

MOBILINK MICROFINANCE BANK LIMITED

PUBLIC NOTICE: UNDERSTANDING DEPOSITOR PROTECTION & PROFIT MANAGEMENT Your Guide to Profit Equalization (PER) & Investment Risk (IRR) Reserves



Dear Valued Depositors,

As part of our commitment to absolute transparency, ethical banking, and adherence to the State Bank of Pakistan (SBP) guidelines, Mobilink Microfinance Bank Limited wishes to share how your Mudarabah-based saving deposits are managed, protected, and optimized.

When you place funds in our Islamic Saving Pools, you act as the investor (Rab-ul-Mal), and the Bank acts as the manager (Mudarib). To shield your returns from sudden market fluctuations and safeguard your hard-earned funds against potential asset risks, we maintain two dedicated, Shariah-compliant safety reserves: the Profit Equalization Reserve (PER) and the Investment Risk Reserve (IRR).

1. Profit Equalization Reserve (PER) – Smoothing Your Monthly Returns

Markets change, but your banking experience shouldn't be a roller coaster. PER acts as a profit-smoothing tool. During months when the bank's saving pool performs exceptionally well, a small fraction of the pool's net income is set aside as voluntary contribution from investment accounts and equity. When market returns plunge, the Bank releases these reserves with prospective effects back into the same pool to ensure you continue to receive steady, competitive returns.

Disclosure

The PER is exclusively an operational mechanism to streamline and stabilize your profit rates across different months. In strict compliance with Shariah principles, it does not guarantee your core saving capital or lock in a fixed profit rate if the overall pool encounters an underlying structural loss.

2. Investment Risk Reserve (IRR) – A Financial Shield Against Portfolio Risks

The Investment Risk Reserve (IRR) acts as an asset cushion. It is explicitly designed to absorb future investment or credit losses that the financing portfolio might face due to unavoidable challenges. Built from a microscopic portion of the profits allocated to depositors, the IRR accumulates specifically to step in and absorb losses, heavily reducing risk exposure for your investment portfolio.

3. Quick Guide: PER vs. IRR

Features You Should Know	Profit Equalization Reserve (PER)	Investment Risk Reserve (IRR)
What is its purpose?	To keep your monthly profit rates smooth and highly competitive.	To protect depositors from potential investment/credit portfolio losses.
Where does it come from?	Deducted from the Pool's Net Income (before the Bank takes its management share).	Deducted from the profit distributed to depositors (after the Bank's share).
Maximum Contribution Limit	Never exceeds 2.0% of the pool's monthly net income.	Up to 1.0% of the distributable profit allocation per period.
How is it safely stored?	50% is recorded as a liability and 50% stays in secure Bank equity reserves.	100% is securely recorded as a direct liability in the Bank's ledger.
Where is it invested?	Exclusively in highly secure, SBP-approved SLR eligible securities.	Exclusively in highly secure, SBP-approved SLR eligible securities.
What does the Bank charge?	The Bank's profit-sharing ratio for managing this fund is strictly capped at 10%.	The Bank's profit-sharing ratio for managing this fund is strictly capped at 10%.

Our Promise of Shariah Compliance

Every single rupee saved in these reserves is safely reinvested into strict State Bank of Pakistan-approved, Shariah-compliant Islamic securities. Any profit generated from these specific reserve investments goes right back into accumulating your safety cushion, ensuring zero leakage and total alignment with regulatory instructions.

Should you have any questions regarding your Mudarabah pools, profit-sharing ratios, or weights, please feel free to visit your nearest Mobilink Islamic Banking branch or access our digital banking platforms.

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Reviewed by the Shariah Compliance Department (SCD) & and approved by Shariah Advisor.