

**SINDH MICROFINANCE BANK LTD.****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)****AS AT MARCH 31, 2023**

		(Un-Audited)	(Audited)	
	Note	March 31,2023	Dec 31,2022	
Rupees				
<b>ASSETS</b>				
Cash and balances with SBP and NBP	6	27,247,359	27,372,773	
Balances with other banks NBFIs /MFBs	7	223,002,971	414,196,099	
Lendings to financial institutions		-	-	
Investments - net of provisions	8	94,496,625	54,788,274	
Advances- net of provisions	9	1,539,134,249	1,302,898,322	
Fixed assets	10	76,039,359	81,173,337	
Intangible assets	11	6,255,456	6,750,619	
Other assets	12	76,664,657	120,361,797	
Deferred Tax Asset		296,114	172,956	
		<b>2,043,136,789</b>	<b>2,007,714,177</b>	
<b>LIABILITIES</b>				
Borrowings	13	310,000,000	310,000,000	
Deposits and other accounts	14	633,188,717	600,335,196	
Subordinated debt		-	-	
Deferred tax liabilities		-	-	
Other liabilities	15	73,767,239	85,005,967	
		<b>1,016,955,957</b>	<b>995,341,163</b>	
<b>NET ASSETS</b>		<b>1,026,180,832</b>	<b>1,012,373,014</b>	
<b>REPRESENTED BY</b>				
Share capital		750,000,000	750,000,000	
Statutory Reserves		55,076,106	52,314,542	
Depositors' Protection fund		13,769,027	13,078,636	
Unappropriated profit		207,335,700	196,979,836	
		<b>1,026,180,832</b>	<b>1,012,373,014</b>	
<b>CONTINGENCIES AND COMMITMENTS</b>				
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 PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

	Note	Quarter Ended	
		March 31,2023	March 31,2022
----- Rupees -----			
<b>MARK-UP/ INTEREST INCOME</b>			
Mark-up/ return/ interest earned	16	98,423,709	107,234,093
Mark-up/ return/ interest expensed	17	(41,683,849)	(27,578,661)
<b>Net mark-up/ interest income</b>		<b>56,739,860</b>	<b>79,655,432</b>
Provision against non-performing loans and advances	18	(3,693,354)	(2,494,389)
Bad debts written-off directly		(862,315)	(518,169)
		<b>(4,555,669)</b>	<b>(3,012,558)</b>
<b>Net mark-up/ interest income after provisions</b>		<b>52,184,190</b>	<b>76,642,874</b>
<b>NON MARK-UP/NON INTEREST INCOME</b>			
Fee, commoission and brokerage income		45,488,900	-
Total non-markup/ non-interest Income		45,488,900	-
		<b>97,673,090</b>	<b>76,642,874</b>
<b>NON MARK-UP/ NON INTEREST EXPENSES</b>			
Administrative expenses	19	(78,358,923)	(60,750,666)
Other provisions/ write offs		-	-
Other charges		(40,000)	(41,000)
Total non-markup/ non-interest expenses		(78,398,923)	(60,791,666)
		<b>19,274,168</b>	<b>15,851,209</b>
Extra ordinary / unusual items		-	-
<b>PROFIT FOR THE PERIOD BEFORE TAXATION</b>		<b>19,274,168</b>	<b>15,851,209</b>
Taxation	20	(5,466,350)	(4,636,253)
<b>PROFIT FOR THE PERIOD AFTER TAXATION</b>		<b>13,807,818</b>	<b>11,214,956</b>
<b>Earnings per share - basic and diluted</b>	21	<b>0.18</b>	<b>0.15</b>

The annexed notes from1 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, 2023**

	(Un-Audited) Quarter Ended	(Un-Audited) March 31,2022	(Un-Audited) Period Ended	(Un-Audited) March 31,2022
	March 31,2023	March 31,2022	March 31,2023	March 31,2022
	------(Rupees )-----			
Profit / (Loss) after taxation for the period	13,807,818	11,214,955	13,807,818	11,214,955
Other comprehensive income :	-	-	-	-
<b>Total comprehensive income</b>	<b>13,807,818</b>	<b>11,214,955</b>	<b>13,807,818</b>	<b>11,214,955</b>

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 CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

