

# Sindh Microfinance Bank Limited

*For the six months period ended June 30, 2017*



**Grant Thornton Anjum Rahman**  
Chartered Accountants



## Directors' Review

The Board of Directors has the pleasure of presenting a review of the business and operations of Sindh Microfinance Bank Limited for the six months period ended June 30, 2017.

## Operational & Financial Performance

Sindh Microfinance bank was established to address the issue of cultivating appropriate financial services in the rural areas of the Sindh province through small credit facilities to poor individuals especially women. The bank was incorporated on March 2015 and granted province based license by State Bank of Pakistan in October 2015, pursuant to the Microfinance ordinance 2001. The dedicated subsidiary of Sindh Bank limited started its operations from May 3, 2016 and as of June 30, 2017. The bank has a network of Six (6) Branches and Twenty one (21) Service Centers in Nine (9) districts of Sindh province.

The bank's progress for the period is considered quite satisfactory. The pre-tax profit of SMFB is PKR 12.517 million as compared to last year profit of PKR 9.961 million for the same period and accumulated profit stands at PKR 26.856 million. With strength of Fourteen (14) staff at Head office and fifteen (15) at Branches and one hundred one (101) at Service Centers, the loan portfolio has steadily increased to PKR 182.2 million disbursed to 12,237 borrowers at the close of this period. The return on funds, placements and interest on advances stood at Rs. 49.7 Million respectively.

Operating Results	June 30, 2017	June 30, 2016
Interest/Mark-up	49.7 M	26.7 M
Admin. Expenses	35.9 M	16.7 M
Profits Before Taxation	12.5 M	9.9 M
Advances	182.2 M	4.5 M
No. of Borrowers	12,237	223
No. of Br. / SC.	27	6

## Future Strategy


Although Sindh Microfinance bank was incorporated in a period of very challenging and exigent economic environment and its target customer base is at the most risky end of the credit spectrum, the Board is fully committed to ensuring the financial performance of Sindh Microfinance bank remains strong and healthy to the changing market conditions. Accordingly the board contemplates that by close of this year, the bank will disburse a total amount of Rs.347 Million with an outstanding loan portfolio of Rs. 210 Million distributed among over 18,000 borrowers.

Further, SMFB is fully committed to facilitate the underserved segments of the society by expanding its outreach to remote areas of Sindh. In coming six months of 2017, the bank will open four (4) more branches at Kotri, Naushahro Feroze, Sakrand & Shahdadpur and Nineteen (19) new service centers at Kotri, Tando Bago, Khoski, Mirpur Sakro, Hirabad, Naushahro Feroze, Mahrabpur, Moro, Kandiaro, Sakrand, Shaheed Benazirabad, Qazi Ahmed, Daur, Tando Jam, Shahdadpur, Sanghar, Hala, Latifabad, Tando Muhammad Khan.

## Acknowledgement

We would like to acknowledge the trust of our valued customers and continuous guidance and support of State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies. The Board sincerely appreciates the dedication, commitment and team work of all employees of the Bank who are striving very hard to transform it into a successful enterprise with noble aspirations.

On behalf of the Board,

  
Shoab Arif  
President & CEO



# Grant Thornton

An instinct for growth™

## **AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

**GRANT THORNTON ANJUM RAHMAN**

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
[www.gtpak.com](http://www.gtpak.com)

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Sindh Microfinance Bank Limited** (the Bank) as at June 30, 2017 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 information'). Management is responsible for the preparation and presentation of this condensed interim financial information 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 information 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 condensed interim financial information 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 condensed interim financial information as of and for the six months period ended June 30, 2017 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, 2017 and 2016 have not been reviewed, as we are required to review only cumulative figures for the six months period ended June 30, 2017.

