



Mobilink
Microfinance Bank^{Ltd}

REACHING
HIGHER



**ANNUAL
REPORT 2017**



C O N T E N T

Highlights 2017	03
About Mobilink Bank	06
Board of Directors	08
Management Team	12
Vision, Mission & Values	18
Branch Network	20
Five Year Journey	22
Ratios	24
Empowering Businesses: The Story of Safia Parveen	28
Message from the Chairman	30
Message from the CEO	32
Service Quality (Highlights)	34
Director's Report	36
Auditor's Report	39
Audited Financial Statements	40
Notes to the Financial Statements	45

A hand in a suit jacket points towards a cluster of interlocking gears of various sizes. The entire scene is overlaid with a semi-transparent red filter. The gears are arranged in a roughly circular pattern, with some larger and some smaller. The hand is positioned on the right side, with the index finger pointing towards the center of the gear arrangement.

S



Highlights 2017

Earning Per Share	4.18
Return on Assets (ROA)	3.4%
Return on Equity (ROE)	37.9%
Portfolio at Risk (PAR)	0.31%
Active Borrowers	124,273
Average Outstanding Loan Balance	80,487
Depositors	15,018,803
Locations	61
Employees	1,046
Branchless Banking Agents	73,820





Visa Classic





Visa Classic Plus



About Mobilink Bank



موبیل لنک
مائیکرو فنانانس بینک



Mobilink
Microfinance Bank



With over 15 million mobile wallets, Mobilink Microfinance Bank Limited (MMBL) has become one of the largest players in the microfinance and branchless banking arena in Pakistan. MMBL, part of VEON group, formerly known as Vimpelcom, started operations in April 2012 and launched branchless banking operations under the brand name Jazzcash in partnership with Jazz, Pakistan's largest telecom operator, in November 2012.

Being a hybrid model that combines traditional microfinance with mobile, digital and branchless banking technologies, the bank now operates with 61 branches, over 1,000 employees, and a network of over 73,000 branchless banking agents. The bank, uses USSD (GSM) based digital channels and mobile based application to offer savings products, micro enterprise (MSME) loans, small housing loans, remittance and collection services, mobile wallets, insurance, G2P, B2B & B2P payments and thus plays a leading role in Pakistan's strive for financial inclusion. The bank is piloting e-credit and will continue to roll out more value added products and services in years to come.

In terms of financial performance, MMBL has emerged as one of the front runners in the sector having achieved financial break-even in 2016, within four years of commencing operations. After tax profit registered an increase of over 165% in 2017 generating 38% return on shareholders' equity.

MMBL & Jazz, envision to become market leaders in mobile based banking and microfinance offering simple and innovative technology based financial services. MMBL's game plan focuses on taking banking from the confines of brick and mortar structures straight to the cell phones of customers. The aim continues to be to contribute to banking the unbanked, the digitalization of banking and financial inclusion.

Board of Directors



Aamir Hafeez Ibrahim Director

With a Masters in Business Administration from IMD Switzerland and Advanced Management Programme from Harvard Business School. Mr. Ibrahim is currently serving as CEO PMCL (Jazz), Pakistan and Head of Emerging Markets at Veon. Mr. Ibrahim is a highly motivated leader with the proven ability to develop organizations and drive revenues. Mr. Ibrahim possesses vast cross-functional experience that encompasses strategic marketing & sales, stakeholder management and corporate strategy. His track record includes successful leadership roles in Pakistan as well as Thailand, UK, UAE, Switzerland and USA in telecom and various other industries.



Khurram Zafar Director

A computer engineering graduate from McGill University, Montreal Canada and is currently serving as the founding Executive Director of LUMS Center for Entrepreneurship, Managing Director of 47 Ventures, Founding Member and Innovation Fellow at Pakistan Innovation Foundation, and Board Director at Karandaz Pakistan. Mr. Khurram has served on the Industry Advisory Council of Punjab Revenue Authority and Infrastructure Development Authority of Punjab, Punjab Agriculture Commission; as member.



Jon Travis Eddy Director

A science and electric engineering graduate from Montana State University, Bozeman, MT. Mr. Eddy has served as Head of Emerging Markets at Veon-Amsterdam Netherlands, Chief Executive Officer at dtac Bangkok and Telenor Pakistan and as Chief Operating officer at Maxis Mobile one of the largest mobile operators in Malaysia and Chief Technology Officer at DiGi Telecom Kuala Lumpur, Malaysia. Mr. Eddy is a Senior Telecommunications Executive with more than 25 years of International Experience in Greenfield, turnaround and high-growth markets and has a proven track record in mobilizing and managing highly effective organizations in very complex competitive, regulatory and economic environments.



Richard James **Director**

An economics & accounting graduate from Bristol University UK and Member of Institute of Chartered Accountants of England and Wales, currently working as Group Corporate Finance Director at Veon since 2016.

Mr. James has served as Group Corporate Finance Director at Letterone, Group Treasurer at Alfa Group and was Deputy Chief Executive at Association of Corporate Treasurers. Mr. James is a senior financial expert experience spanning over 29 years in Telecom, Finance and Audit sector.

Mr. James has also served as Director of Investor Relations and Corporate Communications at ICI and was Head of Investor Relations & Treasury at Cookson Group plc.



Niaz Brohi **Director**

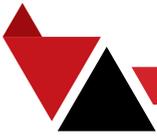
Mr. Brohi is LL.M from International Islamic University, Pakistan. Mr. Brohi is currently serving as Global Head of Legal VEON GSS. Mr. Brohi has served as the Chief Legal Officer at Jazz and having previously worked with the Pakistan Telecom Authority. Mr. Brohi, has over 15 years of experience in the telecom sector specializing in regulatory and corporate affairs, litigation and management, due diligence, mergers and acquisitions, risk assessment and advising the board of directors.



Salim Nooruddin Jiwani **Director**

A commerce graduate from University of Karachi, Pakistan and a Chartered Accountant from Institute of Chartered Accountants of Pakistan.

Mr. Jiwani has more than 20 years of experience in the microfinance industry. He has worked with several MFIs, local government, NGOs and multilateral organizations. Mr. Jiwani has experience of working with financial institutions in Pakistan, Afghanistan, Bangladesh, Egypt, Syria, Romania and Tajikistan. He has previously served on the Board of Directors of the First Microfinance Bank, Kashf Microfinance Bank and Pakistan Microfinance Network.



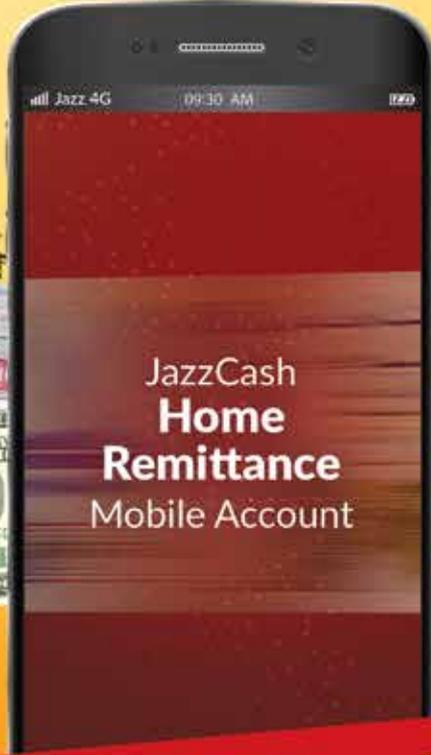
Ghazanfar Azzam

Director

In a career spanning over 32 years, Ghazanfar has worked for some of the best banks in Pakistan including HBL, Union Bank, Prime Bank & Bank Alfalah in retail, commercial, consumer & SME Banking segments. He is also founding CEO of two leading greenfield nationwide microfinance banks in Pakistan i.e. KASHF Microfinance Bank in 2008 (now FINCA) and Mobilink Microfinance Bank in 2012. In addition, he spent several years as head of training & development at Prime Bank & Bank Alfalah. In recognition of his contributions to HR development & training in banking industry, he was awarded prestigious Hubert Humphrey Fellowship by the United States Government for the year 2000-01 under Fulbright program. The program included studies at Penn State, PA in HRD & Leadership and practical work experience at ABN Amro Bank, North America in Chicago.