	Share Capital	General and Statutory Reserve	Depositors' Protection Fund	Unappropriated Profit	Total
	-----Rupees-----				
<b>Balance as at January 01, 2022</b>	<b>750,000,000</b>	<b>44,032,746</b>	<b>11,008,187</b>	<b>164,306,578</b>	<b>969,347,510</b>
<b>Total comprehensive income for the period</b>					
Profit after tax for the period	-	-	-	41,408,981	41,408,981
Other comprehensive income - net of tax	-	-	-	1,616,523	1,616,523
Total comprehensive income for the period	-	-	-	43,025,504	43,025,504
20% Transfer to statutory reserve	-	8,281,796	-	(8,281,796)	-
5% Transfer to Depositors' Protection Fund	-	-	2,070,449	(2,070,449)	-
<b>Balance as at December 31, 2022(audited)</b>	<b>750,000,000</b>	<b>52,314,542</b>	<b>13,078,636</b>	<b>196,979,836</b>	<b>1,012,373,014</b>
<b>Total comprehensive income for the period</b>					
Profit after tax for the period	-	-	-	13,807,818	13,807,818
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,807,818	13,807,818
20% Transfer to statutory reserve	-	2,761,564	-	(2,761,564)	-
5% Transfer to Depositors' Protection Fund	-	-	690,391	(690,391)	-
<b>Balance as at March 31, 2023 (un-audited)</b>	<b>750,000,000</b>	<b>55,076,106</b>	<b>13,769,027</b>	<b>207,335,700</b>	<b>1,026,180,832</b>

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 CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

	Note	Quarter ended	
		March 31,2023	March 31,2022
<b>Rupees</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		19,274,168	15,851,208
<b>Adjustments:</b>			
Depreciation on property and equipment		1,873,129	1,420,721
Amortization on intangible		495,163	329,385
Provision against non performing advances		3,693,354	2,494,389
Charged for defined benefit plan		1,200,000	1,200,000
Bad debts written off directly		862,315	518,169
Depreciation expense on lease assets		3,510,472	3,455,141
Interest on lease liability		2,773,443	2,019,797
		14,407,876	11,437,602
		33,682,044	27,288,810
<b>(Increase)/ Decrease in operating assets</b>			
Advances	9	(239,929,280)	(124,443,772)
Prepaid rent/ Lease rental		(6,139,344)	(7,582,778)
Others assets (excluding advance taxation)		42,763,260	(2,071,411)
		(203,305,364)	(134,097,961)
<b>Increase/ (Decrease) in operating liabilities</b>			
Borrowings from financial institutions		-	(109,215,340)
Deposits	14	32,853,521	604,892
Other liabilities (excluding current taxation)		(9,935,146)	5,669,668
		22,918,376	(102,940,780)
Payments against off-balance sheet obligations			
Income tax paid		(4,655,628)	(3,464,465)
<i>Net cash flow generated from / (used in) operating activities</i>		(151,360,572)	(213,214,396)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in operating fixed assets	10.1	(249,620)	(203,910)
<i>Net cash flow generated from / (used in) investing activities</i>		(249,620)	(203,910)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Finance lease rental paid		-	(7,243,363)
<i>Net cash flow from / (used in) financing activities</i>		-	(7,243,363)
<b>Effects of exchange rate changes on cash and cash equivalents</b>			
<b>Increase / (Decrease) in cash and cash equivalents</b>		(151,610,192)	(220,661,669)
Cash and cash equivalents at beginning of the period		496,357,146	925,503,584
Cash and cash equivalents at end of the period	6-8	344,746,954	704,841,915

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.**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

**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. 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 19 (2022: 19) branches and 72 (2022: 71) 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.

- 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 2022.

**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 2022.

**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, 2022.

**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, 2022.

SINDH MICROFINANCE BANK LTD.  
NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED MARCH 31, 2023

Un-Audited      Audited  
March              Dec 31,2022  
31,2023  
Rupees

6 CASH AND BALANCES WITH SBP AND NBP

In hand		
Local currency	762,431	908,448
Foreign currency	-	-
	762,431	908,448
With State Bank of Pakistan in		
Local currency current account	26,484,928	26,464,325
Local currency deposit account (to be specified)	-	-
	26,484,928	26,464,325
	<u>27,247,359</u>	<u>27,372,773</u>

7 BALANCES WITH OTHER BANKS NBFIS /MFBS

In Pakistan		
In deposit accounts	223,002,971	414,196,099
	<u>223,002,971</u>	<u>414,196,099</u>

