

Directors' Review

On behalf of the Board, I am pleased to present the financial results of Sindh Microfinance Bank for the half year ended June 30, 2018.

Financial Review

Sindh Microfinance Bank continued to yield positive results in micro credit loan offerings. Bank's sustained focus on enhanced penetration in quality credit opportunities resulted in an overall increase of 43.7% in total Advances Portfolio from Rs.338.3 million in December 2017 to Rs.486.11 million at end-June 2018.

During the period from January to June 2018, Bank disbursed loans amounting to Rs. 457.515 to serve 18,954 clients largely belong to underprivileged segment of the Sindh province. Moreover, due to Bank's prudent and risk based management practices, Non-Performing Loans were negligible at 0.02 % enabling the Bank to post a stable After-Tax profit at 15.258 million (2017- 8.13m).

Key Figures	(Rs in Million)		Growth %
	Half year ended June 30,		
	2018	2017	
Interest/Markup	94.144	49.724	89.33
Admin Expenses	70.119	35.971	92.46
Profit after Taxation	15.258	8.136	87.51
Disbursements	457.515	182.21	151.10
No. of Borrowers	18,954	8,578	120.96
No. of Br./Sc.	12/47	6/21	100

Bank's outreach continued to expand with additional Two (2) Branches and Seven (7) Service Centres, since December 2017 to reach Twelve (12) Branches and Forty Seven (47) Service Centres at half year end-June 2018. Total Assets of Bank increased by 11.34% to reach 895.05 million as at June 30, 2018 and Equity of Sindh Microfinance Bank remained robust at Rs.814.656 million.

Future Outlook

Going forward the focus of the Bank will be to introduce new products and services and bring diversification & to maintain loan portfolio quality to further improves productivity. New business avenues including offering of other banking products and initiating public deposit mobilization shall gradually contribute in improving revenue streams. Organic growth in Agriculture in Farm-Sector through cautious network expansion shall also enable SMFB to capitalize on opportunities as they arise in this niche segment.

Acknowledgement

I take this opportunity to thank our Customers and Regulators i.e. State Bank of Pakistan and Securities & Exchange Commission of Pakistan and especially Sindh Bank Ltd, our holding company for providing us with their valuable support.

Finally, I wish to thank our staff whose dedicated commitment has been a source of strength to the Bank.


Shoaib Arif
President / CEO

Financial statements and auditors' report to the members on review of condensed interim financial information

Sindh Microfinance Bank Limited

For the six months period ended June 30, 2018



Financial statements and auditors' report to the members on review of condensed interim financial information

Sindh Microfinance Bank Limited

Condensed interim financial information

For the six months period ended June 30, 2018



Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SINDH MICROFINANCE BANK LIMITED

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Introduction

We have reviewed the accompanying condensed interim balance sheet of **Sindh Microfinance Bank Limited** (the Bank) as at June 30, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and relevant notes to the accounts for the six months period then ended (herein after referred to as the 'condensed interim financial statement'). Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statement as of and for the six months period ended June 30, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim profit and loss account and condensed statement of comprehensive income for the quarter ended June 30, 2018 and 2017 have not been reviewed, as we are required to review only cumulative figures for the six months period ended June 30, 2018.

The engagement partner on the review resulting in this independent auditor's review report is **Muhammad Shaukat Naseeb**.



Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Date: August 17, 2018

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT JUNE 30, 2018

	Note	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
-----Rupees-----			
ASSETS			
Cash and balances with SBP and NBP		5,091,664	1,005,398
Balances with other banks		352,166,961	423,921,212
Lending to financial institutions		-	-
Investment - net of provisions		-	-
Advances - net of provisions	6	486,809,013	338,388,828
Operating fixed assets	7	12,156,674	9,012,416
Other assets	8	38,826,521	31,577,415
Deferred tax asset-net		-	-
Total assets		895,050,833	803,905,269
LIABILITIES			
Deposits and other accounts	9	463,229	1,373,112
Borrowings	10	76,687,815	-
Subordinated debt		-	-
Other liabilities	11	2,613,425	2,729,942
Deferred tax liabilities-net	12	629,970	403,533
Total liabilities		80,394,439	4,506,587
NET ASSETS		814,656,394	799,398,682
REPRESENTED BY:			
Share capital	13	750,000,000	750,000,000
Statutory and General Reserves	14	12,931,277	9,879,735
Depositors' protection fund	15	3,232,820	2,469,934
Unappropriated profit		48,492,297	37,049,013
		814,656,394	799,398,682
Surplus/(deficit) on revaluation of assets		-	-
Deferred grants		-	-
TOTAL EQUITY		814,656,394	799,398,682