JazzCash

Mobilink
Microfinance Bank
jazzcash.com.pk | /jazzcash
051 111 124 444 | 4444 helpline



بیرون ملک سے فوری رقم کی وصولی وہ بھی گھر بیٹھے بناٹی آسان جیز کیشن نے۔
آج ہی کھولیں اپنا

JazzCash Home Remittance Account

اور پائیں

• بر ڈالر پر ایک روپے کا اٹیر ٹائم

• فری منٹس

• اکاؤنٹ بیلنس کی حد 15 لاکھ روپے

مزید معلومات کے لئے کال کریں 051-111-124-444/4444 یا وزٹ کریں ویب سائٹ: www.mobilinkbank.com

شرائط و ضوابط لاگو ہیں۔

dunya ko
bataa do

Management Team



Ghazanfar Azzam President/CEO

Ghazanfar is President & CEO of Mobilink Microfinance Bank Limited since its inception in 2012. With vast experience & exceptional achievements to his credit in retail, commercial, consumer, SME & micro banking segments including launch of two leading greenfield nationwide microfinance banks in Pakistan i.e. Kashf MF Bank in 2008 (now FINCA) & MOBILINK BANK in 2012. Mobilink Bank, backed by Veon now operates with 61 brick & mortar branches and 73,000 branchless banking agents offering micro enterprise loans, micro housing loans, savings, domestic remittances, utility bill collection, mobile wallets, life insurance & G2P & B2P payments through a strategic alliance with Pakistan's largest telecom operator Jazz under the umbrella of Jazzcash.

In a career spanning over 32 years, Ghazanfar has worked for some of the best banks in Pakistan including HBL, Union Bank, Prime Bank & Bank Alfalah in retail, commercial, consumer & SME Banking segments. In addition, he spent several years as head of training & development at Prime Bank & Bank Alfalah. In recognition of his contributions to HR development & training in banking industry, he was awarded prestigious Hubert Humphrey Fellowship by the United States Government for the year 2000-01 under Fulbright program. The program included studies at Penn State, PA in HRD & Leadership and practical work experience at ABN Amro Bank, North America in Chicago.

Before moving back to business leadership, Ghazanfar worked with Shore Bank International (Now Enclude), a leading international consulting company in SME and microfinance based out of Washington DC and operating globally, as a senior consultant and Head of a USAID funded SME downscaling project in 2005-7. He has extensive global exposure and have been to Indonesia, Cambodia, Turkey, Romania, Kenya, Ethiopia, South Africa, Nigeria, Morocco, Oman, Bolivia, United States and United Kingdom on work related trips and assignments.



Usman Bajwa Chief Operating Officer

Usman Bajwa has 16 years of experience in the field of corporate finance and investments.

He has worked with multiple organizations including Nishat Mills, Citi Bank, Jazz and Mobilink Bank. He started his career in 2001 with Nishat Mills and served as Manager Treasury. He worked with Citi Bank as Relationship Manager in 2004. He joined Jazz as Director Treasury in 2004. Usman was also part of the team that conceived and initiated the setting up of Mobilink Microfinance Bank and as a member of the Board of Directors since 2013 to 2017. Usman is a Chartered Financial Analyst and a LUMS alumnus.



Muhammad Asim Anwar **Chief Business Officer**

A seasoned microfinance professional with more than 16 years of diversified experience across key business segments including Business Banking, Bank Operations, Branchless Banking, Administration & Procurement. While managing larger workforce across various locations in the country, Asim has been deeply involved in mobilizing the field operations and achieving bank revenue targets through quality portfolios, diversified business products and effective client management.



Tayseer Ali **Chief Financial Officer**

Tayseer is a Chartered Accountant from ICAEW and a Fellow Chartered Certified Accountant. He joined the Bank in January 2017 and has been associated with financial services industry since 2011 in various leading roles.



Syed Sajjad Qayyum **Chief Compliance Officer**

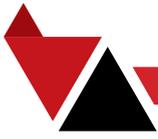
S. Sajjad Q. Ashraf is an experienced banker having worked in different Institutions in various capacities, including Leadership roles. Sajjad' s experience covers key banking functions such as Credit, Operations, Business Banking, Compliance, risk management, Strategic Planning/ Business Initiatives, and teams building. He is MBA, LLB(Pb.), D.A.I.B.P.



Samiha Ali Zahid **Head HR & Trainings**

Samiha brings with her 15 years of cross functional experience in OD, Staffing & HRM resulting in creating cohesive and high performing teams that contribute towards business goals. She holds a Masters' Degree in Public Administration and is a Certified Trainer. She also holds a Certification in Korn Ferry's product suite "Korn Ferry Leadership Architect".

Samiha has proven experience of collaborating with other Business functions to initiate programs aimed at developing and sustaining a positive employer image which is crucial to attract and retain talent. Her expertise include development of policy guidelines aiming to bring internal and external equity for employees. For the last 6 years she has addressed and implemented strategic plans for managing people experience, compensation structure, retention and succession plans.



Muhammad Isrhad **Chief Legal Officer & Company Secretary**

Mr. Isrhad since 1997 has been profoundly involved in and conducting litigation in different courts and various civil, corporate, employment and tax laws, advising on corporate and commercial matters in accordance with law, substantial experience of working in the best litigation and corporate law firms, acting as legal adviser, head of legal affairs and company secretary in telecom and banking companies. Mr. Isrhad has vast serious experience and keen interest in areas of merger & acquisition, commercial transactions, project financing, transactions involving mobile financial services and procurement and implementation of technology including digital systems and services. Mr. Isrhad is well acknowledged effective team leader.

Mr. Isrhad is a law graduate from University Law College, University of the Punjab, Lahore.



Muhammad Rizwan Ikram **Chief Risk Officer**

Mr. Ikram has more than 19 years of vast experience in Commercial, Microfinance Banking and Financial Industry to his credit. He has worked in the fields of Risk Management, Credit Underwriting, Banking Operations, Finance, Compliance and training with prestigious organization like MCB Bank Ltd, Khushhali Microfinance Bank Ltd, Waseela Microfinance Bank Ltd. And U Microfinance Bank Ltd.

Prior to joining Mobilink Microfinance Bank Ltd., Mr. Ikram was working for U Microfinance Bank as Chief Risk Officer. He was member of the core team that established and launched Waseela and U Microfinance Banks along with launching of their Branchless Banking Brands of MobiCash and UPaisa.

Mr. Ikram is CFA & ACCA qualified besides holding banking diploma from Institute of Bankers, Pakistan and Risk Management Certification from Frankfurt School of Finance & Management



Faisal Mehmood **Chief Technology Officer**

Banking Technologies professional with overall 15 years of working experience in the specialized areas of Digital Transformation, Business Process Re-engineering and have meticulous exposure of Core Banking Systems, Alternate Delivery Channels, Mobile/Digital Financial Systems and Process Automations. Worked as mid and senior management positions in Commercial and Microfinance Banks including ABN AMRO, MCB, FINCA, Waseela and NRSP Banks.



Shahzad Nazir Khan

Head Credit

A Risk Management professional with diverse banking experience with International and Local Financial Institutions. Having extensive exposure to Business Banking as well as Risk Management in segments ranging from Corporate, SMEs to Microfinance, Shahzad has an effective ability to understand, assess and respond to the ever changing business dynamics.

Always promoting a team based and constant learning culture at all levels enables Shahzad to keenly drive the evolution of Microfinance to Digital Banking while effectively safeguarding the interest of all stakeholders.

Being a Change Management leader, Shahzad believes that effective communication and repeated transmission of MMBL's core values not only strengthens our organization but also our people at an individual level.



Atta-ur-Rehman

Head Branch Banking

An Astute, result-oriented leader, with proven success in portfolio management, Atta Ur Rehman, is leading the domains of Branch Banking with core responsibilities of Sales targets achievement, branch operations, Operational self-sufficiency & Profitability achievement of all business units, areas / regions operating across the country. He is an IBP qualified Microfinance Professional with Strong credit and interpersonal skills developed from roles that involve supervising, business growth and quality portfolios (Asset & Liability), along with achieving processes efficiency, cost reductions & resource optimization.

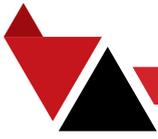
As Head Branch Banking, he has been an exceptional Team Player & Communication Expert, and has also been actively involved in delivering trainings across the field network.



