

MOBILINK MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2017

ASSETS	Note	2017 (Rupees)	2016 (Rupees)
Cash and Balances with SBP and NBP	6	1,071,464,341	747,930,012
Balances with other Banks/NBFIs/MFBs	7	3,047,342,613	4,742,891,348
Investments – net of provisions	8	4,527,807,491	1,495,053,230
Advances – net of provisions	9	9,819,345,964	5,858,824,209
Operating fixed assets	10	462,744,207	388,447,521
Other assets	11	1,603,732,370	853,361,423
Deferred tax asset	12	48,438,818	147,349,687
Total Assets		20,580,875,804	14,233,857,430
 LIABILITIES			
Deposits and other accounts	13	14,943,057,336	10,306,362,467
Other liabilities	14	2,533,184,153	2,697,001,907
Total Liabilities		17,476,241,489	13,003,364,374
 Net assets		 3,104,634,315	 1,230,493,056
 REPRESENTED BY:			
Share Capital	15	2,713,596,830	1,451,753,600
Statutory reserves	5.8	168,569,453	46,151,566
Depositor's protection fund	5.8	42,283,977	11,537,892
Unappropriated Profit/ (losses)		179,975,461	(278,950,002)
		3,104,425,721	1,230,493,056
Surplus on revaluation of assets	16	208,594	-
Total Capital		3,104,634,315	1,230,493,056
 MEMORANDUM / OFF-BALANCE SHEET ITEMS	 17		

The annexed notes from 1 to 36 form an integral part of these financial statements.

President/ CEO

Chairman

Director

Director

MOBILINK MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 (Rupees)	2016 (Rupees)
Markup/Return/Interest earned	18	2,616,677,423	1,241,070,085
Markup/Return/Interest expensed	19	(510,086,089)	(255,330,339)
Net Mark-up/ Interest Income		2,106,591,334	985,739,746
Provision against non-performing loans and advances		(115,700,937)	(67,610,733)
Net Markup/ Interest Income after provisions		1,990,890,397	918,129,013
NON MARKUP/ NON INTEREST INCOME			
Fee, Commission and Brokerage Income - net	20	540,476,085	596,000,295
Other Income	21	773,353	3,660,355
Total non-markup/non interest Income		541,249,438	599,660,650
		2,532,139,835	1,517,789,663
NON MARKUP/ NON INTEREST EXPENSES			
Administrative expenses	22	(1,648,857,326)	(1,179,325,924)
Other charges	23	(2,683,036)	(3,629,020)
Total nonmarkup/non interest expenses		(1,651,540,362)	(1,182,954,944)
		880,599,473	334,834,719
Extra ordinary/ unusual items		-	-
PROFIT BEFORE TAXATION		880,599,473	334,834,719
Taxation - Current	24	(169,635,980)	(56,921,902)
- Deferred	24	(98,874,058)	(47,154,987)
		(268,510,038)	(104,076,889)
PROFIT AFTER TAXATION		612,089,435	230,757,830
Accumulated loss brought forward		(278,950,002)	(452,018,374)
Profit/ (Loss) available for appropriation		333,139,433	(221,260,544)
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		(122,417,887)	(46,151,566)
Contribution to depositors protection fund		(30,604,472)	(11,537,892)
Interest earned on Depositors protection fund		(141,613)	
		(153,163,972)	(57,689,458)
Accumulated Profit/ (loss) carried forward		179,975,461	(278,950,002)
Profit / (Loss) per share (Rupee)	28	4.18	1.59

The annexed notes from 1 to 36 form an integral part of these financial statements.

President/ CEO

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**MOBILINK MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	2017 (Rupees)	2016 (Rupees)
Profit after taxation		612,089,435	230,757,830
Other comprehensive income		-	48,699
Comprehensive income transferred to equity		612,089,435	230,806,529
Components of comprehensive income not reflected in equity			
Surplus on revaluation of investments	8.2	245,405	-
Related tax impact		(36,811)	-
		208,594	-
Total comprehensive income for the year		612,089,435	230,806,529

The annexed notes from 1 to 36 form an integral part of these financial statements.

President/ CEO

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MOBILINK MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 (Rupees)	2016 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		880,599,473	334,834,719
Adjustments for non-cash charges			
Depreciation		118,847,323	88,332,296
Amortization		41,560,981	32,897,932
Provision for gratuity		8,367,151	5,024,139
Provision against non-performing advances		115,700,937	67,610,733
(Gain) on sale of fixed assets- net		(773,353)	(2,462,889)
		<u>283,703,039</u>	<u>191,402,211</u>
		1,164,302,512	526,236,930
(Increase)/ decrease in operating assets			
Advances		(4,076,222,692)	(4,583,877,797)
Other assets (excluding advance taxation)		(780,713,779)	(594,577,185)
		(4,856,936,471)	(5,178,454,982)
Increase/ (decrease) in operating liabilities			
Bills payable		60,974,895	28,551,824
Deposits		4,636,694,869	7,109,051,030
Other liabilities (excluding current taxation)		(269,989,416)	1,972,053,060
		<u>4,427,680,348</u>	<u>9,109,655,914</u>
		735,046,389	4,457,437,862
Gratuity paid		(2,307,164)	(1,536,462)
Income tax paid		(100,156,368)	(45,617,739)
Net cash inflow from operating activities		<u>632,582,857</u>	4,410,283,661
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(3,032,508,856)	(1,370,430,583)
Investments in operating fixed assets		(236,491,132)	(221,888,203)
Sale proceeds of property and equipment disposed-off		2,559,495	3,908,181
Net cash (outflow) / inflow from investing activities		<u>(3,266,440,493)</u>	(1,588,410,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		1,261,843,230	-
Net cash flow from financing activities		<u>1,261,843,230</u>	-
(Decrease)/ increase in cash and cash equivalents		(1,372,014,406)	2,821,873,056
Cash and cash equivalents at beginning of the year		5,490,821,360	2,668,948,304
Cash and cash equivalents at end of the year	30	<u>4,118,806,954</u>	<u>5,490,821,360</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