MEMORANDUM / OFF BALANCE SHEET ITEMS

16

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information. *Sim*



 President/Chief Executive



 Chairman




 Director

 Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-----Rupees-----			
Mark-up / return / interest earned	95,717,097	49,724,676	50,586,759	27,500,092
Mark-up / return / interest expensed	(1,573,160)	-	(1,358,084)	-
Net mark-up / interest income	94,143,937	49,724,676	49,228,675	27,500,092
Provision against non-performing loans and advances	(1,535,683)	(1,147,253)	(632,701)	(542,679)
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	(594,138)	(89,873)	(373,399)	(78,554)
Net mark-up / interest income after provisions	(2,129,821)	(1,237,126)	(1,006,100)	(621,233)
NON MARK-UP/ NON INTEREST INCOME	92,014,116	48,487,550	48,222,575	26,878,859
Fee, commission and brokerage income	-	-	-	-
Dividend income	-	-	-	-
Other income	-	-	-	-
Total non mark-up / non interest income	92,014,116	48,487,550	48,222,575	26,878,859
NON MARKUP/ NON INTEREST EXPENSE				
Administrative expenses	(69,322,907)	(35,970,954)	(36,647,963)	(18,056,703)
Other provisions/write offs	-	-	-	-
Other charges	(796,500)	-	(796,500)	-
Total non mark-up / non interest expenses	(70,119,407)	(35,970,954)	(37,444,463)	(18,056,703)
Extra ordinary / unusual items	-	-	-	-
Profit before taxation	21,894,709	12,516,596	10,778,112	8,822,156
Taxation				
- current	(6,410,560)	(4,458,047)	(3,075,581)	(3,144,224)
- prior	-	-	-	-
- deferred	(226,437)	76,749	(287,270)	-
Profit after taxation	(6,636,997)	(4,381,298)	(3,362,851)	(3,144,224)
Unappropriated profit - brought forward	15,257,712	8,135,298	7,415,261	5,677,932
Profit available for appropriation	37,049,013	20,755,006	34,698,930	14,319,251
APPROPRIATIONS	52,306,725	28,890,304	42,114,191	19,997,183
Transfer to				
- statutory reserve	3,051,542	1,627,060	1,483,052	1,135,586
- capital reserve	-	-	-	-
- contribution to depositors' protection fund	762,886	406,765	370,763	283,897
- revenue reserve	-	-	-	-
- proposed dividend	-	-	-	-
Unappropriated profit - carried forward	48,492,297	26,856,479	40,260,376	18,577,700
EARNINGS PER SHARE	0.20	0.11	0.10	0.08

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information. *5. m*



 President/Chief Executive



 Chairman



 Director



 Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-----Rupees-----			
Profit after taxation for the period	15,257,712	8,135,298	7,415,261	5,677,932
Other comprehensive income:				
- <i>Items that will not be reclassified to profit and loss account in subsequent periods</i>	-	-	-	-
- <i>Items that will be subsequently reclassified to profit and loss</i>	-	-	-	-
Total Comprehensive income for the period transferred to equity	15,257,712	8,135,298	7,415,261	5,677,932
Components of comprehensive income not reflected in equity				
- <i>Surplus/ (deficit) on revaluation of assets</i>	-	-	-	-
- <i>Deferred grants</i>	-	-	-	-
Total comprehensive income for the period	15,257,712	8,135,298	7,415,261	5,677,932