Ahmad Turab Khan

Head Information Technology

Ahmad is an experienced resource having 24 years of diversified experience in the Information Technology field in Banking sector in Pakistan. He was associated with several banks including Citibank N.A., ABN AMRO Bank N.V., Royal Bank of Scotland and Faysal Bank prior to joining Mobilink Microfinance Bank Limited in 2013. He holds MS and MBA degrees on educational front. He has a deep understanding of how technical implementations and business functions are impacted during organizational change as have passed through series of integration projects. He played a vital role on technology front in helping the bank to achieve its organic growth model.



Ayyaz Haideri

Head Operations

With an experience of 12 years, Ayyaz is a thorough professional and expert in the field of branchless banking and telecommunications. He successfully delivered critical projects showcasing his skills and leadership. Some of his notable projects of which he was a part were Easypaisa, HBL Express, JazzCash etc. where he looked after end-to-end development and deployment. He has also managed alternative delivery channels for Mobilink Bank. Ayyaz is a Business Graduate from UCP Lahore and currently working as Head of Bank Operations and Branchless Banking at Mobilink Bank.



Khurram Adeel

Head Internal Audit

Mr. Khurram Adeel is member of the Association of Chartered Certified Accountants, UK (ACCA). He is also member Information Systems Audit and Control Association (ISACA), USA. He has attended various professional training courses/seminars.

Mr. Adeel joined Mobilink Microfinance Bank in May 2017 and is presently designated as Head Internal Audit since March 2018. Prior to this, he was working as Senior Manager Internal Audit.

He possesses over 13 years of experience in the field of Internal Audit, Information Security, IT risks and IT Audit. He has an experience of multiple organizations including Pakistan Mobile Communications Ltd (Mobilink), Habib Bank Ltd, Askari Bank Limited and Banque Saudi Fransi (Riyadh, KSA).



Ghulam Farid

Head Marketing & Product Development

Farid is currently leading Bank's Marketing & Product Development department. He has done his Business degree with specialization in Marketing. He has 13 years of banking experience in different roles and with different organizations. He has been leading business teams since 11 years as Branch Manager, Area Manager and Regional Manager. He has been with the bank since beginning and has been instrumental in implementing its growth strategy.



Syed Shahab Hussain

Senior Manager Compliance Risk Management

Syed Shahab Hussain is a seasoned professional banker worked in Multinational and National, commercial and MFBs. Shahab Hussain's areas of experience (spread on 25 years) comprises of Branch Banking Operations, content writing (policies), Process-reengineering/digital banking, Core banking systems implementations and staff training & developments. He has completed Common wealth of learning (COL) MBA, Canada.



Faisal Akram

Head AML & Fraud Risk Mangement

Faisal Akram is a seasoned banker with a diverse experience of 2 decades across key segments including Operations, Credits, Consumer Finance, Core and Branchless Banking.

Faisal has played leading roles in establishment of Branchless Banking Operational framework from scratch, industry wide, including Jazz Cash. Presently, Faisal is leading the key control function of Fraud Risk Management & AML/CFT by playing an integral role in empowering the fight against threats of Money Laundering & Financing of Terrorism.

Vision

Mobilink Microfinance Bank aims to alleviate poverty and promote financial inclusion by providing innovative solutions.

Mission

Mobilink Microfinance Bank aims to provide financial solutions to the economically underprivileged for their economic freedom by using innovative ADC's and promoting micro businesses through an ethical and passionate team, which strives to deliver beyond expectations.



Corporate Values



Collaborative



Customer Obsessed



Entrepreneurial



Innovative



Truthful



Branch Network



Business Areas



Sargodha



Sahiwal



Rahim Yar Khan



Peshawar



Pannu Aqil



Multan



Layyah



Faisalabad



S.No.	Business Unit	Area	Area Manager
1	Bhalwal	Sargodha	Muhammad Imran
2	Chota Sahiwal	Sargodha	Muhammad Imran
3	Khushab	Sargodha	Muhammad Imran
4	Mandi Baha Uddin	Sargodha	Muhammad Imran
5	Narowal	Sargodha	Muhammad Imran
6	Pasrur	Sargodha	Muhammad Imran
7	Sargodha	Sargodha	Muhammad Imran
8	Sialkot	Sargodha	Muhammad Imran
9	Arif Wala	Sahiwal	Ahmed Zeeshan
10	Basirpur	Sahiwal	Ahmed Zeeshan
11	Burewala	Sahiwal	Ahmed Zeeshan
12	Lahore	Sahiwal	Ahmed Zeeshan
13	Mian Chanu	Sahiwal	Ahmed Zeeshan
14	Minchinabad	Sahiwal	Ahmed Zeeshan
15	Pakpattan	Sahiwal	Ahmed Zeeshan
16	Sahiwal	Sahiwal	Ahmed Zeeshan
17	Ahmedpur	Rahim Yar Khan	Mazhar Mehmood Jatoi
18	Chishtian	Rahim Yar Khan	Mazhar Mehmood Jatoi
19	Fort Abbas	Rahim Yar Khan	Mazhar Mehmood Jatoi
20	Haroonabad	Rahim Yar Khan	Mazhar Mehmood Jatoi
21	Hasilpur	Rahim Yar Khan	Mazhar Mehmood Jatoi
22	Khanpur	Rahim Yar Khan	Mazhar Mehmood Jatoi
23	Liaquatpur	Rahim Yar Khan	Mazhar Mehmood Jatoi
24	Rahim Yar Khan	Rahim Yar Khan	Mazhar Mehmood Jatoi
25	Abbotabad	Peshawar	Fazli Qadir
26	Haripur	Peshawar	Fazli Qadir
27	Islamabad	Peshawar	Fazli Qadir
28	Mardan	Peshawar	Fazli Qadir
29	Muzafarabad	Peshawar	Fazli Qadir
30	Peshawar	Peshawar	Fazli Qadir

S.No.	Business Unit	Area	Area Manager
31	Swabi	Peshawar	Fazli Qadir
32	Dharaki	Pannu Aqil	Aamir Ali Memon
33	Hala	Pannu Aqil	Aamir Ali Memon
34	Hyderabad	Pannu Aqil	Aamir Ali Memon
35	Karachi-DHA	Pannu Aqil	Aamir Ali Memon
36	Larkana	Pannu Aqil	Aamir Ali Memon
37	Pannu Aqil	Pannu Aqil	Aamir Ali Memon
38	Qambar	Pannu Aqil	Aamir Ali Memon
39	Ranipur	Pannu Aqil	Aamir Ali Memon
40	Sadiqabad	Pannu Aqil	Aamir Ali Memon
41	Dunyapur	Multan	Rizwan Rasheed
42	Jalalpur	Multan	Rizwan Rasheed
43	Kehror Pecca	Multan	Rizwan Rasheed
44	Lodhran	Multan	Rizwan Rasheed
45	Multan	Multan	Rizwan Rasheed
46	Muzafargarh	Multan	Rizwan Rasheed
47	Shujabad	Multan	Rizwan Rasheed
48	Chowk Sarwar Shaheed	Layyah	Jahanzaib Abbas
49	Bhakkar	Layyah	Jahanzaib Abbas
50	Chowk Azam	Layyah	Jahanzaib Abbas
51	Darya Khan	Layyah	Jahanzaib Abbas
52	Koror Lal Essan	Layyah	Jahanzaib Abbas
53	Kot Addu	Layyah	Jahanzaib Abbas
54	Layyah	Layyah	Jahanzaib Abbas
55	Mankera	Layyah	Jahanzaib Abbas
56	Chiniot	Faisalabad	Anwar Ali
57	Faisalabad	Faisalabad	Anwar Ali
58	Gojra	Faisalabad	Anwar Ali
59	Jhang	Faisalabad	Anwar Ali
60	Shorkot	Faisalabad	Anwar Ali
61	Toba Tek Singh	Faisalabad	Anwar Ali

Five Years Journey

Financial Position (PKR in 000's)