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MOBILINK MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Share Capital	Capital Reserve	Statutory Reserve	Depositors Protection Fund	Accumulated Profit/ (loss)	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance at January 01, 2016	1,451,753,600	-	-	-	-	1,451,753,600
Profit for the year	-	-	-	-	(452,018,374)	(452,018,374)
Other comprehensive income/ (loss)	-	-	-	-	230,757,830	230,757,830
Transfers to Statutory reserves	-	-	46,151,566	-	(46,151,566)	-
Transfer to Depositors protection fund	-	-	-	11,537,892	(11,537,892)	-
Other appropriations	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Balance at December 31, 2016	<u>1,451,753,600</u>	<u>-</u>	<u>46,151,566</u>	<u>11,537,892</u>	<u>(278,950,002)</u>	<u>1,230,493,056</u>
Profit for the year	-	-	-	-	612,089,435	612,089,435
Other comprehensive income/ (loss)	-	-	-	-	-	-
Transfers to Statutory reserves	-	-	122,417,887	-	(122,417,887)	-
Transfer to Depositors protection fund	-	-	-	30,746,085	(30,746,085)	-
Other appropriations	-	-	-	-	-	-
Issue of share capital	1,261,843,230	-	-	-	-	1,261,843,230
Balance at December 31, 2017	<u><u>2,713,596,830</u></u>	<u><u>-</u></u>	<u><u>168,569,453</u></u>	<u><u>42,283,977</u></u>	<u><u>179,975,461</u></u>	<u><u>3,104,425,721</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

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Director

Director

5.18 Standards, interpretations and amendments to approved accounting standards that are not yet effective

- a) The following amendments and interpretations to published accounting standards were effective during the year and have been adopted by the Bank:

	<u>Effective date (annual periods beginning on or after)</u>
IFRS 12 Disclosure of interests in other entities (Amendments)	January 1, 2017
IAS 7 Statement of cashflows (Amendments)	January 1, 2017
IAS 12 Income taxes (Amendments)	January 1, 2017

The management considers that adoption of above amendments and interpretations had no material impact on the Bank's financial statements other than in presentation/ disclosure.

- b) Following standard has been issued by the International Accounting Standards Board (IASB), which is yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

	<u>Effective date (annual periods beginning on or after)</u>
IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 14 Regulatory Deferral Accounts	January 1, 2016

- c) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

	<u>Effective date (annual periods beginning on or after)</u>
IFRS 2 Share-based payment (Amendments)	January 1, 2018
IFRS 4 Insurance Contracts	January 1, 2018
IFRS 9 Financial Instruments	July 1, 2018
IFRS 15 Revenue from Contracts with Customers	July 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 17 Insurance Contracts	January 1, 2021
IAS 28 Investment in associates and joint ventures (Amendments)	January 1, 2019
IAS 39 Financial Instruments: Recognition and Measurement (Amendments)	January 1, 2018
IAS 40 Investment Property (Amendments)	January 1, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018

The management anticipates that adoption of above standards and amendments in future periods will have no material impact on the Bank's financial statements other than in presentation/ disclosure.

	2017 (Rupees)	2016 (Rupees)
6. CASH AND BALANCES WITH SBP AND NBP		
Cash in hand	314,574,643	249,860,266
Balance with State Bank of Pakistan (SBP) - note 6.1	730,196,250	466,316,546
Balance with National Bank of Pakistan (NBP)	26,693,448	31,753,200
	<u>1,071,464,341</u>	<u>747,930,012</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% (2016: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

	2017 (Rupees)	2016 (Rupees)
7. BALANCES WITH OTHER BANKS/NBFIs/MFBs		
In Pakistan		
- on current accounts - Local currency	-	-
- on saving accounts - Local currency - note 7.1	1,147,342,613	1,442,891,348
- on term deposits accounts - Local currency - note 7.2	1,900,000,000	3,300,000,000
	<u>3,047,342,613</u>	<u>4,742,891,348</u>
- on current accounts - Foreign currency - note 7.3	-	-
	<u>3,047,342,613</u>	<u>4,742,891,348</u>

7.1 These carry markup ranging from 3.75% to 5.7% (2016: 4% to 6.55%) per annum.

7.2 These carry markup ranging from 5.95% to 6.45% (2016: 6% to 6.25%) per annum.

7.3 This account is being maintained with United Bank Limited for the purpose of Home Remittance under Pakistan remittance initiative as approved by the SBP.

