

**MOBILINK MICROFINANCE BANK LIMITED  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED JUNE 30, 2022**

**INDEPENDENT AUDITORS' REVIEW REPORT****To the members of Mobilink Microfinance Bank Limited****Report on review of condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Mobilink Microfinance Bank Limited (the Bank) as at June 30, 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed financial statements for the half year then ended (here-in-after referred to as the "condensed interim Financial Statements"). Management is responsible for the preparation and presentation of these condensed interim Financial Statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim Financial Statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 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.

**Other Matter**

The financial statements of the Bank for the year ended December 31, 2021 and condensed interim financial statements for the half year ended June 30, 2021 were audited and reviewed respectively, by another firm of Chartered Accountants, whose reports dated April 28, 2022 and November 30, 2021 expressed an unmodified opinion and conclusion on those financial statements and condensed interim financial statements respectively.

**Chartered Accountants**Engagement Partner: **Syed Asmatullah**  
Islamabad

Date: September 30, 2022

UDIN: RR20221041456sRKctbF

**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2022**

		June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	-----Rupees-----	
<b>ASSETS</b>			
Cash and balances with SBP and NBP	6	4,222,030,490	4,735,965,535
Balances with other Banks / NBFIs / MFBs	7	3,135,959,685	3,240,610,835
Investments	8	5,888,817,601	13,265,962,908
Advances – net of provisions	9	41,136,166,778	37,463,494,711
Operating fixed assets	10	2,329,204,641	2,125,212,463
Other assets	11	9,654,033,481	7,922,293,841
Deferred tax asset	12	484,340,435	405,287,170
<b>Total assets</b>		<b>66,850,553,111</b>	<b>69,158,827,463</b>
<b>LIABILITIES</b>			
Deposits and other accounts	13	55,144,071,759	58,658,397,196
Borrowings	14	1,278,039,040	-
Other liabilities	15	4,060,322,899	4,359,605,620
<b>Total liabilities</b>		<b>60,482,433,698</b>	<b>63,018,002,816</b>
<b>Net assets</b>		<b>6,368,119,413</b>	<b>6,140,824,647</b>
<b>REPRESENTED BY:</b>			
Share capital	16	2,713,596,830	2,713,596,830
Statutory reserve		810,358,937	767,940,323
Depositors' protection fund		261,192,331	239,191,683
Unappropriated profit		2,582,849,825	2,423,780,022
		<b>6,367,997,923</b>	<b>6,144,508,858</b>
Surplus / (Deficit) on revaluation of assets	17	121,490	(3,684,211)
		<b>6,368,119,413</b>	<b>6,140,824,647</b>
<b>MEMORANDUM / OFF-BALANCE SHEET ITEMS</b>	18		

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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 PRESIDENT / CHIEF EXECUTIVE

  
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 DIRECTOR



**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Note	Half year ended June 30	
		2022	2021
-----Rupees-----			
Markup / return / interest earned	19	7,873,428,200	4,647,347,171
Markup / return / interest expensed	20	(1,236,637,790)	(737,072,151)
Net markup / interest income		6,636,790,410	3,910,275,020
Provision against non-performing loans and advances	9.4	(1,040,738,832)	(198,282,513)
Net markup / interest income after provisions		5,596,051,578	3,711,992,507
<b>NON MARK-UP / NON INTEREST INCOME</b>			
Fee, commission and brokerage income - net	21	(837,241,801)	(121,998,039)
Dividend income		3,727,637	-
Other income		-	65,063
Total non-markup / non interest income		(833,514,164)	(121,932,976)
<b>NON MARK-UP / NON INTEREST EXPENSES</b>			
Administrative expenses		(4,458,172,530)	(2,714,586,262)
Other charges		(32,147,775)	(9,582,953)
Total non-markup / non interest expenses		(4,490,320,305)	(2,724,169,215)
		272,217,109	865,890,316
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		272,217,109	865,890,316
<b>TAXATION</b>			
Current		(111,079,042)	(330,570,898)
Prior year		(29,662,918)	-
Deferred		80,617,922	78,541,891
		(60,124,038)	(252,029,007)
<b>PROFIT / (LOSS) AFTER TAXATION</b>		212,093,071	613,861,309
Unappropriated profit brought forward		2,423,780,022	1,878,179,840
<b>Profit available for appropriations</b>		2,635,873,093	2,492,041,149
<b>APPROPRIATIONS:</b>			
Transfer to:			
Statutory reserve		(42,418,614)	(122,772,262)
Contribution to depositors protection fund		(10,604,654)	(30,693,065)
		(53,023,268)	(153,465,327)
<b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>		2,582,849,825	2,338,575,822
Basic and diluted earnings / (loss) per share (Rupee)		0.78	2.26