INVESTMENTS



ADVANCES

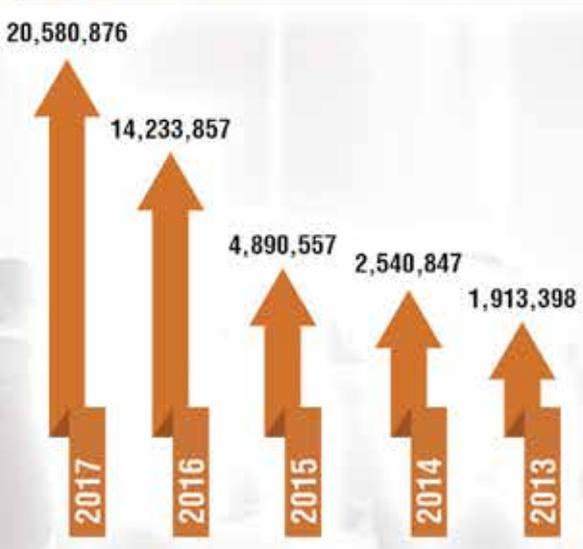




DEPOSITS



TOTAL ASSETS



TOTAL EQUITY





Ratios

(Rupees in 000s)

	2017	2016	2015	2014	2013
Earnings Per Share	4.18	1.59	-0.26	-0.75	-1.90
Return on Assets (%)	3.4%	2.4%	-1.0%	-4.8%	-14.0%
Return on Equity (%)	37.9%	20.7%	-3.7%	-9.8%	-19.7%
Advances to Deposits	67%	58%	42%	39%	28%
PAR (%)	0.31%	0.04%	0%	0%	0%
OSS(%)	139%	122%	82%	75%	43%







Empowering Businesses Transforming Lives

The Story of Safia Parveen (Deharki) *An illustration of a Successful Female Entrepreneur*

A 40 years old widow woman named Safia Parveen resident of Mohalla Khuda Bux colony of Tehsil Daherki owns clothing sewing & stitching business in her very small home. After the death of her husband in 2015, Safia was totally broke and helpless & was very much upset about her 05 dependents, she has four boys and a girl. After facing difficulties after her husband's death, she decided to start a small business in her home with her stitching and sewing skills but the income generated from this was insufficient to support her family.

She took an initiative to start another avenue of income and borrowed clothes from local market cloth shop and sold it in streets of city and in villages, she got tremendous result from this new business but unfortunately the local market/shop owners recovered their money with 30% to 40% interest from her selling's, resultantly she was not able to generate adequate funds to raise her children and meet their needs. In December 2016 she availed Mobilink Microfinance Karobar loan with minimum interest rate as compared to other banks and local market. She borrowed Rs. 50,000 from Mobilink Microfinance Bank and purchased clothes on cash at a very low price thereby generating good revenue. Now she is very much happy with her business and she earns much better than earlier, and happily fulfills her children's basic needs and education.







Message from the Chairman

2017 has been a year of tremendous transformation. In a continuously evolving financial services space Mobilink Microfinance Bank's commitment to being customer-obsessed led to the achievement of new milestones in areas of technology and outreach. The bank set new benchmarks in digital superiority and delivered its most impressive financial results till date.

The total asset base grew by 45% to PKR 20.6 billion owing largely to the 68% growth in the outstanding loan portfolio, achieving a milestone of PKR 10 billion in gross advances. Closing the year with 61 branches, 73,000+ branchless banking agents and over 1,000 staff members, the institution has surpassed previous benchmarks with a profit (before tax) of PKR 880 million, 163% growth over last year. The VEON Group reaffirmed its confidence in the market, and the institution, through enhancement of the bank's equity in 2017 to strengthen the foundations for future growth.

The market continues to present new challenges as adoption of services and competition among players in the industry continues to grow. The opportunity to create a real impact in the lives of Pakistanis remains quite vast as the landscape of digital and financial services is still in early stages of evolution. The Pakistani market is one of the most promising arenas for creating value and impact in the lives of citizens. Mobilink Microfinance Bank remains strategically focused on serving the underserved market through the hybrid model of branchless banking and microfinance, with over 73,000 touch-points to serve our 15+ million customers. Financial inclusion and access to services remain the headlines and, as part of the VEON Group, bridging the gap between what people need and those who need it is at the core of what we stand for as digital-focused service providers.

Our talented management team and spirited colleagues have out-done themselves in 2017 and certainly raised the bar for the future.

Aamir Ibrahim

Chairman – Board of Directors



Message from the CEO

I'm immensely pleased to share with all stake holders on behalf of the management team that Mobilink Bank registered phenomenal growth in its all areas of operations in 2017 i.e. number of customers served, transactions made and micro borrowers provided access to finance despite very minimal additions to physical infrastructure with focus on quality, leveraging technology and higher productivity.

Having achieved our first year of profit in 2016 of PKR 231 million after tax, the bank effectively more than doubled its bottom-line to PKR 612 million (after tax) in 2017 which is 165% growth over 2016. Customer deposits reached Rs.15 billion and the micro loans portfolio reached Rs.10 billion. Being one of the largest players in the branchless banking segment, the bank now serves over 15 million mobile wallet customers which are serviced through a network of 61 branches and over 73,000 branch-less banking agents. The bank also serves over 124,000 micro and small borrowers engaged in a very diverse set of businesses such as farming, livestock, trading, shoe making, beauty parlors and other businesses supporting low income communities. On the resource mobilization side, the bank has raised highest amount of branchless banking deposits at the lowest cost in the entire industry. This has been an unparalleled accomplishment of a young microfinance bank, having commenced operations in mid-2012.

Being a Veon group company, the bank not only focusses on profitability but also strives to ensure compliance with highest international and national standards. Our efforts in this regard coupled with the desire to innovate and lead the market led to a few 'industry firsts', which includes investment in procuring a state of the art transaction monitoring system (TMS), installation and deployment of cash & cheque deposit machines (CCDMs) at our branches and the launch of VISA debit cards for our branch banking and Jazzcash customers. Other initiatives included EMV Acquirer, Internet Banking and Mobile App projects. TMS in particular is extremely important for ensuring proper customer & transaction due diligence and preventing misuse of banking channels in a high volume

transaction environment. Compliance with applicable laws, regulations and best practices remains highest priority of the Bank.

In terms of capacity building, organizational structure of the Bank was re-vamped and more experienced and senior level resources were added in operations, legal, risk management and regulatory compliance etc. to improve quality of operations, controls and compliance and ready the bank for future challenges. These changes are expected to contribute in sustained growth the Bank as a robust financial institution. The shareholders showed confidence in the bank and provided further capital towards end of 2017 enabling the bank to have a stronger capital base and balance sheet. The entity's credit rating was maintained at A/A1 by PACRA and is expected to improve further during next review.

The bank's growth is in line with the microfinance sector which continues to expand and retain a steady average growth rate of 10% each quarter. The total outstanding portfolio is PKR 202 billion with 5.8 million active borrowers at the end of 2017, 67% and 44% of which, respectively, is handled by Microfinance Banks. The industry continues to innovate to offer new products and services to meet growing demand.

With renewed confidence and investment in our technological infrastructure, we venture into the next year aiming to exceed expectations of our customers, shareholders and all other stakeholders. The year(s) ahead hold immense opportunity for Mobilink Microfinance Bank, its employees and customers. Financial inclusion remains our priority in-line with the national financial inclusion strategy.

Closing the year 2017, I would like to extend my gratitude to the State Bank of Pakistan, the Board of Directors and the shareholders for their continued confidence, support and guidance. I would also like to thank the management and the entire family of Mobilink Microfinance Bank for their dedication and commitment to outperforming themselves each year.



Service Quality (Highlights)

Complaints are an important tool for an organization's management to provide them with the valuable feedback to review operational performance and the conduct of staff that work for or within the organization. Complaints also indicate the gap between desired and provided services deliverables. Thus provide an opportunity to improve and refine its services as per the requirements and to remain proactive in future.

In MMBL complaints management is given a pivotal role. In accordance with SBP guidelines regarding Customer Grievance Handling Mechanism (CGHM), Bank has strengthened its complaint management function by deploying centralized complaint management system which helps in capturing, acknowledging, tracking, automatic escalation of unresolved complaints, managing complaint statuses, recording of actions performed by respective teams & producing/extracting relevant MIS.

To ensure the implementation of desired objectives, a dedicated Complaint Management Unit at Head Office is persistently performing relevant tasks. The CMU is effectively engaged in resolving & responding customers' complaints, queries & service requests of Branch & Branchless Banking received through multiple channels likewise Call Centers, E-mail, Written, In-Person visit @ HO, Website, SBP, Branch & CMU Landline on daily basis. Besides, an in house call center and outsourced call centers both are effectively catering to service requirements of the Banks customers.