	2017 (Rupees)	2016 (Rupees)
8. INVESTMENTS - net of provisions		
Available for Sale		
Federal Government securities		
Market Treasury Bills - note 8.1	3,527,562,086	1,495,053,230
Mutual Funds		
MCB - Arif Habib Savings and Investments Limited - 4,856,939 units (2016: nil)	500,000,000	-
Lackson Investments - 4,863,681 units (2016: nil)	500,000,000	-
	<u>1,000,000,000</u>	-
Surplus on revaluation of available for sale investments - note 8.2	245,405	-
	<u>4,527,807,491</u>	<u>1,495,053,230</u>

8.1 These represent securities with original maturity period of upto three months and carry markup at the rates ranging between 5.96% to 5.98% (2016: 5.85% to 5.90%) per annum. These also include a security with original maturity period of upto three month held for the purposes of Depositors' Protection Fund with a cumulative face value of amount of Rs. 50 million (2016: nil) and carry markup at the rate of 5.98% (2016: nil) per annum.

	2017 (Rupees)	2016 (Rupees)
8.2 Particulars of surplus / (deficit) on revaluation of available for sale investments:		
Balance at the beginning	-	649,319
Transferred to/ (from) revaluation of assets	245,405	(649,319)
Balance at the end	<u>245,405</u>	<u>-</u>

9. ADVANCES - net of provisions

	2017		2016	
	Loans outstanding (Number)	Amount outstanding (Rupees)	Loans outstanding (Number)	Amount outstanding (Rupees)
Micro credit				
-Secured against gold	15,008	1,281,529,653	12,069	955,190,655
-Unsecured	109,265	8,720,788,189	79,678	4,978,771,502
	<u>124,273</u>	<u>10,002,317,842</u>	<u>91,747</u>	<u>5,933,962,157</u>
Less: Provision held				
Specific provision	626	8,730,729	41	463,325
General provision - note 9.1	109,265	174,241,149	79,678	74,674,623
	<u>109,891</u>	<u>182,971,878</u>	<u>79,719</u>	<u>75,137,948</u>
Advances - net of provisions		<u>9,819,345,964</u>		<u>5,858,824,209</u>

9.1 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 2 % (2016: 1.5%) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan.

9.2 Particulars of non-performing advances

Category of classification	2017			2016		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	-----Rupees-----			-----Rupees-----		
OAEM	12,974,251	-	-	556,040	-	-
Sub-standard	6,253,366	1,555,592	1,555,592	1,021,737	41,184	41,184
Doubtful	9,658,574	4,829,287	4,829,287	512,070	188,735	188,735
Loss	2,345,850	2,345,850	2,345,850	233,406	233,406	233,406
	<u>31,232,041</u>	<u>8,730,729</u>	<u>8,730,729</u>	<u>2,323,253</u>	<u>463,325</u>	<u>463,325</u>

9.3 Particulars of provision against non-performing advances

	2017			2016		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	463,325	74,674,623	75,137,948	-	7,758,245	7,758,245
Charge for the year	16,134,411	99,566,526	115,700,937	694,355	66,916,378	67,610,733
Amounts written off - note 9.4	(7,867,007)	-	(7,867,007)	(231,030)	-	(231,030)
Reversals	-	-	-	-	-	-
Closing balance	<u>8,730,729</u>	<u>174,241,149</u>	<u>182,971,878</u>	<u>463,325</u>	<u>74,674,623</u>	<u>75,137,948</u>

9.4 Particulars of write offs

	2017 (Rupees)	2016 (Rupees)
Against provisions	<u>7,867,007</u>	231,030
	<u>7,867,007</u>	<u>231,030</u>

10. OPERATING FIXED ASSETS		2017	2016
		(Rupees)	(Rupees)
Capital Work in progress - note 10.1		26,581,298	4,915,860
Property and equipment - note 10.2		340,929,879	271,020,288
Intangible assets - note 10.3		95,233,030	112,511,373
		462,744,207	388,447,521
10.1 Capital Work in progress			
Civil works		10,747,298	4,915,860
Equipments		-	-
Advances to suppliers and contractors		15,834,000	-
Others		-	-
		26,581,298	4,915,860