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
PRESIDENT / CHIEF EXECUTIVE

  
DIRECTOR


**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	<u>Half year ended June 30</u>	
	2022	2021
	-----Rupees-----	
<b>PROFIT / (LOSS) AFTER TAXATION</b>	212,093,071	613,861,309
Other comprehensive income	-	-
<b>Comprehensive income / (loss) for the period transferred to equity</b>	<u>212,093,071</u>	<u>613,861,309</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		
Surplus / (deficit) on revaluation of investments - available for sale	5,370,358	(3,159,384)
Related tax impact	<u>(1,564,657)</u>	916,221
<b>Comprehensive income / (loss) for the period not transferred to equity</b>	<u>3,805,701</u>	<u>(2,243,163)</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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 PRESIDENT / CHIEF EXECUTIVE

  
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 DIRECTOR

**MOBILINK MICROFINANCE BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Capital reserves			Revenue reserves	Total
	Share capital	Statutory reserve	Depositors protection fund	Unappropriated profit	
----- Rupees -----					
<b>Balance at January 01, 2021</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</b>	2,713,596,830	745,176,292	225,775,347	2,338,575,822	6,023,124,291
Profit for the period	-	-	-	113,820,156	113,820,156
Other comprehensive income	-	-	-	(160,917)	(160,917)
Total comprehensive income for the period	-	-	-	113,659,239	113,659,239
Transfers to statutory reserves	-	22,764,031	-	(22,764,031)	-
<b>Transfer to Depositors protection fund</b>					
- 5% of the profit after tax for the period	-	-	5,691,008	(5,691,008)	-
- return on investments	-	-	7,725,328	-	7,725,328
	-	-	13,416,336	(5,691,008)	7,725,328
<b>Balance at December 31, 2021</b>	2,713,596,830	767,940,323	239,191,683	2,423,780,022	6,144,508,858
Profit for the period	-	-	-	212,093,071	212,093,071
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	212,093,071	212,093,071
Transfers to statutory reserves	-	42,418,614	-	(42,418,614)	-
<b>Transfer to Depositors protection fund</b>					
- 5% of the profit after tax for the period	-	-	10,604,654	(10,604,654)	-
- return on investments	-	-	11,395,994	-	11,395,994
	-	-	22,000,648	(10,604,654)	11,395,994
<b>Balance at June 30, 2022</b>	<u>2,713,596,830</u>	<u>810,358,937</u>	<u>261,192,331</u>	<u>2,582,849,825</u>	<u>6,367,997,923</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
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 PRESIDENT / CHIEF EXECUTIVE

  
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 DIRECTOR



**MOBILINK MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	<b>Half year ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	272,217,109	865,890,316
Less: Dividend income	(3,727,637)	-
	<b>268,489,472</b>	<b>865,890,316</b>
<b>Adjustment for non cash items and other items:</b>		
Depreciation on property and equipment	140,802,556	122,351,554
Depreciation on right of use assets	84,848,108	62,229,530
Amortization on intangible assets	100,981,560	95,337,418
Loss on redemption of investments	25,505,985	-
Provision against non performing loans and advances	1,040,738,832	198,282,513
Loss / (Gain) disposal of operating fixed assets	568,706	(65,063)
Gain on disposal of available for sale securities	(191,433)	-
Provision against gratuity	37,116,765	-
Finance charges on lease liability	56,983,378	37,278,842
	<b>1,487,354,457</b>	<b>515,414,794</b>
	<b>1,755,843,929</b>	<b>1,381,305,110</b>
<b>(Increase) / decrease in operating assets:</b>		
Advances	(4,713,410,899)	(6,515,293,858)
Other assets (excluding advance taxation)	(1,586,104,350)	642,422,992
	<b>(6,299,515,249)</b>	<b>(5,872,870,866)</b>
<b>Increase / (decrease) in operating liabilities:</b>		
Bills payable	(56,063,545)	(82,736,536)
Deposits and other accounts	(3,514,325,437)	1,477,287,601
Other liabilities (excluding current taxation)	(532,299,494)	1,681,796,185
	<b>(4,102,688,476)</b>	<b>3,076,347,250</b>
	<b>(8,646,359,796)</b>	<b>(1,415,218,506)</b>
<b>Cash outflow from operations</b>	<b>(56,983,378)</b>	<b>(37,278,842)</b>
Finance charges on lease liability	(340,189,988)	(197,061,407)
Income tax paid	<b>(9,043,533,162)</b>	<b>(1,649,558,755)</b>
<b>Net cash outflows from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds in available for sale securities	289,514,209	6,087,128
Investment in operating fixed assets	(177,160,544)	(220,690,148)
Sale proceeds from disposal of property and equipment	1,688,306	1,085,714
<b>Net cash inflow / (outflow) from investing activities</b>	<b>114,041,971</b>	<b>(213,517,306)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability	(49,385,433)	(27,646,133)
Receipts against borrowings	1,278,039,040	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>1,228,653,607</b>	<b>(27,646,133)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,700,837,584)</b>	<b>(1,890,722,194)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>20,727,645,360</b>	<b>21,172,041,291</b>
	<b>13,026,807,776</b>	<b>19,281,319,097</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and balances with SBP and NBP	4,222,030,490	3,498,749,668
Balances with other banks/NBFIs/MFBs	2,915,959,685	8,618,105,605
Investments with original maturity of less than three months	5,888,817,601	7,164,463,824
	<b>13,026,807,776</b>	<b>19,281,319,097</b>