Karachi  
Dated: August 23, 2017

  
**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Muhammad Shaukat Naseeb**  
Engagement Partner

**Sindh Microfinance Bank Limited**  
*Condensed interim financial information*  
*For the six months period ended June 30, 2017*

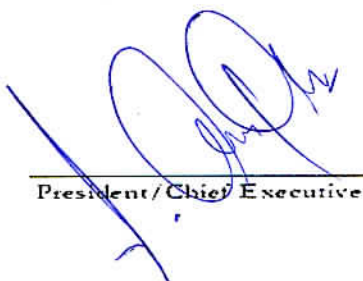
**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2017**

		June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	Note	-----Rupees-----	
<b>ASSETS</b>			
Cash and balances with SBP and NBP		496,672	1,949,600
Balances with other banks		563,215,056	580,005,055
Lending to financial institutions		-	100,000,000
Investment - net of provisions		-	-
Advances - net of provisions	6	182,234,174	68,657,071
Operating fixed assets	7	6,859,076	7,399,608
Other assets	8	35,149,863	22,680,807
Deferred tax asset - net		-	-
<b>Total assets</b>		<b>787,954,841</b>	<b>780,692,141</b>
<b>LIABILITIES</b>			
Deposits and other accounts	9	125,624	1,138,626
Borrowings		-	-
Subordinated debt		-	-
Other liabilities	10	1,689,422	1,472,269
Deferred tax liabilities - net	11	331,158	407,907
<b>Total liabilities</b>		<b>2,146,204</b>	<b>3,018,802</b>
<b>NET ASSETS</b>		<b>785,808,637</b>	<b>777,673,339</b>
<b>REPRESENTED BY:</b>			
Share capital	12	750,000,000	750,000,000
Statutory and general reserves	13	7,161,726	5,534,666
Depositors' protection fund	14	1,790,432	1,383,667
Unappropriated profit		26,856,479	20,755,006
		<b>785,808,637</b>	<b>777,673,339</b>
Surplus/(deficit) on revaluation of assets		-	-
Deferred grants		-	-
<b>TOTAL EQUITY</b>		<b>785,808,637</b>	<b>777,673,339</b>


**MEMORANDUM / OFF BALANCE SHEET ITEMS**

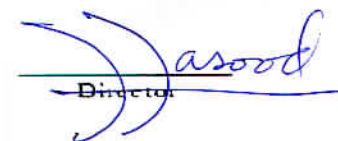
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The annexed notes from 1 to 20 form an integral part of this condensed interim financial information. *Si 02*

  
 \_\_\_\_\_  
 President / Chief Executive

  
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 Chairman

  
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 Director

  
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 Director

**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	Note	Six months ended		Quarter ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		-----Rupees-----			
Mark-up / return / interest earned	16	49,724,676	26,734,838	27,500,092	13,501,459
Mark-up / return / interest expensed		-	-	-	-
<b>Net mark-up / interest income</b>		<b>49,724,676</b>	<b>26,734,838</b>	<b>27,500,092</b>	<b>13,501,459</b>
Provision against non-performing loans and advances		(1,147,253)	(45,869)	(542,679)	(45,869)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		(89,873)	-	(78,554)	-
		(1,237,126)	(45,869)	(621,233)	(45,869)
<b>Net mark-up / interest income after provisions</b>		<b>48,487,550</b>	<b>26,688,969</b>	<b>26,878,859</b>	<b>13,455,590</b>
<b>NON MARK-UP / NON INTEREST INCOME</b>					
Fee, commission and brokerage income		-	-	-	-
Dividend income		-	-	-	-
Other income		-	-	-	-
<b>Total non mark-up / non interest income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		48,487,550	26,688,969	26,878,859	13,455,590
<b>NON MARKUP / NON INTEREST EXPENSE</b>					
Administrative expenses		(35,970,954)	(16,727,482)	(18,056,703)	(9,316,957)
Other provisions/write offs		-	-	-	-
Other charges		-	-	-	-
<b>Total non mark-up / non interest expenses</b>		<b>(35,970,954)</b>	<b>(16,727,482)</b>	<b>(18,056,703)</b>	<b>(9,316,957)</b>
Extra ordinary / unusual items		-	-	-	-
<b>Profit for the period</b>		<b>12,516,596</b>	<b>9,961,487</b>	<b>8,822,156</b>	<b>4,138,633</b>
Taxation					
- current		(4,458,047)	(3,380,682)	(3,144,224)	(1,342,683)
- prior		-	-	-	-
- deferred		76,749	(61,146)	-	(61,146)
		(4,381,298)	(3,441,828)	(3,144,224)	(1,403,829)
<b>Profit after taxation</b>		<b>8,135,298</b>	<b>6,519,659</b>	<b>5,677,932</b>	<b>2,734,804</b>
Unappropriated profit - brought forward		20,755,006	11,409,618	14,319,251	14,248,259
<b>Profit available for appropriation</b>		<b>28,890,304</b>	<b>17,929,277</b>	<b>19,997,183</b>	<b>16,983,063</b>
<b>APPROPRIATIONS:</b>					
Transfer to					
- statutory reserve		1,627,060	1,303,932	1,135,586	546,961
- capital reserve		-	-	-	-
- contribution to depositors' protection fund		406,765	325,983	283,897	136,740
- revenue reserve		-	-	-	-
- proposed dividend		-	-	-	-
<b>Unappropriated profit - carried forward</b>		<b>26,856,479</b>	<b>16,299,362</b>	<b>18,577,700</b>	<b>16,299,362</b>
<b>EARNINGS PER SHARE</b>		<b>0.11</b>	<b>0.09</b>	<b>0.08</b>	<b>0.04</b>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

