Rupees ----	Number	---- Rupees ----
	<b>Time liabilities</b>					
	Fixed deposits		1,070	9,385,289,607	378	10,240,596,621
	<b>Demand Liabilities</b>					
	Saving deposits		43,396	6,282,034,774	41,611	4,929,589,568
	Current deposits		463,285	2,370,967,545	415,485	2,205,914,379
	Branchless deposits					
	Saving		422,989	2,829,664,204	311,511	2,623,515,229
	Current		34,114,170	27,416,158,215	27,923,298	26,807,210,947
			35,043,840	38,898,824,738	28,691,905	36,566,230,123
		14.1	35,044,910	48,284,114,345	28,692,283	46,806,826,744
14.1	<b>Particulars of deposits by ownership</b>					
	Individual depositors		34,886,590	31,215,822,844	28,587,760	29,839,328,116
	<b>Institutional depositors:</b>					
	Corporations/ firms		554	8,203,911,171	1,094	6,513,393,147
	Banks and financial institutions		53	5,679,187,189	89	7,430,911,801
	Retailers		156,983	2,859,014,183	102,632	2,792,654,255
	Franchisees		722	275,682,598	687	168,400,352
	Customer care centers		8	50,496,360	21	62,139,073
			35,044,910	48,284,114,345	28,692,283	46,806,826,744

14.2 Deposits include related parties balance amounting to Rs 0.295 million (2020: Rs 149 million) as disclosed in Note 22.

15	OTHER LIABILITIES	(Un-audited)	Audited
		June 30, 2021	December 31, 2020
		----- Rupees -----	
	Mark-up / return / interest payable on deposits	187,189,341	269,925,877
	Bills payable	110,273,334	241,480,726
	Accrued expenses	638,164,152	468,781,142
	Payable to related parties	1,076,515,621	223,769,081
	Provision for gratuity	3,192,666	3,192,666
	Taxes and levies withheld	200,076,716	165,250,088
	Payable to suppliers	42,440,243	354,443,586
	Advance taxation - net	5,916,322	-
	Bills collected for settlement through NADRA	642,430,265	-
	Uncollected remittances	1,181,427,120	1,103,795,249
	Lease liability on right of use assets	605,962,016	591,259,852
	Remittances	516,600,581	284,408,140
	Others	201,465,531	85,669,366
		5,411,653,908	3,791,975,773

16 **SHARE CAPITAL**

**Authorized capital**

2021	2020		(Un-audited)	Audited
Numbers	Numbers		June 30, 2021	December 31, 2020
300,000,000	300,000,000	Ordinary shares of Rs. 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 Rs. 10 each.	2,713,596,830	2,713,596,830
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**MOBILINK MICROFINANCE BANK LIMITED**  
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**16.1** Veon Microfinance Holdings B.V (VMH) is the Holding Company controlling 271,359,678 i.e. 99.99% shares of the Bank (refer to note 1 for details).

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees -----	
<b>17 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS</b>		
Available for sale investments	(1,822,500)	1,336,884
Related deferred tax	528,525	(387,696)
	<u>(1,293,975)</u>	<u>949,188</u>

**18 MEMORANDUM / OFF BALANCE SHEET ITEMS**

**18.1 Contingencies**

There has been no significant change in the status of contingencies, for the period, from those disclosed in the financial statements for the year ended 31 December 2020.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees -----	
<b>18.2 Commitments</b>		
Operating fixed assets	69,454,610	115,081,631
Bank guarantee	330,000,000	110,000,000
Standby letter of guarantee	59,250,000	42,125,000
	<u>458,704,610</u>	<u>267,206,631</u>

**18.3** This represents Bank guarantees issued by the Bank to Pakistan Railway amounting to Rs.110 million (2020: Rs. 110 million) against the online payment processing services and Social Protection Strategy Unit Government of Sindh amounting to Rs.220 million (2020: nil) against disbursement of fund to CNIC under Health and Nutrition Conditional Cash Transfer (H&N CCT) program.

**18.4** This represents letter of guarantee issued by the Bank to Visa and Master card International Service Association for interbank settlement.