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The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
**PRESIDENT / CHIEF EXECUTIVE**

  
**DIRECTOR**

**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

**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 105 business locations/ touch points comprising of 105 branches (including 1 in Muzaffarabad AJK) and no booth/ service centre (2021: 105 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.

SBP vide its BPRD Circular No. 04 of 2019 dated October 23, 2019 had directed banks in Pakistan to implement IFRS 9 with effect from January 01, 2021. Though keeping in view of COVID-19 impact and banking industry representations, SBP vide its BPRD Circular No. 03 dated July 05, 2022 has deferred the implementation of IFRS 9 January 01, 2024 for Microfinance Banks. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss 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.



**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

- 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, 2021, 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.
- 2.3** There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are considered either not to be relevant or not to have any significant effect on the Bank's condensed interim financial statements.

**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, 2021.

**5 ACCOUNTING ESTIMATES**

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2021.

**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
<b>6</b>	<b>CASH AND BALANCES WITH SBP AND NBP</b>	----- Rupees -----	
	Cash in hand - local currency	756,633,001	816,788,618
	Balance with State Bank of Pakistan (SBP)	3,462,303,940	3,801,139,847
	Balance with National Bank of Pakistan (NBP)		
	- Current accounts	3,093,549	118,037,070
		<u>4,222,030,490</u>	<u>4,735,965,535</u>

**6.1** This includes balance held with SBP in a current account to comply with the requirement of maintaining minimum balance equivalent to 5% (December 31, 2021: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
<b>7</b>	<b>BALANCES WITH OTHER BANKS / NBFIs / MFBs</b>	----- Rupees -----	
	In Pakistan		
	- on current accounts - local currency	-	154,708,826
	- on saving accounts - local currency	2,913,209,685	2,863,152,009
	- on term deposits accounts - local currency	222,750,000	222,750,000
		<u>3,135,959,685</u>	<u>3,240,610,835</u>
	- on current accounts - foreign currency	-	-
		<u>3,135,959,685</u>	<u>3,240,610,835</u>

**7.1** These carry markup ranging from 12.25% to 15.65% (December 31, 2021: 5.50% to 9.25%) per annum.

**7.2** These carry markup ranging from 12.70% to 13.75% (December 31, 2021: 7.51% to 8.10%) per annum, and have maturity latest by June 24, 2023.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
<b>8</b>	<b>INVESTMENTS</b>	----- Rupees -----	
	<b>Available for sale</b>		
	<b>Federal Government Securities</b>		
	Market Treasury Bills	5,888,636,272	13,168,003,173
	Mutual Funds	-	103,148,764
	<b>Surplus on revaluation of available for sale investments</b>	181,329	(5,189,029)
		<u>5,888,817,601</u>	<u>13,265,962,908</u>

**8.1** These represent securities with original maturity period of upto three months. Investment made during the year carry markup at the rates ranging between 10.20% to 14.75% (December 31, 2021: 7.10% to 10.49%) per annum. These also include securities with original maturity period of upto three months held for the purposes of Depositors' Protection Fund.

