

SINDH MICROFINANCE BANK LTD.**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**

AS AT MARCH 31, 2020

	Note	(Un-Audited) March 31,2020	(Audited) Dec 31,2019	
Rupees				
ASSETS				
Cash and balances with SBP and NBP	6	12,021,093	11,725,680	
Balances with other banks NBFIs /MFBS	7	825,951,194	953,506,225	
Lendings to financial institutions		-	-	
Investments - net of provisions		-	-	
Advances- net of provisions	8	796,450,885	849,973,816	
Fixed assets	9	44,629,179	49,530,203	
Intangible assets	10	2,986,434	3,248,241	
Other assets	11	55,226,771	39,507,571	
		1,737,265,556	1,907,491,736	
LIABILITIES				
Borrowings	12	750,000,000	800,000,000	
Deposits and other accounts	13	19,020,975	126,446,866	
Subordinated debt		-	-	
Deferred tax liabilities		-	-	
Other liabilities	14	64,717,915	91,458,209	
		833,738,890	1,017,905,075	
NET ASSETS		903,526,666	889,586,661	
REPRESENTED BY				
Share capital		750,000,000	750,000,000	
Reserves		38,398,213	34,913,212	
Unappropriated profit		115,128,453	104,673,450	
		903,526,666	889,586,661	
			-	
CONTINGENCIES AND COMMITMENTS				
	23			
The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.				
_____ President/CEO	_____ CFO	_____ Chairman	_____ Director	_____ Director

SINDH MICROFINANCE BANK LTD.
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	(Un-Audited)(Un-Audited)		(Un-Audited)(Un-Audited)	
		Quarter Ended		Period Ended	
		March 31,2020	March 31,2019	March 31,2020	March 31,2019
Rupees					
Mark-up/Return/Interest Earned	15	106,535,592	64,789,450	106,535,592	64,789,450
Mark-up/Return/Interest Expensed	16	(24,500,567)	(6,094,027)	(24,500,567)	(6,094,027)
Net Mark-up / Interest Income		82,035,024	58,695,424	82,035,024	58,695,424
Provision against non-performing advances & written off directly	17	(7,905,012)	(1,320,914)	(7,905,012)	(1,320,914)
Net Mark-up / Interest Income after provisions		74,130,013	57,374,509	74,130,013	57,374,509
NON MARK-UP/INTEREST INCOME					
Other Income		-	-	-	-
Total non-markup/interest Income		-	-	-	-
Total Income		74,130,013	57,374,509	74,130,013	57,374,509
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	18	(54,307,428)	(41,167,865)	(54,307,428)	(41,167,865)
Workers Welfare Fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup/interest expenses		(54,307,428)	(41,167,865)	(54,307,428)	(41,167,865)
Profit / (Loss) before provisions		19,822,585	16,206,644	19,822,585	16,206,644
Extra ordinary / unusual items (to be specified)		-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION		19,822,585	16,206,644	19,822,585	16,206,644
Taxation	19	(5,882,580)	(4,459,853)	(5,882,580)	(4,459,853)
PROFIT/(LOSS) AFTER TAXATION		13,940,005	11,746,791	13,940,005	11,746,791
Earnings per share - basic and diluted		0.19	0.16	0.19	0.16

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LTD.
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	(Un-Audited) Quarter Ended	(Un-Audited) Quarter Ended	(Un-Audited) Period Ended	(Un-Audited) Period Ended
	March 31,2020	March 31,2019	March 31,2020	March 31,2019
	------(Rupees)-----			
Profit / (Loss) after taxation for the period	13,940,005	11,746,791	13,940,005	11,746,791
Other comprehensive income :	-	-	-	-
Total comprehensive income	13,940,005	11,746,791	13,940,005	11,746,791