10.2 Property and equipment

						Depreciation					Net book value		Rate per annum
	At January 01	Additions	Adjustments /transfers	Disposals/ write offs	At December 31	At January 01	Charge for the year	Adjustments /transfers	Disposals/ write offs	At December 31	At December 31	%age	
----- Rupees -----					----- Rupees -----							%	
2017													
Furniture and fixture	68,745,486	31,649,974	-	(140,374)	100,255,086	30,311,809	16,871,311	-	(71,867)	47,111,253	53,143,833	20%	
Electrical, office and computer equipment	336,493,695	115,898,708	-	(2,762,950)	449,629,453	147,693,161	77,930,244	-	(2,545,138)	223,078,267	226,551,186	10-33%	
Vehicles	24,135,483	9,999,655	-	(5,590,656)	28,544,482	10,005,633	6,158,025	-	(5,406,490)	10,757,168	17,787,314	25%	
Leasehold improvements	81,898,857	32,994,719	-	(11,941,527)	102,952,049	52,242,631	17,887,743	-	(10,625,871)	59,504,503	43,447,546	25%	
	511,273,521	190,543,056	-	(20,435,507)	681,381,070	240,253,234	118,847,323	-	(18,649,366)	340,451,191	340,929,879		
					(20,435,507)								
2016													
Furniture and fixture	55,736,451	15,252,634	-	(2,243,599)	68,745,486	18,644,056	12,869,074	-	(1,201,320)	30,311,810	38,433,676	20%	
Electrical, office and computer equipment	216,147,977	122,751,362	-	(2,405,644)	336,493,695	97,149,094	52,713,269	-	(2,169,202)	147,693,161	188,800,534	10-33%	
Vehicles	23,138,774	14,028,604	-	(13,031,895)	24,135,483	17,924,711	4,951,904	-	(12,870,982)	10,005,633	14,129,850	25%	
Leasehold improvements	68,859,833	13,180,834	(117,120)	(24,690)	81,898,857	34,469,006	17,798,049	(5,394)	(19,032)	52,242,629	29,656,228	25%	
	363,883,035	165,213,434	(117,120)	(17,705,828)	511,273,521	168,186,867	88,332,296	(5,394)	(16,260,536)	240,253,233	271,020,288		

10.2.1 The cost of fully depreciated assets still in use is Rs. 133,325,571 (2016: Rs. 87,619,901).

10.2.2 Detail of disposals of operating fixed assets

Particulars of assets	Original cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
Vehicles						
Honda City PT	1,682,404	1,682,403	1	493,799	HR Policy	Syed Sajjad Qayyum Ashraf
Honda City PT	1,698,304	1,698,303	1	498,299	HR Policy	Syed Naj-Mus-Sahar Sabzwari
Suzuki Cultus	1,104,974	1,012,892	92,082	760,307	Bid	Alvi Auctioneers
Suzuki Cultus	1,104,974	1,012,892	92,082	760,307	Bid	Alvi Auctioneers
	5,590,656	5,406,490	184,166	2,512,712		

Other assets having original cost or book value less than Rs. 1 million or Rs. 250 thousand

2017	14,844,851	13,242,876	1,601,975	46,783
	20,435,507	18,649,366	1,786,141	2,559,495
2016	17,705,828	16,260,536	1,445,292	3,908,181

10.3 Intangible assets

	Cost				Amortization				Net book value	Rate per annum %age
	At January 01	Additions	Disposals/ write offs	At December 31	At January 01	Charge for the year	Disposals/ write offs	At December 31	At December 31	
	----- Rupees -----				----- Rupees -----					
2017										
Software License	<u>182,840,817</u>	<u>24,282,638</u>	<u>-</u>	<u>207,123,455</u>	<u>70,329,444</u>	<u>41,560,981</u>	<u>-</u>	<u>111,890,425</u>	<u>95,233,030</u>	10-33%
	<u>182,840,817</u>	<u>24,282,638</u>	<u>-</u>	<u>207,123,455</u>	<u>70,329,444</u>	<u>41,560,981</u>	<u>-</u>	<u>111,890,425</u>	<u>95,233,030</u>	
2016										
Software License	<u>128,686,702</u>	<u>54,154,115</u>	<u>-</u>	<u>182,840,817</u>	<u>37,431,512</u>	<u>32,897,932</u>	<u>-</u>	<u>70,329,444</u>	<u>112,511,373</u>	10-33%
	<u>128,686,702</u>	<u>54,154,115</u>	<u>-</u>	<u>182,840,817</u>	<u>37,431,512</u>	<u>32,897,932</u>	<u>-</u>	<u>70,329,444</u>	<u>112,511,373</u>	

10.3.1 This includes Temenos - 24 (R-10) software with carrying value of Rs. 29,798,537 (2016: 31,611,207) and remaining amortization period of 3.9 (2015: 4.9) years.