Focused efforts have been made and following initiatives have been taken to encourage customers to voice their dissatisfaction with ease:

- o Formulated, designed, published & circulated
- o Complaint Form in both English & Urdu languages
- o Complaint Logging Process (English & Urdu)
- o Contact Flyer
- o Guidelines for Customer Awareness & Education
- o Customer Experience Survey

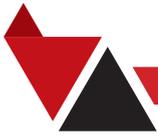
Aforementioned material has been circulated across the Branch network & published over the Bank's official website.

As on 31st Dec 2017 Branchless Banking stats are as under

Number of Agents' Accounts	73,301
Number of Subscribers' Accounts	14,761,614
Number of BB Transaction performed	322,985,795

Basing upon the size, major chunk of complaints is from Branchless Banking segment. Total Reported Complaints for the year 2017 were 85356 out of which 83323 complaints stood resolved as on Dec 31st, 2017. Complaint resolution rate of the Bank remained 98%. Average time taken to resolve the complaint was 5 days.





MOBILINK MICROFINANCE BANK LIMITED

Directors' Report

FOR THE YEAR ENDED DECEMBER 31, 2017

On behalf of the Board of Directors, I am pleased to present the audited financial statements and Auditors' Report thereon, for the year ended December 31, 2017.

Performance Highlights:

The bank has delivered its most successful financial year since inception and continues to maintain its position as a key player in the digital financial services and microfinance industry. With a network of 61 branches and 73,820 branchless banking locations, the bank achieved 69% growth in the loan book and 45% growth in deposits from the previous year. Both core banking & branchless banking segments have shown significant increase with a total revenue of PKR 3,157 million in 2017, compared to PKR 1,837 million in the previous year. The bank posted a profit after tax of PKR 612 million,

Financial Highlights

Net Mark-up/Interest Income
Provision against NPLs
Net Mark-up/Interest Income after provisions
Non-Mark-up / Non-interest Income
Total income
Non Mark-up/Non Interest Expenses
Taxation
Profit/(Loss) after tax

2017
---- Amount in PKR '000' ----

2017	2016
2,106,591	985,740
(115,701)	(67,611)
1,990,890	918,129
541,249	599,661
2,532,140	1,517,790
(1,651,540)	(1,182,955)
(268,510)	(104,077)
612,089	230,758

Indicators

Number of branches
Number of branchless banking agents
Gross Loan Portfolio (PKR in millions)
Deposits (PKR in millions)

61	51
73,820	69,780
10,002	5,933
14,943	10,306

Operational achievements/milestones:

The bank continues to out-perform itself each year and the same is true for 2017. The financial results for 2017 are the most successful till date with a 165% increase in profits (after tax). The loan portfolio continues to show steady growth with a mix of collateralized and uncollateralized products for rural & urban markets while maintaining asset quality with only 0.31% of the total portfolio categorized as non-performing.

In 2017 the bank continued to deliver on its digital agenda by launching Cash & Cheque Deposit Machines (CCDMs), a first in the microfinance banking industry. The bank has also made significant headway with the State Bank of Pakistan, having secured approval to pilot a 'nano-credit' product. 2017 also saw the launch of the country's first VISA debit-card linked to a mobile wallet and the nationwide footprint grew by 10 branches over 4,000 branchless banking agents from the previous year.

Controls Framework:

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



Statement of Compliance

The Directors are pleased to state that:

1. The financial statements prepared by the management of the bank present a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements.
4. The bank has followed all accounting standards as applicable to Microfinance Banks in Pakistan.
5. As a continuous process, efforts are made to effectively implement the internal control systems.
6. There are no doubts about the bank's ability to continue as a going concern.
7. The board has constituted Audit and Risk Management Committees comprising of non-executive members, which have defined terms of reference.

List of Directors, as of 31st December, 2017

S. No.	Name of Director
1	Aamir Hafeez Ibrahim
2	Ghazanfar Azzam
3	Jon Eddy
4	Khurram Zafar
5	Niaz Hussain Brohi
6	Richard James
7	Salim Nooruddin Jiwani

Changes Occurred during the year 2017

Outgoing Director	Incoming Director
Azfar Manzoor	Jon Eddy
David Leslie Christopher Dobbie	Khurram Zafar
Muhammad Usman Bajwa	Richard James
Ghazanfar Azzam	Ghazanfar Azzam

Pattern of Shareholding:

The pattern of shareholding of the bank as at December 31, 2017 as required under section 236 of the Companies Ordinance, 1984 is as follows:

No. of shareholders	Shareholder(s)	No. of shares	% shareholding
5	Members of the Board of Directors	5	Less than 0.001%
1	Global Telecom Holdings S.A.E	271,359,678	99.99%
6	=	271,359,683	100%

During the year, an additional 126,184,323 shares were issued to Global Telecom Holdings S.A.E. at par on account of equity injection to further strengthen the bank's capital base for future business growth.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) rating, as in the report published in October 2017, is as follows:

	New - Oct'17	Previous - Apr'17
Long term	A	A
Short term	A1	A1
Outlook	Stable	Stable



Capital Adequacy

During the year the bank remained compliant with the statutory capital adequacy requirement of keeping the ratio to at least 15% capital of its risk-weighted assets.

Acknowledgements

On behalf of the Board of Directors, I would like to congratulate the management and employees of the bank on delivering the institution's most successful annual performance since inception and on the remarkable achievements which have led to the bank being an advantaged and uniquely positioned player in the microfinance and branchless banking sectors. I, on behalf of the Board, express gratitude to the State Bank of Pakistan for continued support and guidance. Taking this opportunity, I, on behalf of the Board & the management, would also like to thank our customers for their confidence in us and reaffirm our commitment to maintaining high service standards, strong corporate governance and compliance in all our endeavors.

For and on behalf of the Board

Aamir Ibrahim,
Chairman – Board of Directors

Dated: March 20th, 2018
Place: Islamabad



MOBILINK MICROFINANCE BANK LIMITED

Auditor's Report to the Members

AS AT DECEMBER 31, 2017



We have audited the annexed balance sheet of Mobilink Microfinance Bank Limited, (the Bank) as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984, Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984;
- b) in our opinion -
 - i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) The expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank;
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan, in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (xviii of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants
Islamabad: March 20, 2018

Engagement partner: JehanZeb Amin



MOBILINK MICROFINANCE BANK LIMITED

BALANCE SHEET

AS AT DECEMBER 31, 2017

	Note	2017 (Rupees)	2016 (Rupees)
ASSETS			
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.



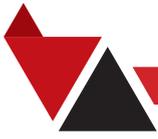
MOBILINK MICROFINANCE BANK LIMITED

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.



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.



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)
		283,703,039	191,402,211
		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
		4,427,680,348	9,109,655,914
		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		632,582,857	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		(3,266,440,493)	(1,588,410,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		1,261,843,230	-
Net cash flow from financing activities		1,261,843,230	-
(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	4,118,806,954	5,490,821,360

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

MOBILINK MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

	Share Capital (Rupees)	Capital Reserve (Rupees)	Statutory Reserve (Rupees)	Depositors Protection Fund (Rupees)	Accumulated Profit/ (loss) (Rupees)	Total (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	1,451,753,600	-	46,151,566	11,537,892	(278,950,002)	1,230,493,056
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	2,713,596,830	-	168,569,453	42,283,977	179,975,461	3,104,425,721

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



MOBILINK MICROFINANCE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 Companies Ordinance, 1984. 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 has 61 business locations/ touch points comprising of 61 branches and no booth/ service centre (2016: 51 business locations/ touch points comprising of 35 branches and 16 booths/ service centres) in operation. The Bank is a subsidiary of Global Telecom Holding S.A.E. (the holding company) which owns 99.99% share capital in the Bank. The Bank's registered and principal office is situated at Plot No. 3-A/2, F-8 Markaz, Islamabad, Pakistan. 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 agency agreement with Pakistan Mobile Communications Limited (PMCL), a related party, under the Branchless Banking license from the SBP.

2 BASIS OF PRESENTATION

These financial statements are presented in accordance with the Banking Supervision Department (BSD) Circular No. 11 dated December 30, 2003 issued by the SBP.

3 STATEMENT OF COMPLIANCE

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 dated October 4, 2017 clarified that the companies whose financial year, closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, and the regulations/ directives issued by the SECP and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, or regulations/ directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, or the requirements of the said regulations/ directives shall prevail.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been measured in accordance with the Prudential Regulations (the Regulations) of the SBP and presented in accordance with the requirements of SBP BSD Circular No. 11 dated December 30, 2003. Further, the SECP, vide its S.R.O No. 411 (I)/ 2008 dated April 28, 2008 has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures", which is applicable for annual periods beginning on or after July 01, 2009, till further orders.