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

 President/CEO

 CFO

 Chairman

 Director

 Director

SINDH MICROFINANCE BANK LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Share Capital	General and Statutory Reserve	Depositors' Protection Fund	Unappropria ted Profit	Total
-----Rupees-----					
Balance as at January 01, 2019	750,000,000	17,496,539	4,374,135	65,612,029	837,482,703
Total comprehensive income for the period					
Profit after tax for the period	-	-	-	52,170,150	52,170,150
Other comprehensive income - net of tax	-	-	-	(66,192)	(66,192)
Total comprehensive income for the period	-	-	-	52,103,958	52,103,958
20% Transfer to statutory reserve	-	10,434,030	-	(10,434,030)	-
5% Transfer to Depositors' Protection Fund	-	-	2,608,508	(2,608,508)	-
Balance as at December 31, 2019(audited)	750,000,000	27,930,569	6,982,643	104,673,450	889,586,661
Total comprehensive income for the period					
Profit after tax for the period	-	-	-	13,940,005	13,940,005
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,940,005	13,940,005
20% Transfer to statutory reserve	-	2,788,001	-	(2,788,001)	-
5% Transfer to Depositors' Protection Fund	-	-	697,000	(697,000)	-
Balance as at March 31, 2020 (un-audited)	750,000,000	30,718,570	7,679,643	115,128,453	903,526,666

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

 President/CEO

 CFO

 Chairman

 Director

 Director

SINDH MICROFINANCE BANK LTD.
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Quarter ended	
		March 31,2020	March 31,2019
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		19,822,585	16,206,644
Adjustments:			
Depreciation		5,301,927	672,225
Amortization		258,902	190,601
Provision against non performing advances		7,445,965	548,318
Bad debts written off directly		459,047	772,596
		<u>13,465,840</u>	<u>2,183,741</u>
		33,288,425	18,390,385
(Increase)/ Decrease in operating assets			
Advances	8	45,617,919	(77,339,566)
Others assets (excluding advance taxation)		(13,231,051)	4,999,287
		<u>32,386,868</u>	<u>(72,340,279)</u>
Increase/ (Decrease) in operating liabilities			
Borrowings from financial institutions		(50,000,000)	109,215,340
Deposits	13	(107,425,891)	(11,754,711)
Other liabilities (excluding current taxation)		(26,740,294)	3,120,944
		<u>(184,166,185)</u>	<u>100,581,573</u>
Payments against off-balance sheet obligations			
Income tax paid		(8,370,727)	(2,959,578)
<i>Net cash flow generated from / (used in) operating activities</i>		<u>(126,861,618)</u>	<u>43,672,101</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in operating fixed assets		(398,000)	(314,029)
<i>Net cash flow generated from / (used in) investing activities</i>		<u>(398,000)</u>	<u>(314,029)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Share capital		-	-
<i>Net cash flow from / (used in) financing activities</i>		-	-
Effects of exchange rate changes on cash and cash equivalents			
Increase / (Decrease) in cash and cash equivalents		<u>(127,259,618)</u>	<u>43,358,072</u>
Cash and cash equivalents at beginning of the period		965,231,905	369,326,574
Cash and cash equivalents at end of the period	6-7	<u>837,972,287</u>	<u>412,684,646</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LTD.
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2020

1. STATUS AND NATURE OF BUSINESS

Sindh Microfinance Bank Limited (the Bank) was incorporated on March 27, 2015 as a public company limited by shares under the repealed Companies Ordinance, 1984 (repealed by Companies Act 2017). The Bank obtained Microfinance banking license from State Bank of Pakistan on October 16, 2015, to operate in Sindh Province. Subsequently, the Bank received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015 and the certificate of commencement of Banking Business from State Bank of Pakistan on April 15, 2016. The Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged in the Microfinance Institutions Ordinance, 2001.

The Bank is the wholly owned subsidiary of Sindh Bank Limited (the Holding bank). The Bank operates through branches and service centers spread within the province of Sindh, the network of branches and service centers comprise of 17 (2019: 17) branches and 58 (2019: 58) service centers.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the directives and prudential regulations issued by SBP, the requirements of the Microfinance Institution Ordinance, 2001 (the MFI Ordinance), the Companies Act, 2017 (the Companies Act) and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and interpretations issued by the Standards Interpretation Committee of IASB as adopted in Pakistan. In case where provisions of directives issued by the SECP and SBP, the MFI Ordinance and the Companies Act differ with the requirements of these standards, such provisions of SBP directive, the MFI Ordinance and the Companies Act shall prevail.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, the SECP vide its SRO 633 (I)/ 2014, dated 10 July 2014 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement", IAS 40, "Investment Property" and International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" for banking companies till further instructions.

The SECP vide its SRO 1007(I)/2017, dated 4 October 2017 introduce IFRS-15 and IFRS-9 which replace IAS-39 to be applicable on the accounting period beginning on or after July 1st, 2018. 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 through various circulars / regulations.