	(Un-audited) June 30, 2021	(Un-audited) June 30, 2020
	----- Rupees -----	
<b>19 MARKUP / RETURN / INTEREST EARNED</b>		
Mark-up on advances	4,030,529,634	2,361,816,410
Income on investment in Government Securities	469,348,593	533,726,349
Mark-up on deposit accounts with treasury and other banks	147,468,944	334,963,291
	<u>4,647,347,171</u>	<u>3,230,506,050</u>

**20 MARK-UP / RETURN / INTEREST EXPENSED**

Interest on deposits	<u>737,072,151</u>	<u>847,099,635</u>
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**21 FEE, COMMISSION AND BROKERAGE INCOME - NET**

Loss from branchless banking	21.1	(418,948,915)	(263,490,255)
Loan processing fee		273,573,618	171,691,222
Commission from insurance companies	21.2	18,105,560	5,467,673
Others		5,271,698	8,892,692
		<u>(121,998,039)</u>	<u>(77,438,668)</u>

**21.1 Income / (loss) from branchless**

Branchless banking income	21.3	2,711,076,926	2,199,591,837
Commission to retailers / franchisees		(2,243,917,855)	(2,135,959,414)
Commission and float to a related party - PMCL	21.4	(886,107,986)	(327,122,678)
		<u>(418,948,915)</u>	<u>(263,490,255)</u>

**MOBILINK MICROFINANCE BANK LIMITED**  
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- 21.2** This represents commission received from insurance companies against life and health insurance of the Bank's customers.
- 21.3** This represents the income from branchless banking operations (Jazz Cash ) 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. Mark-up on nano loans amounting to Rs.622 million (2020: Rs. 152 million) related to branchless business have been included in mark-up on advances.
- 21.4** This represents PMCL's share in net fee income at the rate of 70% and 50% share in float.

**22 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 Chief Executive Officer 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 period, 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:

		(Un-audited) June 30, 2021	(Un-audited) June 30, 2020
		----- Rupees -----	
<b>Transactions during the period:</b>	<b>Relationship with related party</b>		
<b>Pakistan Mobile Communications Limited (PMCL)</b>	Associated company		
Payments made for expenses incurred on behalf of PMCL by the Bank		320,480,043	247,177,573
Payments made for expenses incurred on behalf of the Bank by PMCL		-	589,795
Payments made against defined contribution plan being employee and employer contributions		71,843,124	61,343,804
Deposits made during the period		5,116,963,052	10,538,428,097
Withdrawals during the period		5,187,128,639	10,423,647,765
Mark-up/ return/ interest expensed to PMCL		1,278,198	33,608,044
Deposit mobilization commission paid		438,781,015	479,912,298
Branchless commission (net of expenses)		447,326,971	(152,789,620)
<b>Employees' Provident Fund Trust</b>			
Bank's contribution paid to the fund		35,921,562	40,572,554
<b>Key management personnel</b>			
Remuneration of key management personnel	Key management personnel	91,194,788	62,234,118
<b>Balances outstanding:</b>	<b>Relationship with related party</b>		
Payable to Global Telecom Holdings (GTH)	Associated company (Formerly Parent Company) <sup>1</sup>	-	2,482,123
Receivable from PMCL	Associated Company	1,296,600,719	3,063,720,809
Payable to PMCL		1,076,515,621	223,769,081
Receivable from Business Communication System (Private) Limited	Associated company	-	209,870
<b>Deposits accounts contain amounts relating to following related parties:</b>			
Pakistan Mobile Communications Limited (PMCL)	Associated company	294,827	763,152,955
Key Management Personnel	Key management personnel	38,490,776	22,702,328



**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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**23 GENERAL**


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

23.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison. The significant reclassification is as follows:

	<b>June 30, 2020</b> <b>(Unaudited)</b> <b>--- Rupees ---</b>
<b>Profit and loss account</b>	
Amount reclassified to "Fee, commission and brokerage income - net" from "Other Income - Commission from insurance companies"	<b>5,467,673</b>
Amount reclassified to "Mark-up on advances" from "Loss from branchless banking"	<b>152,678,681</b>
Amount reclassified to "Administrative expenses" from " Fee, commission and brokerage income - net"	<b>116,578,125</b>
<b>Cash flow statement</b>	
Amount reclassified to "cash and cash equivalents" from "cash flow from investing activities"	<b>10,922,560,128</b>

23.3 Where there are no amounts to be disclosed in the account captions as prescribed by BSD Circular No.11 dated 30 December 2003 issued by SBP in respect of forms of financial statements for Microfinance banks, these captions have not been reproduced in these condensed interim financial statements.

**24 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on 27-August- 2021. 

  
\_\_\_\_\_  
**PRESIDENT / CHIEF EXECUTIVE**

  
\_\_\_\_\_  
**DIRECTOR**