4 BASIS OF MEASUREMENT

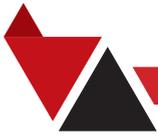
These financial statements have been prepared under the historical cost basis except "available for sale" investments which are measured at fair value.

4.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Bank's functional currency. All financial information presented in PKR has been rounded to the nearest of PKR, unless otherwise stated.

4.2 Significant accounting estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments/ estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/ estimates and associated assumptions are based on



historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements relates to valuation and impairment of investments, advances, determination of useful lives of depreciable assets and intangible assets, provision for income taxes and other provisions which are discussed in following paragraphs:

a) Impairment of investments

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

b) Advances

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

c) Taxation

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

d) Operating fixed assets/ intangible assets

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

e) Provisions and contingencies

The Bank reviews the status of all the legal cases on a regular basis. Based on the expected outcome and consideration of opinion of its legal advisor, appropriate provision/ disclosure is made.

f) Impairment of financial assets

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

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

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

g) Other provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. As actual outflows can differ from estimates due to changes in laws, regulations, public expectations, prices and conditions, and can take many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

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

5.2 Investment

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

Investments of the Bank are classified into the following categories:



a) Held for trading

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

b) Held to maturity

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

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

c) Available-for-sale

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

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

5.3 Advances

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

a) Other assets especially mentioned

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

b) Substandard

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

c) Doubtful

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

d) Loss

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

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

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

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

In addition to above, a general provision is made equivalent to 2% (2016: 1.5%) of the net outstanding balance (advances net of specific provisions) in accordance with the requirement of the Regulations.

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

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



5.4 Operating fixed assets

a) Property and equipment

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

Depreciation is charged on the straight line method at rates specified note 10.2 to the financial statements, so as to write off the cost of assets over their estimated useful lives.

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

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

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

b) Capital work-in-progress

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

c) Intangible assets

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

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at rate specified in note 10.3 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

5.5 Deposits

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

5.6 Taxation

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

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

a) Current

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

b) Deferred

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

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



5.7 Staff retirement benefits

a) Provident fund

The Bank participates in a defined contribution provident fund for its eligible employees. Monthly contributions are made by the Bank and its employees at rate of 10% of basic salary.

b) Gratuity

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

5.8 Reserves

a) Statutory reserve

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

b) Depositor's protection fund

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

c) Cash reserve

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

d) Statutory liquidity requirement

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

5.9 Provisions

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

5.10 Foreign currency transactions

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

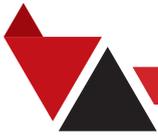
5.11 Revenue recognition

a) Markup / income on advances

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

b) Income from investments

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



c) Fee, commission and brokerage income

Fee, commission and brokerage income is recognized when the related services are rendered.

d) Income from inter bank deposits

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

e) Gain/ loss on sale of operating fixed assets

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

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

f) Gain/ loss on sale of investments

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

5.12 Financial instruments

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

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

a) Financial assets

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

b) Financial liabilities

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

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

5.13 Off-setting

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

5.14 Borrowing costs

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

5.15 Markup bearing borrowings

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

5.16 Grants

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



5.17 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS, if any is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at December 31, 2017.

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:

		Effective Date (annual periods beginning on or after)
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:

		Effective Date (annual periods beginning on or after)
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.

		Effective Date (annual periods beginning on or after)
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.

6. CASH AND BALANCES WITH SBP AND NBP

	2017 (Rupees)	2016 (Rupees)
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
	1,071,464,341	747,930,012

- 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.



7. BALANCES WITH OTHER BANKS/NBFIs/MFBs

In Pakistan

- on current accounts - Local currency
- on saving accounts - Local currency - note 7.1
- on term deposits accounts - Local currency - note 7.2

- on current accounts - Foreign currency - note 7.3

	2017 (Rupees)	2016 (Rupees)
	-	-
	1,147,342,613	1,442,891,348
	1,900,000,000	3,300,000,000
	3,047,342,613	4,742,891,348
	-	-
	3,047,342,613	4,742,891,348

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.

8. INVESTMENTS - net of provisions

Available for Sale

- Federal Government securities
- Market Treasury Bills - note 8.1
- Mutual Funds
- MCB - Arif Habib Savings and Investments Limited - 4,856,939 units (2016: nil)
- Lackson Investments - 4,863,681 units (2016: nil)

Surplus on revaluation of available for sale investments - note 8.2

	2017 (Rupees)	2016 (Rupees)
	3,527,562,086	1,495,053,230
	500,000,000	-
	500,000,000	-
	1,000,000,000	-
	245,405	-
	4,527,807,491	1,495,053,230

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 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.

8.2 Particulars of surplus / (deficit) on revaluation of available for sale investments:

- Balance at the beginning
- Transferred to/ (from) revaluation of assets
- Balance at the end

	2017 (Rupees)	2016 (Rupees)
	-	649,319
	245,405	(649,319)
	245,405	-

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
	124,273	10,002,317,842	91,747	5,933,962,157
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
	109,891	182,971,878	79,719	75,137,948
Advances - net of provisions		9,819,345,964		5,858,824,209



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

Against provisions

2017
(Rupees)

7,867,007
7,867,007

2016
(Rupees)

231,030
231,030

10. OPERATING FIXED ASSETS

Capital Work in progress - note 10.1

Property and equipment - note 10.2

Intangible assets - note 10.3

26,581,298

340,929,879

95,233,030

462,744,207

4,915,860

271,020,288

112,511,373

388,447,521

10.1 Capital Work in progress

Civil works

Equipments

Advances to suppliers and contractors

Others

10,747,298

-

15,834,000

-

26,581,298

4,915,860

-

-

-

4,915,860

10.2 Property and equipment

	Depreciation										Net Book Value		Rate Per Annum %age
	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	At December 31	
	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		
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

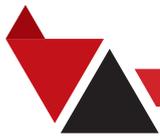
Particulars of assets	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of disposal	Particulars of Buyer
Vehicles						
Honda City/PT	1,682,404	1,682,403	1	493,799		
Honda City/PT	1,698,304	1,698,303	1	498,299	HR Policy	Syed Sajjad Qayyum Ashraf
Suzuki Cultus	1,104,974	1,012,892	92,082	760,307	HR Policy	Syed Naj-Mus-Sahar Sabzwari
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	Bid	Alvi Auctioneers
Other assets having original cost or book value less than Rs. 1 million or Rs. 250 thousand	14,844,851	13,242,876	1,601,975	46,783		
2017	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 off	At December 31	At January 01	Charge for the year	Disposals/ write offs		At December 31	At December 31
	Rupees									
2017										
Software License	182,840,817	24,282,638	-	207,123,455	70,329,444	41,560,981	-	111,890,425	95,233,030	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	128,686,702	54,154,115	-	182,840,817	37,431,512	32,897,932	-	70,329,444	112,511,373	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.





11. OTHER ASSETS

Income/ Markup accrued	
Advances, deposits and prepayments	
Advance taxation - net - note 11.1	
Receivable from related parties - note 11.2	
Inventory/ printed stationary	
Receivable against Insurance premium - note 11.3	
Others	

	2017 (Rupees)	2016 (Rupees)
	1,148,291,676	652,412,703
	104,200,761	57,985,540
	-	30,342,832
	153,530	105,935
	17,089,080	9,002,299
	167,600,608	74,389,688
	166,396,715	29,122,426
	<u>1,603,732,370</u>	<u>853,361,423</u>
11.1 Advance taxation - net		
Opening balance	-	41,646,995
Tax paid	-	45,617,739
Provision for taxation	-	(56,921,902)
Closing balance	-	<u>30,342,832</u>
11.2 Receivable from related parties		
Business Communication System (Private) Limited	153,530	105,935
	<u>153,530</u>	<u>105,935</u>

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	
Unused tax losses	
Unused tax credit	
Provision for gratuity	
Alternate Corporate Tax	

