

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

AS AT MARCH 31, 2019

	Note	(Un-Audited) March 31,2019	(Audited) Dec 31,2018
Rupees			
ASSETS			
Cash and balances with treasury banks	6	13,307,598	13,416,112
Balances with other banks	7	399,377,049	355,910,462
Lendings to financial institutions		-	-
Investments		-	-
Advances	8	659,120,413	583,101,763
Fixed assets	9	11,452,169	11,810,365
Intangible assets	10	2,344,831	2,535,432
Other assets	11	30,102,225	36,679,794
		1,115,704,285	1,003,453,928

LIABILITIES

Borrowings	12	185,738,155	76,522,815
Deposits and other accounts	13	66,014,402	77,769,113
Subordinated debt		-	-
Deferred tax liabilities	14	425,582	503,589
Other liabilities	15	14,296,652	11,175,708
		266,474,791	165,971,225
NET ASSETS		849,229,494	837,482,703

REPRESENTED BY

Share capital/ Head office capital account - net	750,000,000	750,000,000
Reserves	24,807,372	21,870,674
Unappropriated/ Unremitted profit	74,422,122	65,612,029
	849,229,494	837,482,703

CONTINGENCIES AND COMMITMENTS	24	(0)	-
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The annexed notes 1 to 24 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 31,2019

		(Un-Audited) Quarter Ended	(Audited) March	(Un-Audited) Period Ended	(Audited) March
	Note	March 31,2019	31,2018	March 31,2019	31,2018
Rupees					
Mark-up/Return/Interest Earned	16	64,789,450	45,130,337	64,789,450	45,130,337
Mark-up/Return/Interest Expensed	17	(6,094,027)	(215,076)	(6,094,027)	(215,076)
Net Mark-up / Interest Income		58,695,424	44,915,261	58,695,424	44,915,261
NON MARK-UP/INTEREST INCOME					
Other Income		-	-	-	-
Total non-markup/interest Income		-	-	-	-
Total Income		58,695,424	44,915,261	58,695,424	44,915,261
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	18	(41,167,865)	(32,674,944)	(41,167,865)	(32,674,944)
Workers Welfare Fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup/interest expenses		(41,167,865)	(32,674,944)	(41,167,865)	(32,674,944)
Profit / (Loss) before provisions		17,527,559	12,240,317	17,527,559	12,240,317
Provisions and write offs - net	19	(1,320,914)	(1,123,721)	(1,320,914)	(1,123,721)
Extra ordinary / unusual items (to be specified)		-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION		16,206,644	11,116,597	16,206,644	11,116,597
Taxation	20	(4,459,853)	(3,274,146)	(4,459,853)	(3,274,146)
PROFIT/(LOSS) AFTER TAXATION		11,746,791	7,842,451	11,746,791	7,842,451
Earnings per share - basic and diluted		0.16	0.10	0.16	0.10

The annexed notes 1 to 24 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 31,2019

	(Un-Audited) Quarter Ended	(Audited) Quarter Ended	(Un-Audited) Period Ended	(Audited) Period Ended
	March 31,2019	March 31,2018	March 31,2019	March 31,2018
	------(Rupees)-----			
Profit / (Loss) after taxation for the period	11,746,791	7,842,451	11,746,791	7,842,451
Other comprehensive income :	-	-	-	-
Total comprehensive income	11,746,791	7,842,451	11,746,791	7,842,451

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

President/CEO	CFO	Chairman	Director	Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Share Capital	General and Statutory Reserve	Depositors' Protection Fund	Unappropriated Profit	Total
-----Rupees-----					
Balance as at January 01, 2018	750,000,000	9,879,735	2,469,934	37,049,013	799,398,682
Total comprehensive income for the period					
Profit after tax for the period	-	-	-	38,084,021	38,084,021
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	38,084,021	38,084,021
Transfer to statutory reserve	-	7,616,804	-	(7,616,804)	-
5% Transfer to Depositors' Protection Fund	-	-	1,904,201	(1,904,201)	-
Balance as at December 31, 2018(audited)	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	-	-	-	11,746,791	11,746,791
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	11,746,791	11,746,791
Transfer to statutory reserve	-	2,349,358	-	(2,349,358)	-
5% Transfer to Depositors' Protection Fund	-	-	587,340	(587,340)	-
Balance as at March 31, 2019 (un-audited)	750,000,000	19,845,897	4,961,475	74,422,122	849,229,494

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

_____ President/CEO	_____ CFO	_____ Chairman	_____ Director	_____ Director
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SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31,2019