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information. *CSM*



 President/Chief Executive



 Chairman



 Director



 Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
Note	(Un-audited)	(Un-audited)
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	21,894,709	12,516,596
Adjustments:		
Depreciation and amortisation	1,327,376	846,110
Provision against non-performing advances	1,535,683	1,147,253
Operating cash flows before changes in working capital	24,757,768	14,509,959
(Increase) / decrease in operating assets		
Lending to financial institutions	-	100,000,000
Advances	(149,955,867)	(114,724,356)
Other assets	(11,828,201)	(14,214,690)
	(161,784,068)	(28,939,046)
(Decrease)/increase in operating liabilities		
Deposits and other accounts	(909,883)	(1,013,002)
Other liabilities	(116,517)	217,153
	(1,026,400)	(795,849)
Cash used in operations	(138,052,700)	(15,224,936)
Income tax paid	(1,831,463)	(2,713,813)
Net cash flow used in operating activities	(139,884,163)	(17,938,749)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(4,471,637)	(304,178)
Net cash used in investing activities	(4,471,637)	(304,178)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing from Sindh Bank Limited	76,687,815	-
Net cash inflow from financing activities	76,687,815	-
Net increase in cash and cash equivalents	(67,667,985)	(18,242,927)
Cash and cash equivalents at the beginning of the period	424,926,610	581,954,655
Cash and cash equivalents at the end of the period	357,258,625	563,711,728

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information. *C.M.*



 President/Chief Executive



 Chairman



 Director



 Director

SINDH MICROFINANCE BANK LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2018

	Reserve				Total
	Share capital	Capital		Revenue	
		Statutory and General reserve	Depositors' protection Fund	Unappropriated profit/(loss)	
-----Rupees-----					
Balance as at January 1, 2017	750,000,000	5,534,666	1,383,667	20,755,006	777,673,339
Total comprehensive income for the period					
Profit after tax for the period	-	-	-	8,135,298	8,135,298
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,135,298	8,135,298
Transfer to statutory reserve	-	1,627,060	-	(1,627,060)	-
Contribution to depositors' protection fund	-	-	406,765	(406,765)	-
Balance as at June 30, 2017 (Un-audited)	750,000,000	7,161,726	1,790,432	26,856,479	785,808,637
Total comprehensive income for the period					
Profit after tax for the period	-	-	-	13,590,045	13,590,045
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,590,045	13,590,045
Transfer to statutory reserve	-	2,718,009	-	(2,718,009)	-
Contribution to depositors' protection fund	-	-	679,502	(679,502)	-
Balance as at December 31, 2017 (Audited)	750,000,000	9,879,735	2,469,934	37,049,013	799,398,682
Total comprehensive income for the period					
Profit after taxation for the period	-	-	-	15,257,712	15,257,712
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	15,257,712	15,257,712
Transfer to statutory reserve	-	3,051,542	-	(3,051,542)	-
Contribution to depositors' protection fund	-	-	762,886	(762,886)	-
Balance as at June 30, 2018 (Un-audited)	750,000,000	12,931,277	3,232,820	48,492,297	814,656,394

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information. *SM*



 President/Chief Executive



 Chairman



 Director



 Director

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1** Sindh Microfinance Bank Limited ('the Bank') was incorporated on March 27, 2015 as a public Company limited by shares under the Companies Ordinance, 1984. The Bank has obtained Microfinance banking license from SBP on October 16, 2015, to operate in the province of Sindh. Subsequently the Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015, and received Letter for Commencement of Microfinance Banking Business on April 15, 2016 from SBP. The Bank's registered office is situated at 39/F 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi.

The Banks' principal business is to provide microfinance services to the poor and underserved segment of the society with a view to alleviate poverty under the Microfinance Institution Ordinance 2001.

The Bank is a wholly owned subsidiary of Sindh Bank Limited.

2 BASIS OF PRESENTATION

This condensed interim financial information has been presented in accordance with the requirements of Banking Surveillance Department Circular No.11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

3 STATEMENT OF COMPLIANCE

This condensed interim financial statements have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulation for Microfinance Banks and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Act, 2017, the Microfinance Institution Ordinance, 2001, the Prudential Regulation for Microfinance Banks and the said directives have been followed.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property'. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments : Disclosures' through its notification S.R.O. No. 411(I)/2008 dated April 28, 2008. Accordingly the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP BSD through various circulars / regulations.

4 BASIS OF MEASUREMENT

- 4.1** These condensed interim financial information have been prepared under the historical cost convention.
- 4.2** These condensed interim financial information has been prepared following accrual basis of accounting except for cash flow statement.
- 4.3** The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and assumptions are viewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

The significant judgements made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2017.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 5.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of financial statements of the Bank for the year ended December 31, 2017.
- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed with the annual audited financial statements for the year ended December 31, 2017.