		2017 (Rupees)	2016 (Rupees)		
11. OTHER ASSETS					
Income/ Markup accrued		1,148,291,676	652,412,703		
Advances, deposits and prepayments		104,200,761	57,985,540		
Advance taxation - net - note 11.1		-	30,342,832		
Receivable from related parties - note 11.2		153,530	105,935		
Inventory/ printed stationary		17,089,080	9,002,299		
Receivable against Insurance premium - note 11.3		167,600,608	74,389,688		
Others		166,396,715	29,122,426		
		1,603,732,370	853,361,423		
11.1 Advance taxation - net					
Opening balance		-	41,646,995		
Tax paid		-	45,617,739		
Provision for taxation		-	(56,921,902)		
Closing balance		-	30,342,832		
11.2 Receivable from related parties					
Business Communication System (Private) Limited		153,530	105,935		
		153,530	105,935		
11.3	This represents the amount receivable from SBP in respect of insurance premium paid by the Bank for livestock and crop loans under AC&MFD Circular No. 1 of 2013 dated November 1, 2013.				
12. DEFERRED TAX ASSET					
Deferred tax asset arising on account of deductible temporary differences on:					
Provision against non-performing advances		54,891,563	22,541,384		
Unused tax losses		-	75,470,589		
Unused tax credit		-	117,904		
Provision for gratuity		4,682,300	2,864,304		
Alternate Corporate Tax		-	56,921,902		
		59,573,863	157,916,083		
Deferred tax liability arising on account of taxable temporary differences on:					
Operating fixed assets		(11,098,234)	(10,566,396)		
		48,475,629	147,349,687		
Surplus on revaluation of available for sale investments		(36,811)	-		
		48,438,818	147,349,687		
13. DEPOSITS AND OTHER ACCOUNTS					
	Note	2017 (Number)	2017 (Rupees)	2016 (Number)	2016 (Rupees)
Time Liabilities:					
Term deposits		2,413	2,696,045,178	1265	2,344,357,034
Demand Liabilities:					
Savings deposits		41,467	2,280,335,379	37,808	2,526,149,947
Current deposits		174,722	1,537,025,783	98,549	1,317,006,773
Branchless deposits		14,800,201	8,429,650,996	7,983,760	4,118,848,713
		15,016,390	12,247,012,158	8,120,117	7,962,005,433
		15,018,803	14,943,057,336	8,121,382	10,306,362,467
13.1 Particulars of deposits by ownership					
Individual depositors		14,943,281	10,043,404,813	8,050,538	5,686,390,251
Institutional depositors					
a) Corporations/firms etc.		1,531	2,579,534,581	1,031	1,834,000,242
b) Banks & financial institutions		171	1,178,704,512	33	1,941,623,675
Retailers		73,185	1,048,871,654	69,330	684,321,037
Franchisees		614	91,873,363	429	160,025,166
Customer care centers		21	668,413	21	2,096
		15,018,803	14,943,057,336	8,121,382	10,306,362,467
		-16-			
14. OTHER LIABILITIES					
Markup/ Interest payable				2017 (Rupees)	2016 (Rupees)
Accrued expenses				87,624,964	53,241,065
Payable to related parties - note 14.1				118,023,411	85,538,644
Provision of taxation - net - note 14.2				151,524,773	1,316,600,081
Taxes and levies withheld				39,136,780	-
Payable to suppliers				129,260,743	83,654,788
Bills collected for settlement through NADRA				261,222,704	63,492,751
Uncollected remittances				202,523,590	327,679,666
Bills payable				390,931,156	259,244,032
Provision for gratuity - note 14.3				123,282,449	62,307,554
Others				15,607,668	9,547,681
				1,014,045,915	435,695,645
				2,533,184,153	2,697,001,907
14.1 Payable to related parties					
PMCL				148,042,650	25,537,867
Global Telecom Holding S.A.E				1,000,000	1,288,580,091
Oracap - GTH				2,482,123	2,482,123
				151,524,773	1,316,600,081
14.2 Provision of taxation - net					
Opening balance				(30,342,832)	-
Tax paid				(100,156,366)	-
Provision for taxation				169,635,978	-
Closing balance				39,136,780	-
14.3 Provision for gratuity					
Opening balance				9,547,681	6,060,004
Charge for the year				8,367,151	5,024,139
Payment during the year				(2,307,164)	(1,536,462)
Closing balance				15,607,668	9,547,681
15. SHARE CAPITAL					
Authorized Capital					
	2017 Numbers	2016 Numbers			
	300,000,000	150,000,000	Ordinary shares of Rs. 10 each.	3,000,000,000	1,500,000,000
Issued, subscribed and paid-up capital					
	271,359,683	145,175,360	Ordinary shares Fully paid in cash of Rs. 10 each.	2,713,596,830	1,451,753,600
15.1	Global Telecom Holding S.A.E. (GTH) is the holding company controlling 271,359,678 i.e. 99.99% shares (2016: 99.99%) of the Bank. During the year, a total of 126,184,323 shares, having face value of Rs. 10 each, were issued to GTH in furtherance of the Novation agreement dated June 30, 2016 reached between PMCL, GTH and the Bank.				
16. SURPLUS ON REVALUATION OF ASSETS					
Available for sale investments - net of tax				208,594	-
17. MEMORANDUM / OFF-BALANCE SHEET ITEMS					
17.1 Contingencies					
	There are no known material contingencies at the year end (2016: Nil).				
17.2 Commitments:					
Operating fixed assets				59,833,693	-
Bank Guarantee - note 17.3				101,143,750	-
Standby Letter of Guarantee - note 17.4				11,650,000	-
				172,627,443	-
17.3	This represents Bank guarantees issued by the Bank to Pakistan Railway and Reform Support Unit (RSU) School Education Department Government of Sindh against the online payment processing services, disbursement of internship stipends.				
17.4	This represents letter of guarantee issued by the Bank to Visa International Service Association for interbank settlement.				
				2017 (Rupees)	2016 (Rupees)
18. MARK-UP/RETURN/INTEREST EARNED					
Interest / Mark-up on;					
- Advances				2,157,450,171	995,539,799
- Government securities				236,408,959	71,075,993
- On Deposit accounts/placements with other banks/financial institution				222,818,293	174,454,293
				2,616,677,423	1,241,070,085
19. MARK-UP/RETURN/INTEREST EXPENSED					
On deposits				510,086,089	255,330,339
20. FEE, COMMISSION AND BROKERAGE INCOME - NET					
Income from branchless banking - note 20.1				300,564,562	420,955,968
Loan processing fee				187,616,028	143,635,710
Others				52,295,495	31,408,617
				540,476,085	596,000,295
20.1 Income from branchless					
Branchless banking income - note 20.2				4,415,065,410	3,746,551,522
Commission to retailer / franchisee				(2,893,386,625)	(2,093,138,008)
Commission to related party				(983,344,616)	(1,124,602,118)
NADRA charges related to branchless banking				(237,769,607)	(107,855,428)
				300,564,562	420,955,968
20.2	This represents the income from branchless banking operations (Jazz cash formerly Mobicash) carried out by the Bank together with Pakistan Mobile Communication Limited (PMCL) through agency agreement under SBP Branchless Banking Regulations. As per the agreement, Income from Mobicash (Net of Agents commission) is shared between the Bank and PMCL in the ratio of 30:70 respectively.				
21. OTHER INCOME					
Gain on disposal of fixed assets				773,353	3,660,355
22. ADMINISTRATIVE EXPENSES					
Salaries, allowances etc.				844,314,516	598,678,628
Contribution to defined contribution plan				26,856,140	22,669,059
Provision for gratuity				8,367,151	5,024,139
Training / Capacity building				3,899,837	6,323,141
Depreciation - note 10.3				118,847,323	88,332,292
Amortization - note 10.3				41,560,981	32,897,936
Travel and transportation				19,396,500	18,173,194
Rent, taxes, insurance, electricity, etc.				154,647,421	98,080,633
Loss on sale of fixed assets				-	1,197,466
Stationary and printing				41,530,901	29,962,201
Communications				15,537,490	11,268,723
Repair and maintenance - General				8,396,490	8,278,815
Repair and maintenance - Vehicle				4,636,075	890,239
Legal and professional charges				12,715,482	1,480,989
Auditors' remuneration - note 22.1				2,250,000	1,025,000
Bank charges				75,729,028	47,070,224
IT equipment and software maintenance				114,139,160	96,118,044
Security				56,878,276	38,580,161
NADRA verification charges				17,229,630	11,868,008
Janitorial services				27,072,254	18,351,251
Office supplies				8,854,361	7,908,347
Entertainment				12,061,009	10,074,619
G2P Project Cost				15,954,185	6,234,346
Advertisement and publicity				1,321,304	3,307,248
Others				16,661,812	15,531,225
				1,648,857,326	1,179,325,924
22.1 Auditors' remuneration					
Audit fee				1,500,000	675,000
Fee for audit of provident, pension, gratuity and other funds				-	-
Special certifications				600,000	300,000
Out of pocket expenses				150,000	50,000
				2,250,000	1,025,000