	Note	Quarter ended	
		March 31,2019	March 31,2018
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		16,206,644	11,116,597
Adjustments:			
Depreciation		862,826	446,660
Provision and write-offs	19	548,318	902,982
		1,411,144	1,349,642
		17,617,788	12,466,239
(Increase)/ Decrease in operating assets			
Advances	8	(76,566,969)	(90,308,338)
Others assets (excluding advance taxation)		4,999,287	(4,217,372)
		(71,567,682)	(94,525,710)
Increase/ (Decrease) in operating liabilities			
Borrowings from financial institutions	12	109,215,340	39,800,346
Deposits	13	(11,754,711)	(1,004,253)
Other liabilities (excluding current taxation)		3,120,944	208,411
		100,581,573	39,004,504
Payments against off-balance sheet obligations			
Income tax paid		(2,959,578)	(565,848)
<i>Net cash flow generated from / (used in) operating activities</i>		43,672,101	(43,620,815)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in operating fixed assets		(314,029)	-
<i>Net cash flow generated from / (used in) investing activities</i>		(314,029)	-
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		43,358,072	(43,620,815)
Cash and cash equivalents at beginning of the period		369,326,574	424,926,610
Cash and cash equivalents at end of the period	6-7	412,684,646	381,305,795

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

President/CEO	CFO	Chairman	Director	Director

SINDH MICROFINANCE BANK I
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31,2019

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 13 (2018: 13) branches and 47 (2018: 47) 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

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 2018.

SINDH MICROFINANCE BANK I
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31,2019

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

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, 2018

	Un-Audied	Audied
	March	Dec 31,2018
	31,2019	
	Rupees	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	562,145	534,674
Foreign currency	-	-
	562,145	534,674
With State Bank of Pakistan in		
Local currency current account	12,745,453	12,881,438
Local currency deposit account (to be specified)		
	12,745,453	12,881,438
	13,307,598	13,416,112
	Un-Audited	Audied
	March	Dec 31,2018
	31,2019	
	Rupees	

7 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	656,345	170,164
In deposit accounts	345,170,704	255,740,298
	345,827,049	255,910,462
TDR's	53,550,000	100,000,000
	399,377,049	355,910,462

8 ADVANCES

	Performing		Non Performing		Total	
	March	Dec 31,2018	March	Dec 31,2018	March	Dec 31,2018
	31,2019		31,2019		31,2019	
	Rupees					
Advances - gross	664,796,677	587,261,300	1,436,608	2,405,016	666,233,285	589,666,316
Provision against advances						
- Specific	-	-	462,153	688,414	462,153	688,414
- General	6,650,719	5,876,139	-	-	6,650,719	5,876,139
	6,650,719	5,876,139	462,153	688,414	7,112,872	6,564,553
Advances - net of provision	658,145,958	581,385,161	974,455	1,716,602	659,120,413	583,101,763

SINDH MICROFINANCE BANK I
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31,2019

8.1 Category of Classification	Un-Audited March 31,2019		Audited Dec 31,2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees				
Domestic				
Other Assets Especially Mentioned	616,714	-	352,656	-
Substandard	103,783	25,946	1,433,258	358,315
Doubtful	559,807	279,904	578,005	289,003
Loss	156,304	156,304	41,097	41,097
Total	1,436,608	462,153	2,405,016	688,414

9 FIXED ASSETS	Un-Audited	Audited
	March 31,2019	Dec 31,2018
Rupees		
Property and equipment	11,452,169	11,810,365
	11,452,169	11,810,365

9.1 Additions to fixed assets

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

Property and equipment

Furniture and fixture	-	-
Office Equipments	314,029	-
Vehicles	-	-
Others	-	-
Total	314,029	-

10 INTANGIBLE ASSETS

Computer Software	2,344,831	2,535,432
Others (to be specified)		
	2,344,831	2,535,432

11 OTHER ASSETS

Income/ Mark-up accrued on Advances	14,079,897	12,239,334
Income/ Mark-up accrued on TDRs	52,816	6,013,124
Advances, deposits, advance rent and other prepayments	13,318,673	14,198,215
Advance taxation (payments less provisions)	2,650,839	4,229,121
Other Assets - total	30,102,225	36,679,794

SINDH MICROFINANCE BANK I
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31,2019

		Un-Audited March 31,2019	Audited Dec 31,2018
		Rupees	
12	BORROWINGS		
	<i>Un-Secured</i>		
	Borrowings from State Bank of Pakistan Under LOCF	109,215,340	-
		<u>109,215,340</u>	<u>-</u>
	<i>Secured</i>		
	Borrowings from parent companies, Sindh Bank Ltd.	76,522,815	76,522,815
		<u>185,738,155</u>	<u>76,522,815</u>

13 DEPOSITS AND OTHER ACCOUNTS

		Un-Audited		Audited	
		March 31,2019		Dec 31,2018	
		In Local Currency	Total	In Local Currency	Total
Rupees in '000					
	Customers				
	Current deposits	1,009,586	1,009,586	13,422,267	13,422,267
	Savings deposits	2,597,894	2,597,894	3,246,846	3,246,846
	Term deposits	11,100,000	11,100,000	11,100,000	11,100,000
	Others		-		-
		<u>14,707,480</u>	<u>14,707,480</u>	<u>27,769,113</u>	<u>27,769,113</u>
	Financial Institutions				
	Current deposits		-		-
	Savings deposits	51,306,922	51,306,922	50,000,000	50,000,000
	Term deposits		-		-
		<u>51,306,922</u>	<u>51,306,922</u>	<u>50,000,000</u>	<u>50,000,000</u>
		<u>66,014,402</u>	<u>66,014,402</u>	<u>77,769,113</u>	<u>77,769,113</u>