	54,891,563	22,541,384
	-	75,470,589
	-	117,904
	4,682,300	2,864,304
	-	56,921,902
	<u>59,573,863</u>	<u>157,916,083</u>
Deferred tax liability arising on account of taxable temporary differences on:		
Operating fixed assets	(11,098,234)	(10,566,396)
	<u>48,475,629</u>	<u>147,349,687</u>
Surplus on revaluation of available for sale investments	(36,811)	-
	<u>48,438,818</u>	<u>147,349,687</u>

13. DEPOSITS AND OTHER ACCOUNTS

Note	2017		2016	
	(Number)	Rupees	(Number)	(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
	<u>15,016,390</u>	<u>12,247,012,158</u>	<u>8,120,117</u>	<u>7,962,005,433</u>
	<u>15,018,803</u>	<u>14,943,057,336</u>	<u>8,121,382</u>	<u>10,306,362,467</u>
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
	<u>15,018,803</u>	<u>14,943,057,336</u>	<u>8,121,382</u>	<u>10,306,362,467</u>



14. OTHER LIABILITIES

	2017 (Rupees)	2016 (Rupees)
Markup/ Interest payable	87,624,964	53,241,065
Accrued expenses	118,023,411	85,538,644
Payable to related parties - note 14.1	151,524,773	1,316,600,081
Provision of taxation - net - note 14.2	39,136,780	-
Taxes and levies withheld	129,260,743	83,654,788
Payable to suppliers	261,222,704	63,492,751
Bills collected for settlement through NADRA	202,523,590	327,679,666
Uncollected remittances	390,931,156	259,244,032
Bills payable	123,282,449	62,307,554
Provision for gratuity - note 14.3	15,607,668	9,547,681
Others	1,014,045,915	435,695,645
	<u>2,533,184,153</u>	<u>2,697,001,907</u>
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
	<u>151,524,773</u>	<u>1,316,600,081</u>
14.2 Provision of taxation - net		
Opening balance	(30,342,832)	-
Tax paid	(100,156,366)	-
Provision for taxation	169,635,978	-
Closing balance	<u>39,136,780</u>	<u>-</u>
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	<u>15,607,668</u>	<u>9,547,681</u>

15. SHARE CAPITAL

Authorized Capital

2017 Numbers	2016 Numbers		2017 Numbers	2016 Numbers
<u>300,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs. 10 each.	<u>3,000,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital				
		Ordinary shares		
<u>271,359,683</u>	<u>145,175,360</u>	Fully paid in cash of Rs. 10 each.	<u>2,713,596,830</u>	<u>1,451,753,600</u>

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

2017
(Rupees)

208,594

2016
(Rupees)

-

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.

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.

2017
(Rupees)

773,353

2016
(Rupees)

3,660,355

21. OTHER INCOME

Gain on disposal of fixed assets



22. ADMINISTRATIVE EXPENSES

	2017 (Rupees)	2016 (Rupees)
Salaries, allowances etc.	844,314,516	598,678,628
Contribution to defined contribution plan	26,856,140	22,669,055
Provision for gratuity	8,367,151	5,024,139
Training / Capacity building	3,899,837	6,323,141
Depreciation - note 10.2	118,847,323	88,332,296
Amortization - note 10.3	41,560,981	32,897,932
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

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	-
	2,683,036	3,629,020

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

	2017 (Rupees)	2016 (Rupees)
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
	268,510,038	104,076,889



24.1 Relationship between tax expense and accounting loss

Profit before taxation

Tax at applicable tax rate of 30% (2016: 31%)

Effect of:

- Deferred tax asset recognized in prior years
 - Prior years
 - Permanent differences
 - Tax rate changes
 - Others

	2017 (Rupees)	2016 (Rupees)
Profit before taxation	880,599,473	334,834,719
Tax at applicable tax rate of 30% (2016: 31%)	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)
	268,510,038	104,076,889

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
	536	510	1,046	406	345	751

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%
	289,286,000	19%	463,807,000	28%
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%
	1,523,316,000		1,666,522,000	

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.



27. NUMBER OF BRANCHES/SERVICE CENTRES

	2017 (Number)	2016 (Number)
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).

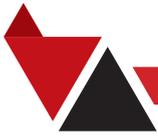
28. REMUNERATION OF DIRECTORS AND EXECUTIVES

	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>

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

29. EARNING PER SHARE (RUPEE)

		2017	2016
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

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
	45,603,520	42,787,864

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

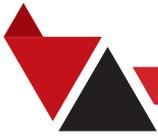
31. CASH AND CASH EQUIVALENTS

Cash and balances with SBP and NBP - note 6
Balances with other banks/NBFIs/MFBs - note 7

1,071,464,341	747,930,012
3,047,342,613	4,742,891,348
4,118,806,954	5,490,821,360

32. FINANCIAL INSTRUMENTS (based on contractual obligation)

	Effective yield/ interest rate %	Interest/ markup bearing				Non interest/ markup bearing				
		Up to one year	One to five years	Over five years	Sub Total	Up to one year	One to five years	Over five years	Sub Total	Total
		Rupees								
December 31, 2017										
Financial assets										
Cash and balances with SBP and NBP		-	-	-	-	1,071,464,341	-	-	1,071,464,341	1,071,464,341
Balances with other banks/NBFIs/MFBs	3.75-6.45	3,047,342,613	-	-	3,047,342,613	-	-	-	-	3,047,342,613
Investments	5.96-5.98	4,527,807,491	-	-	4,527,807,491	-	-	-	-	4,527,807,491
Advances	10-46.6	9,161,042,021	658,303,943	-	9,819,345,964	-	-	-	-	9,819,345,964
Other assets	-	-	-	-	-	1,558,687,717	45,044,654	-	1,603,732,371	1,603,732,371
		16,736,192,125	658,303,943	-	17,394,496,068	2,630,152,058	45,044,654	-	2,675,196,712	20,069,692,780
Financial liabilities										
Deposits and other accounts	8-13.0	4,450,386,025	525,994,532	-	4,976,380,557	9,966,676,779	-	-	9,966,676,779	14,943,057,336
Other liabilities	-	-	-	-	-	2,520,587,122	12,597,031	-	2,533,184,153	2,533,184,153
		4,450,386,025	525,994,532	-	4,976,380,557	12,487,263,901	12,597,031	-	12,499,860,932	17,476,241,489
Off balance sheet financial instruments:										
Commitments		-	-	-	-	172,627,443	-	-	-	172,627,443
December 31, 2016										
Financial assets										
Cash and balances with SBP and NBP		-	-	-	-	747,930,012	-	-	747,930,012	747,930,012
Balances with other banks/NBFIs/MFBs	4-6.25	4,742,891,348	-	-	4,742,891,348	-	-	-	-	4,742,891,348
Investments	5.85-5.90	1,495,053,230	-	-	1,495,053,230	-	-	-	-	1,495,053,230
Advances	18-38.40	5,642,054,414	216,769,795	-	5,858,824,209	-	-	-	-	5,858,824,209
Other assets	-	-	-	-	-	853,361,423	-	-	853,361,423	853,361,423
		11,879,998,992	216,769,795	-	12,096,768,787	1,601,291,435	-	-	1,601,291,435	13,698,060,222
Financial liabilities										
Deposits and other accounts	6-12.35	4,126,298,749	744,208,232	-	4,870,506,981	5,435,855,486	-	-	5,435,855,486	10,306,362,467
Other liabilities	-	-	-	-	-	2,680,656,677	16,345,230	-	2,697,001,907	2,697,001,907
		4,126,298,749	744,208,232	-	4,870,506,981	8,116,512,163	16,345,230	-	8,132,857,393	13,003,364,374
Off balance sheet financial instruments:										
Commitments		-	-	-	-	-	-	-	-	-



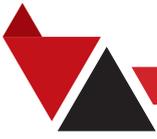
33. MATURITIES OF ASSETS AND LIABILITIES

	Total	Up to one month	Over one month up to six month	Over six month up to one year	Over one year
	Rupees				
December 31, 2017					
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
	Rupees				
December 31, 2016					
Market rate assets					
Cash and Balance with SBP and NBP	747,930,012	747,930,012	-	-	-
Balances with other Banks/NBFs/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	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 20th March 2018.