	2017 (Rupees)	2016 (Rupees)
23. OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan - note 23.1	2,111,000	3,629,020
Workers Welfare Fund - Sindh	572,036	-
	<u>2,683,036</u>	<u>3,629,020</u>

23.1 The charge for the year represents the penalties paid to the State Bank of Pakistan in the year 2017 against violations under provision of the Microfinance institution ordinance, 2001 being late submission of Fit and Proper Criteria documents, late submission of minutes of meeting of BOD's for the year ended December 31, 2016.

24. TAXATION

For the year

Current	169,635,980	56,921,902
Deferred	98,874,058	43,178,379

For the prior years

Current	-	-
Deferred	-	3,976,608
	<u>268,510,038</u>	<u>104,076,889</u>

24.1 Relationship between tax expense and accounting loss

Profit before taxation	880,599,473	334,834,719
Tax at applicable tax rate of 30% percent (2016: 31% percent)	30%	31%
	264,179,842	103,798,763
Effect of:		
- Deferred tax asset recognized in prior years	7,399,847	-
- Prior years	-	-
- Permanent differences	(2,092,200)	1,124,996
- Tax rate changes	-	(395,881)
- Others	(977,451)	(450,989)
	<u>268,510,038</u>	<u>104,076,889</u>

24.2 Change in applicable income tax rate from 31% to 30% is due to change in relevant Income tax laws.

25. NUMBER OF EMPLOYEES

	2017			2016		
	Credit / Sales Staff	Banking / Support	Total	Credit / Sales Staff	Banking / Support	Total
Permanent	328	276	604	231	291	522
Contractual / temporary	208	234	442	175	54	229
	<u>536</u>	<u>510</u>	<u>1,046</u>	<u>406</u>	<u>345</u>	<u>751</u>

26. PROVIDENT FUND TRUST

The provident fund has been established collectively for the employees of Mobilink Microfinance Bank Limited, Pakistan Mobile Communication limited, LINKdotNET Telecom Limited, Business Communication Systems (Private) Limited, Vimpelcom Global services Pakistan and Warid Telecom (Pvt.) Limited. Details of employees Provident Fund based on un-audited financial statements for the respective years ended on December 31 are as follows:

	2017 (Rupees)	2016 (Rupees)
Size of the Fund -Total Assets	1,671,974,000	1,761,198,000
Cost of investments made	1,671,974,000	1,598,220,000
Percentage of investments made	100%	91%
Fair value of investments	1,523,316,000	1,666,522,000

Breakup of Investments is as follows:

	(Rupees)	%	(Rupees)	%
Saving Accounts	199,532,000	13%	376,466,000	23%
Term Deposit Certificates	89,754,000	6%	87,341,000	5%
	<u>289,286,000</u>	<u>19%</u>	<u>463,807,000</u>	<u>28%</u>
Wapda Bonds	233,802,000	15%	287,143,000	17%
Term Finance Certificates (TFC)	99,640,000	7%	123,268,000	7%
Government Securities	84,830,000	6%	72,676,000	4%
Listed Unit Trust Schemes	598,147,000	39%	523,143,000	31%
Listes Securities	217,611,000	14%	196,485,000	12%
	<u>1,523,316,000</u>		<u>1,666,522,000</u>	

26.1 The figures for 2017 are based on the un-audited financial statements (2016: un-audited financial statements) of the Provident Fund. All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for that purpose.

	2017 (Number)	2016 (Number)
27. NUMBER OF BRANCHES/SERVICE CENTRES		
Beginning of the year	51	41
Opened during the year		
-Branches	12	5
-Service Centers/Booth		8
-Closed / Merged during the year	(2)	(3)
At the end of the year	<u>61</u>	<u>51</u>
This includes 61 branches and no booth/ service center (2016: 35 and 16).		

28. REMUNERATION OF DIRECTORS AND EXECUTIVES

	President/ Chief Executive		Executives	
	2017 (Rupees)	2016 (Rupees)	2017 (Rupees)	2016 (Rupees)
Managerial remuneration	15,340,579	14,168,940	97,147,152	69,417,600
Rent and house maintenance	270,000	270,000	22,340,007	15,339,503
Utilities	1,488,972	1,416,900	9,611,281	6,941,772
Relocation allowance	-	-	662,853	574,318
Conveyance allowance	-	-	1,727,809	1,072,111
Car allowance	-	-	11,627,667	6,380,000
Car maintenance	280,646	613,556	1,597,866	774,133
Contribution to defined contribution plan	1,488,972	1,416,900	9,200,907	6,863,705
Fuel allowance / reimbursements	518,400	340,608	2,675,562	1,775,072
Sales staff incentive	-	-	11,830,974	4,733,972
Meal Allowance	-	-	747,500	-
Transport Allowance	-	-	5,500	-
Training compensation	-	-	120,000	303,000
Bonus, Prizes and rewards	12,403,952	7,298,720	23,770,888	18,184,224
	<u>31,791,521</u>	<u>25,525,624</u>	<u>193,065,966</u>	<u>132,359,411</u>
Number of persons	<u>1</u>	<u>1</u>	<u>92</u>	<u>63</u>

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- a) Executive means any employee whose basic salary exceeds Rs. 500,000 (2016: Rs. 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.
- c) Amount of Rs. 275,000 (2016: Rs. 150,000). is given to Non-Executive Director of the bank on account of attending board meetings.

	2017	2016
29. EARNING PER SHARE (RUPEE)		
Profit after taxation - Rupees	A <u>612,089,435</u>	<u>230,757,830</u>
Weighted average ordinary shares - Numbers	B <u>146,558,202</u>	<u>145,175,360</u>
Profit per share - Rupee	A/B <u>4.18</u>	<u>1.59</u>

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Bank is a subsidiary of Global Telecom Holding S.A.E. (GTH) which holds 99.99% share capital of the Bank. Therefore, all subsidiaries and associated undertakings of GTH are related parties of the Bank. Other related parties include directors, key management personnel which include CEO and Head of Departments (HOD's), entities under common directorship. Remuneration to directors and executives is disclosed in note 28 to these financial statements. Amounts due from and due to the related party companies are shown in note 11 and 14 to these financial statements. All transactions involving related parties are subject to the approval of the Board of Directors. Significant transactions with the related parties other than those referred to in the foregoing entered into during the year are as follows:

	2017 (Rupees)	2016 (Rupees)
Transactions with related parties by virtue of common Directorship		
Deposit Mobilization Commission Paid	157,296,609	66,426,078
Branchless commission (Net of agents commission)	826,048,007	1,058,176,040
Expenses incurred on behalf of the Bank by PMCL	130,736,250	38,463,396
Payments made for expenses incurred on behalf the Bank to PMCL	2,878,283	7,766,843
Services availed from LinkDotNet Telecom Limited	-	-
Payments made against defined contribution plan being employee and employer contributions	42,771,974	32,669,154
Mark-up/ return/ interest expensed to PMCL	26,279,792	32,768,439

Deposits in savings account include an amount of Rs. 507,975,342 (2016: Rs. 501,287,599) of PMCL, whereas the term deposit receipt include an amount of Rs. 50,000,000 placed at a profit rate of 7.5 % per annum (2016: 50,000,000) by PMCL.