President/Chief Executive

Chairman

Director

Director

**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**


	Six months ended		Quarter ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	-----Rupees-----			
Profit for the period	8,135,298	6,519,659	5,677,932	2,734,804
Other comprehensive income:				
Components of comprehensive income transferred to equity				
- Items that will not be reclassified to profit and loss account in subsequent periods	-	-	-	-
- Items that will be subsequently reclassified to profit and loss subsequent periods	-	-	-	-
Total comprehensive income for the period transferred to equity	<u>8,135,298</u>	<u>6,519,659</u>	<u>5,677,932</u>	<u>2,734,804</u>
Components of comprehensive income not transferred to equity				
Items that may be reclassified to profit and loss account in subsequent periods				
- Surplus/(deficit) on revaluation of assets	-	-	-	-
- Deferred grants	-	-	-	-
Total comprehensive income for the period	<u>8,135,298</u>	<u>6,519,659</u>	<u>5,677,932</u>	<u>2,734,804</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information. *9 T M*

  
 \_\_\_\_\_  
 President/Chief Executive

  
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 Chairman

  
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 Director

  
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 Director



**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	Reserve				Total
	Share capital	Capital		Revenue	
		Statutory and general reserve	Depositors' protection fund	Unappropriated profit	
-----Rupees-----					
<b>Balance as at January 01, 2016 (Audited)</b>	750,000,000	3,042,562	760,641	11,409,618	765,212,821
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	6,519,659	6,519,659
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	6,519,659	6,519,659
Transfer to statutory reserve (note 13)	-	1,303,932	-	(1,303,932)	-
Transfer to depositors' protection fund (note 14)	-	-	325,983	(325,983)	-
<b>Balance as at June 30, 2016 (Un-audited)</b>	750,000,000	4,346,494	1,086,624	16,299,362	771,732,480
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	5,940,859	5,940,859
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,940,859	5,940,859
Transfer to statutory reserve (note 13)	-	1,188,172	-	(1,188,172)	-
Transfer to depositors' protection fund (note 14)	-	-	297,043	(297,043)	-
<b>Balance as at December 31, 2016 (Audited)</b>	750,000,000	5,534,666	1,383,667	20,755,006	777,673,339
<b>Total comprehensive income for the period</b>					
Profit 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 (note 13)	-	1,627,060	-	(1,627,060)	-
Transfer to depositors' protection fund (note 14)	-	-	406,765	(406,765)	-
<b>Balance as at June 30, 2017 (Un-audited)</b>	<b>750,000,000</b>	<b>7,161,726</b>	<b>1,790,432</b>	<b>26,856,479</b>	<b>785,808,637</b>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information. *CIM*