**8.2** 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.

**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
		Number of loans outstanding	Amount of loans outstanding	Number of loans outstanding	Amount of loans outstanding
		Number	Rupees	Number	Rupees
<b>9 ADVANCES - NET OF PROVISIONS</b>					
Micro credit					
-Secured against gold		85,840	17,385,656,607	77,769	14,632,223,900
-Unsecured		2,169,134	24,924,527,844	1,941,518	23,737,608,912
		<u>2,254,974</u>	<u>42,310,184,451</u>	<u>2,019,287</u>	<u>38,369,832,812</u>
Less:					
Specific provision	9.1		689,313,384		440,393,866
General provision	9.2		484,704,289		465,944,235
			<u>1,174,017,673</u>		<u>906,338,101</u>
Advances - net of provisions			<u>41,136,166,778</u>		<u>37,463,494,711</u>

Category of classification	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- Rupees -----					
OAEM	568,463,610	14,742,983	14,742,983	387,663,044	-	-
Substandard	376,254,427	89,354,717	89,354,717	228,795,486	57,198,872	57,198,872
Doubtful	638,138,805	313,585,415	313,585,415	494,384,091	247,192,046	247,192,046
Loss	273,827,804	271,630,269	271,630,269	136,002,948	136,002,948	136,002,948
	<u>1,856,684,646</u>	<u>689,313,384</u>	<u>689,313,384</u>	<u>1,246,845,569</u>	<u>440,393,866</u>	<u>440,393,866</u>

9.2 This represents general provision maintained against unsecured microcredit advances net of specific provision, cash and gold collateral at the rate of 2% (December 31, 2021: 2%) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan.

9.3 On March 16, 2022 SBP AC&MFD has issued Circular No. 02 of 2022 making significant revisions to the MFBs' Prudential Regulations (R-5: Maximum Loan Size and Eligibility of Borrowers, R-8: Classification of Assets and Provisioning Requirements & R-10: Charging-off Non Performing Loans (NPLs))

**Major Changes include**

Classification	Previous DPD Criteria	New DPD Criteria			
		General loans	Housing loans	Enterprise loans	Enterprise loans (Property collateral)
Days passed due based classification (DPD)					
OAEM	30-59	30-59	90-179	90-179	90-179
Substandard	60-89	60-89	180-364	180-364	180-364
Doubtful	90-179	90-179	365-729	365-544	365-544
Loss	180-209	180-209	730-1944	545-1214	545-1944
Write Off	=>210	=>210	=>1945	=>1215	=>1945
Provision Percentage					
OAEM	0%	0%	0%	10%	10%
Substandard	25%	25%	25%	25%	25%
Doubtful	50%	50%	50%	50%	50%
Loss	100%	100%	100%	100%	100%
Write Off	100%	100%	100%	100%	100%
Suspension Percentage					
OAEM	100%	0%	0%	100%	100%
Substandard	100%	100%	100%	100%	100%
Doubtful	100%	100%	100%	100%	100%
Loss	100%	100%	100%	100%	100%
Write Off	100%	100%	100%	100%	100%

**9.4 Particulars of provision against non-performing advances**

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	440,393,866	465,944,235	906,338,101	22,810,309	332,240,501	355,050,810
Charge for the period/ year	1,021,978,778	18,760,054	1,040,738,832	854,181,059	133,700,416	987,881,475
Amounts written-off	(773,059,260)	-	(773,059,260)	(436,597,502)	3,318	(436,594,184)
	<u>248,919,518</u>	<u>18,760,054</u>	<u>267,679,572</u>	<u>417,583,557</u>	<u>133,703,734</u>	<u>551,287,291</u>
Closing balance	<u>689,313,384</u>	<u>484,704,289</u>	<u>1,174,017,673</u>	<u>440,393,866</u>	<u>465,944,235</u>	<u>906,338,101</u>

9.5 Particulars of write offs	(Un-audited)		Audited	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
----- Rupees -----				
Against provisions	<u>773,059,260</u>		<u>773,059,260</u>	<u>436,594,184</u>

9.6 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 2022, outstanding balance of such loans is Rs 6,754 million (2021: 7,580 million).