June 30, 2018 (Un-audited)		December 31, 2017 (Audited)	
No of Loans Outstanding	Amount Outstanding	No of Loans Outstanding	Amount Outstanding
-----Rupees-----			

6 ADVANCES -NET OF PROVISIONS

Loan Type

Micro Credit

Unsecured

Secured

33,325	491,762,866	23,221	341,806,999
-	-	-	-
33,325	491,762,866	23,221	341,806,999

Less: Provision held

-Specific provision

-General provision

10	(37,185)	-	-
-	(4,916,668)	-	(3,418,171)
	(4,953,853)		(3,418,171)

33,325	486,809,013	23,221	338,388,828
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- 6.1 This represent general provision equivalent to 1% of outstanding unsecured advances held in accordance with the requirements of prudential regulations for microfinance bank.

6.2 Particulars of Provision against non performance advances

	June 30, 2018			December 31, 2017		
	Specific	General	Total	Specific	General	Total
-----Rupees-----						
Opening Balance	-	3,418,171	3,418,171	-	693,506	693,506
Charge for the year	37,185	1,498,497	1,535,682	-	2,724,665	2,724,665
Reversals	-	-	-	-	-	-
Closing Balance	37,185	4,916,668	4,953,853	-	3,418,171	3,418,171

6.3 Particulars written-off

2018		2017	
of Customer s	Amounts (Rupees)	Number of Customers	Amounts (Rupees)

Directly Charged to
Profit and Loss

6.3.1	41	594,138	35	469,926
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- 6.3.1 This represent written off against unsecured micro credit advances which were not recovered due to death of loan holders

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

The significant judgements made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2017.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 5.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of financial statements of the Bank for the year ended December 31, 2017.
- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed with the annual audited financial statements for the year ended December 31, 2017.

June 30, 2018 (Un-audited)		December 31, 2017 (Audited)	
No of Loans Outstanding	Amount Outstanding	No of Loans Outstanding	Amount Outstanding

-----Rupees-----

6 ADVANCES

NET OF PROVISIONS

Loan Type

Micro Credit

Unsecured

Secured

33,325	491,762,866	23,221	341,806,999
-	-	-	-
33,325	491,762,866	23,221	341,806,999

Less: Provision held

-Specific provision

-General provision

-	(37,185)	-	(3,418,171)
-	(4,916,668)	-	-
	(4,953,853)		(3,418,171)

33,325	486,809,013	23,221	338,388,828
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- 6.1 This represent general provision equivalent to 1% of outstanding unsecured advances held in accordance with the requirements of prudential regulations for microfinance bank.

6.2 Particulars of Provision against non performance advances

	June 30, 2018			December 31, 2017		
	Specific	General	Total	Specific	General	Total

-----Rupees-----

Opening Balance	-	3,418,171	3,418,171	-	693,506	693,506
Charge for the year	37,185	1,498,497	1,535,682	-	2,724,665	2,724,665
Reversals	-	-	-	-	-	-
Closing Balance	37,185	4,916,668	4,953,853	-	3,418,171	3,418,171

6.3 Particulars written-off⁴¹

2018		2017	
of Customer s	Amounts (Rupees)	Number of Customers	Amounts (Rupees)

Directly Charged to
Profit and Loss

6.3.1

41	594,138	35	469,926
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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	-----Rupees-----	
7 OPERATING FIXED ASSETS		
Fixed assets - Net Book Value	9,536,632	7,956,400
Intangible asset - Net Book Value	2,620,042	1,056,016
	<u>12,156,674</u>	<u>9,012,416</u>
7.1 Additions during the period - at cost		
Office equipments	2,480,822	1,995,953
Office improvements	96,000	1,066,552
Furniture and fixtures	96,000	380,000
Intangibles	1,798,815	-
	<u>4,471,637</u>	<u>3,442,505</u>
8 OTHER ASSETS		
Security deposit, prepayments and others	15,407,771	12,326,111
Interest receivable on advances	9,551,475	6,239,865
Interest receivable on placement	11,872,256	6,437,325
Advances tax- net of provision	1,995,019	6,574,114
	<u>38,826,521</u>	<u>31,577,415</u>

	June 30, 2018 (Un-audited)		December 31, 2017 (Audited)
	-----Rupees-----		
	No of Accounts	Amount Outstanding	No of Accounts
			Amount Outstanding
9 DEPOSITS			
Current	2	342	1,100,075
Saving	37,529	462,887	273,037
	<u>37,531</u>	<u>463,229</u>	<u>1,373,112</u>

All the deposits pertains to individual loan holders carrying interest rate of 4.5% per annum.(2017: 4%)

	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	-----Rupees-----	
10 BORROWINGS		
Borrowings from conventional bank		
Sindh Bank Limited	<u>76,687,815</u>	-

This facility was availed from Sindh Bank Limited amounting to Rs. 76.6 million (2017: Nil). The rates of mark-up is six month KIBOR plus 1.50%. This facility is secured against 25% margin on current asset of the bank in favour of Sindh Bank Limited against running finance facility of Rs. 500 million.