- 2.2** The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in preparation of this condensed interim financial report are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2019.

SINDH MICROFINANCE BANK LTD.
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2019.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019

6 CASH AND BALANCES WITH SBP AND NBP

In hand

Local currency
 Foreign currency

Un-Audited Audited
March Dec 31,2019
31,2020
Rupees

808,626	737,313
-	-
808,626	737,313

With State Bank of Pakistan in

Local currency current account
 Local currency deposit account (to be specified)

11,212,467	10,988,367
11,212,467	10,988,367

12,021,093	11,725,680
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7 BALANCES WITH OTHER BANKS NBFIS /MFBS

In Pakistan

In deposit accounts
 Term Deposit Certificate
 Treasury Bills

306,197,915	334,410,865
500,000,000	600,000,000
19,753,279	19,095,360
825,951,194	953,506,225

8 Advances

	2020		2019	
	Number of loans outstanding	Amount outstanding (Rupees)	Number of loans outstanding	Amount outstanding (Rupees)
Micro Credit				
-Unsecured	50,063	794,073,032	50,601	846,055,017
Less: Provision held				
- General	-	(7,814,591)	-	(8,329,505)
- Specific	-	(7,532,162)	-	(6,058,782)
	-	(15,346,753)	-	(14,388,287)
Microcredit advances- net of provisions	50,063	778,726,279	50,601	831,666,731
Staff loans	1	17,724,606	1	18,307,086
Advances (net of provisions)	50,064	796,450,885	50,602	849,973,817

SINDH MICROFINANCE BANK LTD.
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2020

8.1 Particulars of provision against non-performing advances	2020			2019		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
Opening balance	6,058,782	8,329,505	14,388,287	688,415	5,876,139	6,564,554
Charge for the year	7,960,879	(514,914)	7,445,965	8,878,473	2,453,366	11,331,839
Write off	(6,487,499)	-	(6,487,499)	(3,508,106)	-	(3,508,106)
Closing balance	<u>7,532,162</u>	<u>7,814,591</u>	<u>15,346,753</u>	<u>6,058,782</u>	<u>8,329,505</u>	<u>14,388,287</u>

Category of Classification	2020			2019		
	Amount Outstanding	Provisions Required	Provisions Held	Amount Outstanding	Provisions Required	Provisions Held
	-----Rupees-----					
OAEM	1,126,226	-	-	3,404,685	-	-
Substandard	1,342,764	335,691	335,691	4,492,790	1,123,198	1,123,198
Doubtful	7,907,769	3,953,884	3,953,884	7,352,248	3,676,124	3,676,124
Loss	3,242,586	3,242,586	3,242,586	1,259,460	1,259,460	1,259,460
	<u>13,619,345</u>	<u>7,532,162</u>	<u>7,532,162</u>	<u>16,509,183</u>	<u>6,058,782</u>	<u>6,058,782</u>

9 FIXED ASSETS	Un-Audited	Audited
	March 31,2020	Dec 31,2019
	Rupees	
Property and equipment	12,851,399	13,390,230
Right of use assets (ROUA)	31,777,780	36,139,973
	<u>44,629,179</u>	<u>49,530,203</u>

9.1 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Property and equipment

Furniture and fixture	-	188,952
Office Equipments	264,000	4,035,463
Vehicles	-	-
Others	134,000	627,995
Intangible		1,469,000
Total	<u>398,000</u>	<u>6,321,410</u>

10 INTANGIBLE ASSETS

Computer Software	2,986,434	3,248,241
	<u>2,986,434</u>	<u>3,248,241</u>

SINDH MICROFINANCE BANK LTD.
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2020

11 OTHER ASSETS

Income/ Mark-up accrued on Advances	18,633,971	17,127,408
Income/ Mark-up accrued on TDRs	21,691,370	9,773,425
Advances, deposits, advance rent and other prepayments	2,407,521	2,600,979
Advance taxation (payments less provisions)	5,594,658	3,312,655
Deferred Tax Assets	6,899,251	6,693,104
Other Assets - total	<u>55,226,771</u>	<u>39,507,571</u>