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		(Un-audited) June 30, 2022	Audited December 31, 2021
		----- Rupees -----	
<b>10</b>	<b>OPERATING FIXED ASSETS</b>		
	Note		
	Capital work in progress	39,008,619	74,345,755
	Property and equipment excluding right of use assets	914,809,313	968,256,736
	Intangible assets	433,566,534	411,662,559
		<u>1,387,384,466</u>	<u>1,454,265,050</u>
	Right of use assets	941,820,175	670,947,413
		<u>2,329,204,641</u>	<u>2,125,212,463</u>
<b>10.1</b>	<b>Additions during the period/ year</b>		
	Additions:		
	Electrical, office and computer equipment	58,453,309	312,338,834
	Furniture and fixture	9,760,947	56,538,921
	Vehicles	-	102,061,484
	Leasehold improvements	20,899,412	172,499,013
	Intangible assets	122,885,534	228,245,398
		<u>211,999,202</u>	<u>871,683,650</u>
	Right of use assets	355,691,003	185,019,830
	Net transfers - capital work-in-progress	(35,337,136)	(222,384,216)
		<u>532,353,069</u>	<u>834,319,264</u>
<b>11</b>	<b>OTHER ASSETS</b>		
	Income/ markup accrued	8,286,138,957	6,806,142,993
	Advances, deposits and prepayments	316,103,412	199,955,574
	Advance taxation - net	145,635,290	-
	Branch adjustment account	574,343	-
	Receivable from related parties	277,298,938	210,396,042
	Inventory/ printed stationary	119,188,013	140,871,876
	Crop and livestock insurance claims	183,373,446	244,583,127
	Others	325,721,082	320,344,229
		<u>9,654,033,481</u>	<u>7,922,293,841</u>
<b>11.1</b>	<b>Receivable from related parties</b>		
	Pakistan Mobile Communications Limited (PMCL)	<u>277,298,938</u>	<u>210,396,042</u>
<b>11.2</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.		
<b>12</b>	<b>DEFERRED TAX ASSET</b>		
	Arising in respect of following deductible temporary differences		
	Provision against non-performing advances	387,425,832	262,838,049
	Provision for gratuity	20,235,284	7,018,660
	Minimum Tax	31,968,582	-
	other	-	116,636,920
	deficit on revaluation of available for sale investments	-	1,504,818
	Operating fixed asset	20,931,178	4,657,353
	Lease liability net of right of use assets	26,076,310	12,631,370
		<u>486,637,186</u>	<u>405,287,170</u>
	Arising in respect of following taxable temporary differences		
	Intangible asset	(2,236,912)	-
	Surplus on revaluation of available for sale investments	(59,839)	-
		<u>(2,296,751)</u>	<u>-</u>
		<u>484,340,435</u>	<u>405,287,170</u>

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13	DEPOSITS AND OTHER ACCOUNTS	Note	(Un-audited) June 30, 2022		(Audited) December 31, 2021	
			Number	--- Rupees ---	Number	--- Rupees ---
	<b>Time liabilities</b>					
	Fixed deposits		1,006	5,914,575,208	1,071	9,952,032,819
	<b>Demand Liabilities</b>					
	Saving deposits		45,706	6,885,372,287	44,570	10,078,010,509
	Current deposits		585,462	2,539,822,448	520,727	2,910,951,210
	Branchless deposits					
	Saving		618,460	3,983,698,120	521,586	3,346,151,344
	Current		40,492,372	35,820,603,696	38,693,565	32,371,251,314
			<b>41,742,000</b>	<b>49,229,496,551</b>	<b>39,780,448</b>	<b>48,706,364,377</b>
		13.1	<b>41,743,006</b>	<b>55,144,071,759</b>	<b>39,781,519</b>	<b>58,658,397,196</b>
13.1	<b>Particulars of deposits by ownership</b>					
	Individual depositors		41,739,009	44,652,239,527	39,389,229	35,534,332,053
	<b>Institutional depositors:</b>					
	Corporations/ firms		1,191	3,362,832,797	707	9,081,355,172
	Banks and financial institutions		811	2,966,985,670	58	8,438,239,637
	Others		1,995	4,162,013,765	391,525	5,604,470,334
			<b>41,743,006</b>	<b>55,144,071,759</b>	<b>39,781,519</b>	<b>58,658,397,196</b>

13.2 Deposits include related parties balance amounting to Rs 70.288 million (2021: Rs 0.187 million) as disclosed in Note 23.