  
 \_\_\_\_\_  
 President/Chief Executive

  
 \_\_\_\_\_  
 Chairman

  
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 Director

  
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 Director

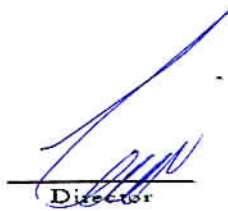
**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	Note	June 30, 2017	June 30, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the period		12,516,596	9,961,487
<b>Adjustments:</b>			
Depreciation and amortisation		846,110	368,790
Provision against non-performing advances		1,147,253	45,869
<b>Operating cash flows before changes in working capital</b>		<b>14,509,959</b>	<b>10,376,146</b>
<b>(Increase) / decrease in operating assets</b>			
Lending to financial institutions		100,000,000	100,000,000
Advances		(114,724,356)	(4,586,907)
Other assets (excluding advance taxation)		(14,214,690)	(3,768,516)
		(28,939,046)	91,644,577
<b>(Decrease) / increase in operating liabilities</b>			
Deposits and other accounts		(1,013,002)	2,231
Other liabilities (excluding current taxation)		217,153	643,361
		(795,849)	645,592
<b>Cash (used in) / generated from operations</b>		<b>(15,224,936)</b>	<b>102,666,314</b>
Income tax paid		(2,713,813)	(5,574,266)
<b>Net cash (used in) / flow from operating activities</b>		<b>(17,938,749)</b>	<b>97,092,048</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of operating fixed assets	7.1	(304,178)	(2,072,186)
<b>Net cash used in investing activities</b>		<b>(304,178)</b>	<b>(2,072,186)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(18,242,927)</b>	<b>95,019,862</b>
Cash and cash equivalents at the beginning of the period		581,954,655	155,853,749
<b>Cash and cash equivalents at the end of the period</b>	18	<b>563,711,728</b>	<b>250,873,611</b>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information. *5/17*

  
 \_\_\_\_\_  
 President/Chief Executive

  
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 Chairman

  
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 Director

  
 \_\_\_\_\_  
 Director

**SINDH MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

**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 Companies Ordinance, 1984. The Bank has obtained Microfinance banking license from State Bank of Pakistan (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 registered office is situated at 39/F 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi.

The Bank 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 (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

**3 STATEMENT OF COMPLIANCE**

This condensed interim financial information have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, 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 Ordinance, 1984, 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 this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars / regulations.

**3.1 Standards, amendments and interpretations to the published standards that are relevant to the Bank and adopted in the current period**

The Bank has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

<u>Standard or Interpretation</u>	<u>Effective Date</u>
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the period ended June 30, 2017.

**3.2 Standards, amendments to published standards and interpretations that are effective but not relevant**

The other new standards, amendments to published standards and interpretations that are mandatory for the financial period beginning on January 01, 2017 are considered not to be relevant or to have any significant effect on the Bank's financial reporting and operations and are therefore not presented here.



**SINDH MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

**3.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Bank**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<u>Standard or Interpretation</u>	<u>Effective Date</u>
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

The Bank is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial information of the Bank.

**3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<u>Standard or Interpretation</u>	<u>IASB effective date (Annual periods beginning on or after)</u>
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 9 - Financial Instruments (2014) and consequent amendments to IFRS 4 Insurance Contracts	January 1, 2018
IFRS 16 - Leases	January 1, 2019

**4 BASIS OF MEASUREMENT**

**4.1 Accounting convention**

This condensed interim financial information have been prepared under the historical cost convention.

This condensed interim financial information have been prepared following accrual basis of accounting except for cash flow statement.

**4.2 Critical accounting estimates and judgments**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment 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.

The significant judgments 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, 2016.



**SINDH MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

**5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 5.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of financial statements of the Bank for the year ended December 31, 2016.
- 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, 2016.