Un-Audited Audited
March
31,2020 Dec 31,2019
Rupees

12 BORROWINGS

Borrowings from State Bank of Pakistan		
Under LOCF	750,000,000	750,000,000
<i>Un-Secured</i>		
Khushhali Microfinance Bank		
Call Borrowing	-	50,000,000
	<u>750,000,000</u>	<u>800,000,000</u>

13 DEPOSITS AND OTHER ACCOUNTS

Un-Audited		Audited	
March 31,2020		Dec 31,2019	
In Local Currency	Total	In Local Currency	Total
Rupees			
Customers			
Current deposits	120,623	120,623	10,827,439
Savings deposits	1,481,029	1,481,029	1,200,000
Term deposits	17,408,000	17,408,000	14,408,000
Others	-	-	-
	<u>19,009,653</u>	<u>19,009,653</u>	<u>26,435,439</u>
Financial Institutions			
Current deposits	-	-	-
Savings deposits	11,322	11,322	100,011,427
Term deposits	-	-	-
	<u>11,322</u>	<u>11,322</u>	<u>100,011,427</u>
	<u>19,020,975</u>	<u>19,020,975</u>	<u>126,446,866</u>

March
31,2020 Dec 31,2019

14 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency	22,031,653	47,911,410
Accrued expenses	7,732,339	4,130,053
Audit Fee	123,440	500,000
Payable to defined benefit plan	9,725,675	8,591,867
Payable to defined contribution plan	695,886	602,282
Lease liability against right of use assets	24,408,923	29,722,597
	<u>64,717,916</u>	<u>91,458,209</u>

	(Un-Audited) Quarter Ended March 31,2020	(Un-Audited) Quarter Ended March 31,2019
	Rupees	
15 MARK-UP/RETURN/INTEREST EARNED		
On:		
Loans and advances	77,257,471	55,274,656
Lendings to financial institutions/ T-Bills	19,239,015	1,380,217
Balances with banks	10,039,106	8,134,577
	<u>106,535,592</u>	<u>64,789,450</u>
16 MARK-UP/RETURN/INTEREST EXPENSED		
On:		
Deposits	1,625,033	1,774,363
Lease of ROUA	933,813	-
Borrowings	21,941,721	4,319,664
	<u>24,500,567</u>	<u>6,094,027</u>
17 PROVISIONS & WRITE OFFS - NET		
Provisions against loans & advances	7,445,965	548,318
Bad debts written off directly	459,047	772,596
	<u>7,905,012</u>	<u>1,320,914</u>
18 OPERATING EXPENSES		
Total compensation expense	39,421,229	28,752,899
Property expense		
Rent & taxes	-	4,697,830
Insurance	1,095,798	534,039
Utilities cost	613,398	437,844
Repair & maintenance (including janitorial charges)	540,243	1,035,125
	<u>2,249,439</u>	<u>6,704,838</u>
Information technology expenses		
Software maintenance & Others IT Expenses	776,713	462,846
Amortisation	258,902	190,601
	<u>1035615</u>	<u>653,447</u>
Other operating expenses		
Directors' fees and allowances	110,000	63,000
Legal & professional charges	15,000	30,000
Entertainment	482,680	250,527
Travelling & conveyance	1,456,203	660,194
Depreciation	5,301,927	672,225
Training & development	142,042	54,840
Communication	1,093,715	594,518
Stationery & printing	972,602	695,977
Marketing, advertisement & publicity	58,000	138,000
Fee & Subscription	1,231,148	1,403,476
Bank Charges	532,694	332,084
Office Supplies	80,134	69,416
Others	125,000	92,424
	<u>11,601,145</u>	<u>5,056,681</u>
	<u>54,307,428</u>	<u>41,167,865</u>
	March 31,2020	March 31,2019
	Rupees	
19 TAXATION		
Current	6,088,726	4,537,860
Prior periods		
Deferred	(206,146)	(78,007)
	<u>5,882,580</u>	<u>4,459,853</u>
20 BASIC EARNINGS/ (LOSS) PER SHARE		
Profit for the period	<u>13,940,005</u>	<u>11,746,791</u>
Weighted average number of ordinary shares	<u>75,000,000</u>	<u>75,000,000</u>
Basic earnings per share	<u>0.19</u>	<u>0.16</u>

22 SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization.

23 DATE OF AUTHORISATION FOR ISSUE

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

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

President/CEO

CFO

Chairman

Director

Director