14	BORROWINGS		(Un-audited)	Audited
			June 30, 2022	December 31, 2021
			----- Rupees -----	
	Borrowings from Banks / Financial Institutions			
	In Pakistan	14.1	1,278,039,040	-
	Outside Pakistan		-	-
			<b>1,278,039,040</b>	<b>-</b>

14.1 The bank utilized two secured running finance facilities during the period on following terms.

- i) The Bank entered into running finance facility agreement amounting to Rs 500 million with Alfalah Bank to finance its operations and carries mark-up at the rate of one months KIBOR + 0.85% per annum payable on quarterly basis. The tenure of loan is 12 months. First pari passu charge over all the present and future assets of the Bank including but not limited to advances/microcredit receivables and investments bond CRR & SLR requirements of the bank with 25% margin(Excluding land and buildings).
- ii) The Bank entered into running finance facility agreement amounting to Rs 1,000 million with Allied bank to finance its operations and carries mark-up at the rate of three months KIBOR + 0.85% per annum payable on quarterly basis. The tenure of loan is 12 months. First pari passu charge over all the present and future assets of the Bank including but not limited to advances/microcredit receivables and investments beyond CRR & SLR requirements of the bank with 25% margin(Excluding land and buildings).

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		(Un-audited) June 30, 2022	Audited December 31, 2021
		----- Rupees -----	
<b>15</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable on deposits	220,732,834	265,187,255
	Bills payable	204,996,943	261,060,488
	Accrued expenses	887,343,776	950,059,785
	Payable to related parties	274,158,704	278,122,160
	Provision for gratuity	61,319,041	24,202,276
	Taxes and levies withheld	212,704,015	234,531,648
	Payable to suppliers	352,519,021	493,295,520
	Tax Payable	58,452,645	112,824,529
	Bills collected for settlement through NADRA	267,218,894	236,605,322
	Lease liability on right of use assets	1,020,839,295	714,503,858
	Remittances	248,412,800	567,693,510
	Others	251,624,931	221,519,269
		<u>4,060,322,899</u>	<u>4,359,605,620</u>
<b>16</b>	<b>SHARE CAPITAL</b>		
	<b>Authorized capital</b>		
	<b>2022</b>	2021	
	<b>Numbers</b>	Numbers	
	<u>300,000,000</u>	300,000,000	Ordinary shares of Rs. 10 each.
		<u>3,000,000,000</u>	<u>3,000,000,000</u>
	<b>Issued, subscribed and paid-up capital</b>		
		Ordinary shares	
	<u>271,359,683</u>	271,359,683	Fully paid in cash of Rs. 10 each.
		<u>2,713,596,830</u>	<u>2,713,596,830</u>
<b>16.1</b>	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, 2022	(Audited) December 31, 2021
		----- Rupees -----	
<b>17</b>	<b>(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS</b>		
	Available for sale investments	181,329	(5,189,029)
	Related deferred tax	(59,839)	1,504,818
		<u>121,490</u>	<u>(3,684,211)</u>
<b>18</b>	<b>MEMORANDUM / OFF BALANCE SHEET ITEMS</b>		
<b>18.1</b>	<b>Contingencies</b>		
	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 December 31, 2021.		
		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		----- Rupees -----	
<b>18.2</b>	<b>Commitments</b>		
		----- Rupees -----	
	Operating fixed assets	37,845,248	43,887,072
	Bank guarantee	330,000,000	330,000,000
	Standby letter of guarantee	76,125,000	59,250,000
		<u>443,970,248</u>	<u>433,137,072</u>
<b>18.3</b>	This represents Bank guarantees issued by the Bank to Pakistan Railway amounting to Rs.110 million (2021: Rs. 110 million) against the online payment processing services and Social Protection Strategy Unit Government of Sindh amounting to Rs.220 million (2021: 220) against disbursement of fund to CNIC holders under Health and Nutrition Conditional Cash Transfer (H&N CCT) program.		
<b>18.4</b>	This represents letter of guarantee issued by the Bank to Visa and Master card International Service Association for interbank settlement.		