FAISALABAD

Chiniot

Near Finca Bank, Faisal Abad Road, Chiniot

Faisalabad

P-7, Santpura
Main Allama Iqbal Road
Opposite GC University
Faisalabad
041-2620622

Gojra

Shop no.1 Azeem plaza, Near Sabzi Mandi, Borh Wali Gali, Quaid e azam road, Tehsil Gojra District Toba Tek Singh
0463-511461

Jhang

Building No.93, Near Girls College Chowk, Gojra Road, Jhang Saddar
047-7650148-9

Shorekot

Ghani Petrol Pump Lari Ada Jhang Road Shorkot City

Toba Tek Sing

Shop #240-241,
Mall GoDown Road, Grain Market, Toba Tek Singh
046-2510721

LAYYAH

Bhakkar

Ward # 12/6 near Nasir hospital Mandi Town Bhakkar
0453-514014

Chowk Azam

MM Fateh Pur Road,
Sial Colony, Chowk Azzam
0606-381141

Chowk Sarwar Shaheed

Opposit Ghala Mandi Gate No 2 Near ZTBL main Multan Road Chowk Sarwar Shaheed.
District Muzaffargarh

Darya Khan

Bhakkar Road, Opposite GPO, Darya Khan
0453-252314

Karor Lal Essan

Fateh Pur road opposite ZTBL Karor Lal Essan

Kot Addu

Shop No. 476 Ward No.11 Main GT Road Kot Adu Distt Muzaffar Garh

Layyah

Al-Karim Market, Near Geelani Manzil, Chowk Azam Road, Layyah
0606-410141

Mankera

Shop no. 4 Bhatti market, Opposite UBL-Jhang road, Mankera

MULTAN

Multan

3626 AB, Azmat wasti road, Chowk Sadu Hassam, Multan
061-4588868

Muzaffargarh

Neelum Road Opposite 4 Field Masjid, Military College, Lower Plate, Muzaffarabad
05822-449114-5

Shujabad

Opposite Munawarah Masjid, Jalalpur Road, Shujaabad
061-4397599

Dunyapur

Shop # 6-9, Faizan E Madina Road, Kazmi Chowk, Dunyapur
0608-304342

Jalalpur Pirwala

Arain Plaza, Opposite Allied Bank Permat Road, Jalalpur Pirwala
0614-420197

Kahrur Pacca

Dunya Pur Road, Kehror Pacca
0608-340223

Lodhran

Saad Plaza, Shop # 1-3, Near Choti Nagar, Main Bahawalpur Road, Lodhran
0608-361104

PANNU AQIL

Sadiqabad

Nishter chowk fanous,
cinema road, near KPL road,
Sadiqabad

Daharki

Property No. 446, Shop # 1,
Main G.T.Road , Deharki
0723-644401-2

Hala

Opposite Sarwaray Boys College,
Dargah Road, New Hala,
District Matiari
022-331124

Hyderabad

Survey No 41/187/1,
Jamia Masjid Road, Saddar
Cantonment, Hyderabad
022-2730821

Larkana

Shaikh Muhallah, survey no. 72
old anaj Mandi, near Haji Dhani
Bux oil mill, Bank Square Road
Larkana
074-4040133

Pannu Aqil

Plot No. 435, Baiji road, Pannu
Akil District, Sukkur.
071-5692437

Qambar

Old bus Stand, Mian Mangan
Main Road Qamber
074-4211442

Ranipur

Shop No. 1 & 2, Behind Al-Shifa
Medical Center, Near Askari
Bank, Main National Highway,
Ranipur.
0243-730372

Karachi DHA

40D, 24th Commercial Street,
Phase II Extension, DHA, Karachi
021-34328516

PESHAWAR

Abbotabad

Ground Floor, Shalimar Motors,
Mansehra Road, Abbotabad
0992-384488

Haripur

Shop#7-8, Naeem Khan Market,
GT Road, Opposite Total Pump,
Haripur
0995-627725

Islamabad

Kaghan Road F-8 Markaz
Islamabad
051-2817101 ext 1225

Mardan

Naeem Khan Market College
Chowk, Mardan.
093-7875123

Muzaffarabad

Neelum Road Opposite 4 Field
Masjid, Militry College, Lower
Plate, Muzaffarabad
05822-449114-5

Peshawar

Opposite NADRA Registration
Office, Near Wapda Labour
Colony, Krishanpura G.T. Road,
Peshawar
091-2612188

Swabi

Shop #1, Fazal Dad Khan Market,
Mardan Road, Near Meezan
Bank, Swabi
0938-222325

RAHIM YAR KHAN

Chishtian

Plot # 13-14, Jamia Bazar,
Opposite PTCL Franchise,
Near Stylo Shoes, Chishtian
063-2500177

Fort Abbas

Grain Market, Along with
Meezan bank, Fort Abbas
063-2510120

Haroonabad

Jamia Masjid Road, Near UBL
bank, Haroonabad
063-2250041

Hasilpur

Bahawalpur Road, Rasoolabad
Colony Near Khushhali
Microfinance bank Ltd Hasilpur
062-2441094

Ahmedpur East

Shop # 2/2, Opposite MAPCO
Office, Kuchehri Road,
Ahmedpur East.
062-2271443

Khanpur

Shop # 1, 2 & 3, Bypass Road,
Opposite Attock Petrol Pump,
Khanpur, District Rahim Yar Khan
068-5955072

Liaquatpur

Plot #7, Ghalla Mandi
Road, Liaquatpur
0685-693442

Rahim Yar Khan

Bin Hakim Plaza Shahi Road,
Opposite Police Station City A
Division, Behind Zam Zam Plaza,
Rahim Yar Khan
0685-878071

SAHIWAL

Lahore

37-A, XX Khayaban-E-Iqbal,
Phase 3, DHA Lahore
042-37186466

Arifwala

Main Muhammadi Road,
Adjacent NRSP Bank, Arifwala
045-7830510

Basirpur

Haveli road opposite Girls degree
college Basirpur.

Burewala

Al Ramay industries,
Near Khushhali bank limited,
Multan road Burewala
067-3770828

Mian Channu

Batalvi Plaza, Near Ghallani Plaza,
Shaheed Road, Mian Channu.
065-2660287

Minchanabad

Plot No. 150 Circular Road
Minchanabad

Pakpattan

Opposite Govt. Fazilka High
School, college Road, Pakpattan
0457-372172

Sahiwal

Office No G-3 Ground Floor, Plot
no 515-B, Saeed center, opposite
DPO office, Farid road, Sahiwal
040-4222219

SARGODHA

Chota Sahiwal

Vinni House, Jhang Sargodha
Road, Tehsil Chota Sahiwal,
District Sargodha
048-6786157

Khushab

Shop No. 198, block No. 14,
Main Bazar Jouharabad, District
Khushab.
0454-721491

Mandi Bahauddin

Ali Plaza, Cinema Road, Near
Civil Lines Hospital, Mandi
Bahauddin.

Pasrur

Narowal By Pas Pasru Road
Pasrur Near PSO Petrol Pump

Sargodha

Zahoor Plaza, Hussain Chowk,
Noori Gate, Sargodha
048-3768825

Sialkot

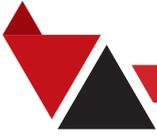
M.A. Heights, Defence Road,
Sublime Chowk, Khewat No 343,
Khatoni No 724, Khasra No. 24,
Opposite Wapda Office, Sialkot
052-3258877

Bhalwal

Khewat # 100, Khattoni # 103,
Liaquat Shaheed road Bhalwal
District Sargodha.

Narowal

Circular Road, Near Civil
Hospital, Jassar Bypass Opposite
Old NADRA Office, Narowal



اپنا گھر۔۔۔ اب ممکن ہے | **موبلی ہاؤس**

گھر یا فلیٹ خریدنے کے لئے۔
گھر تعمیر کرنے کے لئے۔
اضافی تعمیر کے لئے (پہلے سے تعمیر شدہ گھر میں)
گھر کی آرائش و تزین کے لئے۔



ہریالی کے رنگ۔۔۔ اپنے ٹریکٹر کے سنگ | **ٹریکٹر لون**

ٹریکٹر لون ان چھوٹے کاشتکاروں کے لئے موزوں ہے جو کہ کرایہ کے ٹریکٹر سے اپنی زمین کی تیاری اور نقل و حرکت کی ضرورت پوری کرتے ہیں۔ اس سکیم کے تحت درخواست دہندہ جو براہ راست کاشتکاری کے پیشے سے تعلق رکھتے ہیں ٹریکٹر حاصل کر سکتے ہیں۔ یہ قرضہ زرعی پاس بک بطور ضمانت رکھ کر حاصل کیا جاسکتا ہے۔