Transaction with key management personnel

Remuneration, allowances and benefits - note 30.1	45,603,520	42,787,864
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30.1 Remuneration, allowances and benefits

Managerial remuneration	39,819,154	36,895,542
Rent and house maintenance	1,912,453	2,202,750
Utilities	3,871,913	3,689,572
	<u>45,603,520</u>	<u>42,787,864</u>

The Bank has not extended financing or other microfinance services to members of management, directors or parties related to them.

31. CASH AND CASH EQUIVALENTS

Cash and balances with SBP and NBP - note 6	1,071,464,341	747,930,012
Balances with other banks/NBFIs/MFBs - note 7	3,047,342,613	4,742,891,348
	<u>4,118,806,954</u>	<u>5,490,821,360</u>

33. MATURITIES OF ASSETS AND LIABILITIES

	Total	Up to one month	Over one month up to six month	Over six month up to one year	Over one year
December 31, 2017	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Market rate assets					
Cash and Balances with SBP and NBP	1,071,464,341	1,071,464,341	-	-	-
Balances with other Banks/NBFIs/MFBs	3,047,342,613	2,047,342,613	1,000,000,000	-	-
Investments	4,527,807,491	1,000,245,405	3,527,562,086	-	-
Advances	9,819,345,964	431,451,715	3,345,829,108	5,383,761,198	658,303,943
Total market rate assets	18,465,960,409	4,550,504,074	7,873,391,194	5,383,761,198	658,303,943
Other non-earning assets					
Operating fixed assets	462,744,207	2,086,477	2,367,093	20,240,604	438,050,033
Other assets	1,603,732,370	351,339,037	652,964,367	554,384,313	45,044,653
Deferred tax asset	48,438,818	-	-	-	48,438,818
Total non-earning assets	2,114,915,395	353,425,514	655,331,460	574,624,917	531,533,504
Total assets	20,580,875,804	4,903,929,588	8,528,722,654	5,958,386,115	1,189,837,447
Cost/ non cost bearing liabilities					
Deposits and other accounts	14,943,057,336	12,297,012,158	111,000,000	2,009,050,646	525,994,532
Other non-cost bearing liabilities					
Other liabilities	2,533,184,153	2,448,653,382	49,985,968	21,947,772	12,597,031
Total Liabilities	17,476,241,489	14,745,665,540	160,985,968	2,030,998,418	538,591,563
Net assets	3,104,634,315	(9,841,735,952)	8,367,736,686	3,927,387,697	651,245,884
Represented by :					
Share Capital	2,713,596,830				
Statutory reserves	168,569,453				
Depositor's protection fund	42,283,977				
Accumulated Losses	179,975,461				
Surplus / (deficit) on revaluation of assets	208,594				
	3,104,634,315				

33. MATURITIES OF ASSETS AND LIABILITIES

	Total	Up to one month	Over one month up to six month	Over six month up to one year	Over one year
December 31, 2016	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Market rate assets					
Cash and Balance with SBP and NBP	747,930,012	747,930,012	-	-	-
Balances with other Banks/NBFIs/MFBs	4,742,891,348	1,442,891,348	3,300,000,000	-	-
Investments	1,495,053,230	1,196,584,659	298,468,571	-	-
Advances	5,858,824,209	91,523,088	2,013,956,766	3,536,574,560	216,769,795
Total market rate assets	12,844,698,799	3,478,929,107	5,612,425,337	3,536,574,560	216,769,795
Other non-earning assets					
Operating fixed assets	388,447,521	532,461	3,429,138	119,138,745	265,347,177
Other assets	853,361,423	172,591,245	652,412,703	28,357,475	-
Deferred tax asset	147,349,687	-	-	-	147,349,687
Total non-earning assets	1,389,158,631	173,123,706	655,841,841	147,496,220	412,696,864
Total assets	14,233,857,430	3,652,052,813	6,268,267,178	3,684,070,780	629,466,659
Cost/ non cost bearing liabilities					
Deposits and other accounts	10,306,362,467	8,071,473,702	614,815,397	875,128,905	744,944,463
Other non-cost bearing liabilities					
Other liabilities	2,697,001,907	2,637,236,673	11,405,460	32,014,544	16,345,230
Total Liabilities	13,003,364,374	10,708,710,375	626,220,857	907,143,449	761,289,693
Net assets	1,230,493,056	(7,056,657,562)	5,642,046,321	2,776,927,331	(131,823,034)
Represented by :					
Share Capital	1,451,753,600				
Statutory reserves	46,151,566				
Depositor's protection fund	11,537,892				
Accumulated Losses	(278,950,002)				
Surplus / (deficit) on revaluation of assets	-				
	1,230,493,056				

34. RECLASSIFICATION

The corresponding figures as at December 31, 2016 have been reclassified for more appropriate presentation. These reclassifications have no effect on previously reported net income or shareholders' equity. The effect on presentation of the profit and loss for the year ended December 31, 2016 is summarized below:

From	To	(Rupees)
Administrative expenses	Income from branchless	1,300,107,855,428

35. GENERAL

Account captions, as prescribed by BSD Circular No. 11, dated December 30, 2003, in the context 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 account.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on _____.

President/ CEO

Chairman

Director

Director