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		(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
<b>19</b>	<b>MARKUP / RETURN / INTEREST EARNED</b>		
		----- Rupees -----	
	Mark-up on advances	6,996,223,521	4,030,529,634
	Income on investment in Government Securities	677,877,528	469,348,593
	Mark-up on deposit accounts with treasury and other banks	199,327,151	147,468,944
		<u>7,873,428,200</u>	<u>4,647,347,171</u>
<b>20</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Interest on deposits	1,229,710,279	737,072,151
	Interest on borrowings	6,927,511	-
		<u>1,236,637,790</u>	<u>737,072,151</u>
<b>21</b>	<b>FEE, COMMISSION AND BROKERAGE INCOME - NET</b>		
	Loss from branchless banking	(1,239,246,265)	(418,948,915)
	Loan processing fee	386,929,271	273,573,618
	Commission from insurance companies	2,073,074	18,105,560
	Others	13,002,119	5,271,698
		<u>(837,241,801)</u>	<u>(121,998,039)</u>
<b>21.1</b>	<b>Income / (loss) from branchless</b>		
	Branchless banking income	2,795,629,353	2,711,076,926
	Commission to retailers / franchisees	(2,430,818,728)	(2,243,917,855)
	Commission and float to a related party - PMCL	(1,604,056,890)	(886,107,986)
		<u>(1,239,246,265)</u>	<u>(418,948,915)</u>
<b>21.2</b>	This represents commission received from insurance companies against life and health insurance of the Bank's customers.		
<b>21.3</b>	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. 2,286 million (2021: Rs.622 million) related to branchless business have been included in mark-up on advances.		
<b>21.4</b>	This represents PMCL's share in net fee income at the rate of 70% and 50% share in float.		
<b>22</b>	<b>CASH AND CASH EQUIVELANTS</b>		
	Cash and balances with SBP and NBP	4,222,030,490	3,498,749,668
	Balances with other banks/NBFIs/MFBs	2,915,959,685	8,618,105,605
	Investments with original maturity of less than three months	5,888,817,601	7,164,463,824
		<u>13,026,807,776</u>	<u>19,281,319,097</u>
<b>22.1</b>	It excludes a Term Deposit Receipt (TDR) of Rs. 220 million having maturity of more than 1 year.		

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**23 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, 2022	(Un-audited) June 30, 2021
		----- 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		<b>906,490,950</b>	320,480,043
Payments made for expenses incurred on behalf of the Bank by PMCL		-	-
Payments made against defined contribution plan being employee and employer contributions		<b>85,322,458</b>	71,843,124
Deposits made during the period		<b>5,216,772,895</b>	5,116,963,052
Withdrawals made during the period		<b>5,147,677,156</b>	5,187,128,639
Mark-up/ return/ interest expensed to PMCL		<b>1,005,675</b>	1,278,198
Deposit mobilization commission paid		<b>648,351,548</b>	438,781,015
Branchless commission (net of expenses)		<b>955,678,843</b>	447,326,971
<b>Employees' Provident Fund Trust</b>			
Bank's contribution paid to the fund		<b>42,661,229</b>	35,921,562
<b>Key management personnel</b>			
Remuneration of key management personnel	Key management personnel	<b>143,343,980</b>	91,194,788
<b>Balances outstanding:</b>	<b>Relationship with related party</b>		
Payable to Global Telecom Holdings (GTH)	Associated company (Formerly Parent Company)	-	-
Receivable from PMCL	Associated Company	<b>277,298,938</b>	1,296,600,719
Payable to PMCL		<b>274,158,704</b>	1,076,515,621
Receivable from Business Communication System (Private) Limited	Associated company	-	-
<b>Deposits accounts contain amounts relating to following related parties:</b>			
Pakistan Mobile Communications Limited	Associated company	<b>70,288,000</b>	294,827
Key Management Personnel	Key management personnel	<b>34,722,255</b>	38,490,776

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**24 SUBSEQUENT EVENTS**

Subsequent to the period end, severe rains and flooding has impacted almost one third of Pakistan, which has caused destruction of infrastructure, displaced millions of people and impacted the social and commercial lives. As the bank is also operating in flood affected areas having 17 branches in such areas and is exposed to potential credit loss due to the said calamity, which is likely to impact the borrowers' ability to repay advances of the Bank. We learned that as per management initial assessment approximately five percent of the Bank's total loan portfolio is held in the flood affected areas having potential exposure of non-recovery. However, most of such loans are collateralized by gold. Management is in process of devising a recovery strategy to minimize the potential losses.

**25 GENERAL**

- 25.1** Figures in these condensed interim financial statements have been rounded to the nearest Rupee, unless otherwise stated.
- 25.2** Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison.
- 25.3** 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.

**26 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 September 30, 2022.

**PRESIDENT / CHIEF EXECUTIVE**

**DIRECTOR**