	June 30, 2017 (Un-audited)		December 31, 2016 (Audited)	
	Number of loans outstanding	Amount outstanding	Number of loans outstanding	Amount outstanding
<b>6 ADVANCES - NET OF PROVISIONS</b>		---Rupees---		---Rupees---
Loan type				
Micro credit	12,237	184,074,933	3,837	69,350,577
Micro lease	-	-	-	-
Less: Provision held				
- Specific provision		(1,840,759)		(693,506)
- General provision		(1,840,759)		(693,506)
		<u>182,234,174</u>		<u>68,657,071</u>
			<b>June 30,</b>	<b>December 31,</b>
			<b>2017</b>	<b>2016</b>
			<b>(Un-audited)</b>	<b>(Audited)</b>
<b>7 OPERATING FIXED ASSETS</b>			-----Rupees-----	
Fixed assets			5,630,560	6,002,342
Intangible asset			1,228,516	1,397,266
			<u>6,859,076</u>	<u>7,399,608</u>
<b>7.1 Additions during the period - at cost</b>				
Office equipments			304,178	3,763,545
Office improvements			-	316,750
Furniture and fixtures			-	164,000
Intangibles			-	1,710,938
			<u>304,178</u>	<u>5,955,233</u>
<b>8 OTHER ASSETS</b>				
Security deposit, prepayments & others			8,523,557	8,310,714
Interest receivable on placement			20,482,789	8,671,035
Interest receivable on advances			3,366,907	1,176,814
Advances tax - net of provision			2,776,610	4,522,244
			<u>35,149,863</u>	<u>22,680,807</u>
<b>9 DEPOSITS</b>				
Current			125	1,100,100
Saving			125,499	38,526
			<u>125,624</u>	<u>1,138,626</u>
<b>10 OTHER LIABILITIES</b>				
Accrued expenses			1,151,475	1,002,654
EOBI payable			81,749	70,979
Employee provident fund payable			376,198	251,636
Audit fee payable			80,000	147,000
			<u>1,689,422</u>	<u>1,472,269</u>

**SINDH MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
<b>11 DEFERRED TAX LIABILITIES - NET</b>	-----Rupees-----	
Opening balance	407,907	(1,082,485)
Charge during the year	<u>(76,749)</u>	1,490,392
Closing balance	<u>331,158</u>	<u>407,907</u>

**12 SHARE CAPITAL**

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)		June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	-----Number of shares-----			-----Rupees-----	
<b>12.1 Authorized capital</b>					
	<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>
<b>12.2 Issued, subscribed and paid-up share capital</b>					
	<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs. 10/- each fully paid in cash	<u>750,000,000</u>	<u>750,000,000</u>

**13 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 for the period to the statutory and general reserves.

**14 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 for the period to the depositors' protection fund.

**15 MEMORANDUM/OFF BALANCE SHEET ITEMS**

There are no memorandum/off balance sheet items as at the end of June 30, 2017 (December 31, 2016: Nil).

	Six months ended		Quarter ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Un-audited)		(Un-audited)	
<b>16 MARK-UP/RETURN/INTEREST EARNED</b>	-----Rupees-----			
On deposits accounts and placements	25,630,279	26,638,084	12,659,239	13,404,705
On loans and advances	<u>24,094,397</u>	96,754	<u>14,840,853</u>	96,754
	<u>49,724,676</u>	<u>26,734,838</u>	<u>27,500,092</u>	<u>13,501,459</u>

**17 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Bank comprises of Sindh Bank Limited (holding company), 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 their respective notes. Transactions with related parties other than those disclosed elsewhere in the condensed interim financial information are summarized as follows:

**SINDH MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	-----Rupees-----	
<b><u>Balances with related parties</u></b>		
Balances in deposit accounts - Sindh Bank Limited (holding company)	<u>57,929,957</u>	<u>180,005,055</u>
Prepaid insurance expense - other related party	<u>430,956</u>	<u>151,591</u>
<b><u>Transactions with related parties</u></b>		
Mark-up on deposits accounts - Sindh Bank Limited (holding company)	<u>3,428,400</u>	<u>9,149,217</u>
Directors' fee	<u>90,000</u>	<u>60,000</u>
Insurance expense - other related party	<u>231,994</u>	<u>40,331</u>
<b>18 CASH AND CASH EQUIVALENTS</b>		
Cash and balances with SBP and NBP	496,672	83,308
Balances with other banks	<u>563,215,056</u>	<u>250,790,303</u>
	<u>563,711,728</u>	<u>250,873,611</u>
<b>19 GENERAL</b>		
Figures have been rounded off to the nearest rupee unless otherwise stated.		
<b>20 DATE OF AUTHORIZATION FOR ISSUE</b>		
This condensed interim financial information were approved and authorized for issue by the Board of Directors on		
_____ <i>CSM</i>		

  
 \_\_\_\_\_  
 President/Chief Executive

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director