	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	-----Rupees-----	
11 OTHER LIABILITIES		
Accrued expenses	2,027,992	2,022,345
EOBI Payable	92,819	135,749
Employee Provident fund payable	397,614	396,848
Audit fee payable	95,000	175,000
	<u>2,613,425</u>	<u>2,729,942</u>

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
-----Rupees-----		
12 DEFERRED TAX LIABILITIES		
Opening balance	403,533	407,907
Change during the year	226,437	(4,374)
Closing balance	<u>629,970</u>	<u>403,533</u>

13 SHARE CAPITAL			
Authorized Capital			
June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)		
-----Number of shares-----			
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs. 10/- each	<u>1,000,000,000</u> <u>1,000,000,000</u>

13.1 Issued, subscribed and paid-up share capital			
June 30, 2018	December 31, 2017		
<u>75,000,000</u>	<u>75,000,000</u>	fully paid in cash.	<u>750,000,000</u> <u>750,000,000</u>

14 STATUTORY AND GENERAL RESERVES
 In accordance with the requirements of the Microfinance Institution Ordinance, 2001 and the Prudential Regulations for Microfinance Banks issued by SBP (Prudential regulations), the Bank has transferred an amount equivalent to 20% of profit after tax to the statutory reserve.

15 DEPOSITORS PROTECTION FUND
 In accordance with the requirements of the Microfinance Institution Ordinance, 2001 and the Prudential Regulations, the Bank has transferred an amount equivalent to 5% of profit after tax to the depositor's protection fund.

16 MEMORANDUM/OFF BALANCE SHEET ITEMS
 There are no memorandum/off balance sheet items as at the end of June 30, 2018 (December 31, 2017: Nil).

	Half year ended		Quarter ended	
	June 30 2018 (Un-audited)	June 30 2017 (Un-audited)	June 30 2018 (Un-audited)	June 30 2017 (Un-audited)
-----Rupees-----				
On deposits accounts and placements	15,511,905	25,630,279	6,883,481	12,659,239
On loans and advances	80,205,192	24,094,397	43,703,279	14,840,853
	<u>95,717,097</u>	<u>49,724,676</u>	<u>50,586,760</u>	<u>27,500,092</u>

18 OTHER CHARGES
 This represents penalty amounting to Rs 796,500 (2017: Nil) paid to State Bank of Pakistan.

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

19 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Bank comprises of Holding Bank, associates (including entities having directors in common with the Bank), major shareholders, directors and key management personnel and their close family members.

Balances with related parties have been disclosed in respective notes. Transactions with related parties, other than those disclosed elsewhere in the condensed interim financial information, are summarized as follows:





	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	-----Rupees-----	
<u>Balances with the Related Parties</u>		
<u>Sindh Bank Limited (the Holding Bank)</u>		
Balances in deposit accounts	35,483,961	57,929,957
Borrowings with Sindh Bank Limited	76,687,815	-
<u>Sindh Insurance Limited (Associate)</u>		
Prepaid insurance	1,075,666	430,956
	June 30, 2018 (Un-audited)	June 30, 2017 (Un-audited)
	-----Rupees-----	
<u>Transactions with the Related Parties</u>		
<u>Sindh Bank Limited (the Holding Bank)</u>		
Mark-up on deposits accounts	357,335	3,428,400
Mark-up	1,573,160	-
<u>Directors</u>		
Directors' fee	138,000	90,000
<u>Sindh Insurance Limited (Associate)</u>		
Insurance expense	1,343,599	231,994
	June 30 2018 (Un-audited)	December 31 2017 (Audited)
	-----Rupees-----	
20 CASH AND CASH EQUIVALENTS		
Cash and balances with SBP and NBP	5,091,664	1,005,398
Balances with other banks	352,166,961	423,921,212
	357,258,625	424,926,610

21 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were approved and authorized for issue by the Board of Directors on

			
_____ President / Chief Executive	_____ Chairman	_____ Director	_____ Director