		March 31,2019	Dec 31,2018
		Rupees	
14	DEFERRED TAX LIABILITIES		
	Opening Balance	503,589	403,533
	Charged during the year	(78,007)	100,056
	Closing year	<u>425,582</u>	<u>503,589</u>

15 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency	3,973,879	1,646,730
Accrued expenses	2,319,653	3,291,739
Audit Fee Pay	437,300	478,000
Payable to defined benefit plan	7,046,750	5,246,750
Payable to defined contribution plan	519,070	512,490
	<u>14,296,652</u>	<u>11,175,709</u>
	(0)	-

	March 31,2019	March 31,2018
	Rupees	
16 MARK-UP/RETURN/INTEREST EARNED		
On:		
Loans and advances	55,274,656	36,501,913
Lendings to financial institutions	1,380,217	8,125,342
Balances with banks	8,134,577	503,082
	<u>64,789,450</u>	<u>45,130,337</u>
17 MARK-UP/RETURN/INTEREST EXPENSED		
On:		
Deposits	1,774,363	215,076
Borrowings	4,319,664	-
	<u>6,094,027</u>	<u>215,076</u>
18 OPERATING EXPENSES		
Total compensation expense	28,752,899	23,422,641
Property expense		
Rent & taxes	4,697,830	3,249,049
Insurance	534,039	802,475
Utilities cost	437,844	427,194
Repair & maintenance (including janitorial charges)	1,035,125	480,906
	6,704,838	4,959,624
Information technology expenses		
Software maintenance	462,846	-
Amortisation	190,601	86,250
	653,447	86,250
Other operating expenses		
Directors' fees and allowances	63,000	60,000
Legal & professional charges	30,000	111,525
Entertainment Exp	250,527	181,223
Travelling & conveyance	660,194	669,620
Depreciation	672,225	446,660
Training & development	54,840	64,710
Communication	594,518	657,201
Stationery & printing	695,977	671,234
Marketing, advertisement & publicity	138,000	176,160
Fee & Subscription	1,403,476	557,038
Bank Charges	332,084	378,023
Office Supplies	69,416	134,265
Other Exp	92,424	98,770
	5,056,681	4,206,429
	<u>41,167,865</u>	<u>32,674,944</u>

	March 31,2019	March 31,2018
	<u>Rupees</u>	
19 PROVISIONS & WRITE OFFS - NET		
Provisions against loans & advances	548,318	902,982
Bad debts written off directly	772,596	220,739
	<u>1,320,914</u>	<u>1,123,721</u>
20 TAXATION		
Current	4,537,860	3,334,979
Prior periods		
Deferred	(78,007)	(60,833)
	<u>4,459,853</u>	<u>3,274,146</u>
21 BASIC EARNINGS/ (LOSS) PER SHARE		
Profit for the period	<u>11,746,791</u>	<u>7,842,451</u>
Weighted average number of ordinary shares	<u>75,000,000</u>	<u>75,000,000</u>
Basic earnings per share	<u>0.16</u>	<u>0.10</u>

22 RELATED PARTY TRANSACTIONS

	MARCH-19				DECEMBER-18			
	Holding Company	Key Management Personal	Directors	Associates	Holding Company	Key Management Personal	Directors	Associates
Balance with related party								
Sindh Bank Limited								
Deposits in Current /Daily Saving Account	17,703,314	-	-	-	31,744,411	-	-	-
Borrowing	76,522,815	-	-	-	76,522,815	-	-	-
Interest Payable on borrowing	2,424,580	-	-	-	1,564,984	-	-	-
Premium Payable-Sindh Insurance Limited	-	-	-	-	-	-	-	1,354,886
Provision for gratuity	-	7,046,750	-	-	-	5,246,750	-	-
Transaction with related party								
Sindh Bank Limited								
Mark-up / return / interest earned	458,476	-	-	-	1,519,204	-	-	-
Mark-up / return / interest expensed	2,861,564	-	-	-	4,762,858	-	-	-
Remuneration paid to executive staff	-	6,645,787	-	-	-	24,143,052	-	-
Directors meeting fee	-	-	63,000	-	-	-	264,000	-
Insurance premium Paid-Sindh Insurance Limit	-	-	-	1,354,886	-	-	-	2,126,360
Contribution to provident fund	-	814,203	-	-	-	2,924,309	-	-
Gratuity	-	1,800,000	-	-	-	5,246,750	-	-

23 SUBSEQUENT EVENTS

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

24 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 24 form an integral part of these condensed interim financial statements.

_____	_____	_____	_____	_____
President/CEO	CFO	Chairman	Director	Director