8 Investments - net of provisions  
Held to maturity (HTM)

- Federal Government Security		
-Market Treasury Bill	56,996,625	54,788,274
- Term Deposits receipts (TDRs)	37,500,000	-
	<u>94,496,625</u>	<u>54,788,274</u>

9 Advances

	Mar-2023		Dec-2022	
	Number of loans outstanding	Amount outstanding (Rupees)	Number of loans outstanding	Amount outstanding (Rupees)
<b>Micro Credit</b>				
-Unsecured	70,964	1,523,199,126	66,110	1,286,584,114
-Secured	29	5,173,447	20	2,951,329
<b>Less: Provision held</b>				
- General	-	(15,168,082)	-	(12,784,724)
- Specific	-	(5,205,182)	-	(5,376,551)
	-	(20,373,264)	-	(18,161,275)
<b>Microcredit advances- net of provisions</b>	<u>70,993</u>	<u>1,507,999,309</u>	<u>66,130</u>	<u>1,271,374,168</u>
Staff loans	3	31,134,940	3	31,524,154
<b>Advances (net of provisions)</b>	<u>70,996</u>	<u>1,539,134,249</u>	<u>66,133</u>	<u>1,302,898,322</u>

Particulars of provision against non-performing advances	Mar-2023			Dec-2022		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
Opening balance	5,376,550	12,784,724	18,161,274	4,145,513	9,220,294	13,365,807
Charge for the year	1,309,996	2,383,358	3,693,354	7,924,302	3,564,430	11,488,732
Write off	(1,481,364)	-	(1,481,364)	(6,693,265)	-	(6,693,265)
Closing balance	<u>5,205,182</u>	<u>15,168,082</u>	<u>20,373,264</u>	<u>5,376,550</u>	<u>12,784,724</u>	<u>18,161,274</u>

**SINDH MICROFINANCE BANK LTD.**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

Category of Classification	Mar-2023			Dec-2022		
	Amount Outstanding	Provisions Required	Provisions Held	Amount Outstanding	Provisions Required	Provisions Held
	-----Rupees-----					
OAEM	26,039,467	-	-	25,390,059	-	-
Substandard	2,765,486	691,372	691,372	1,933,675	483,418	483,418
Doubtful	8,570,182	4,285,091	4,285,091	8,472,535	4,236,267	4,236,267
Loss	228,720	228,720	228,720	656,864	656,864	656,864
	<u>37,603,855</u>	<u>5,205,182</u>	<u>5,205,182</u>	<u>36,453,133</u>	<u>5,376,549</u>	<u>5,376,549</u>

**10 FIXED ASSETS**

**Un-Audited      Audited**  
**March 31,2023    Dec 31,2022**  
**Rupees**

Property and equipment	<b>26,444,210</b>	28,067,716
Right of use assets (ROUA)	<b>49,595,149</b>	53,105,621
	<u><b>76,039,359</b></u>	<u>81,173,337</u>

**10.1 Additions to fixed assets**

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

**Property and equipment**

Furniture and fixture	-	30,000
Office Equipments	-	15,487,526
Vehicles	-	2,234,000
Others	<b>249,620</b>	268,815
Intangible	-	5,366,501
Total	<u><b>249,620</b></u>	<u>23,386,842</u>

**11 INTANGIBLE ASSETS**

Computer Software	<b>6,255,456</b>	6,750,619
	<u><b>6,255,456</b></u>	<u>6,750,619</u>



**SINDH MICROFINANCE BANK LTD.**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

	Un-Audited March 31,2023	Audited Dec 31,2022
	Rupees	
<b>12 OTHER ASSETS</b>		
Income/ Mark-up accrued on Advances	25,757,889	69,900,433
Advances, deposits, advance rent and other prepayments	13,918,454	12,539,170
Advance taxation (payments less provisions)	36,988,314	37,922,194
	<u>76,664,657</u>	<u>120,361,797</u>

<b>13 BORROWINGS</b>		
Borrowings from State Bank of Pakistan Under LOCF	310,000,000	310,000,000
	<u>310,000,000</u>	<u>310,000,000</u>

<b>14 DEPOSITS AND OTHER ACCOUNTS</b>	Un-Audited		Audited	
	March-23		Dec-22	
	In Local Currency	Total	In Local Currency	Total
	Rupees			
<b>Customers</b>				
Current deposits	345,006	345,006	124,094	124,094
Savings deposits	4,167,450	4,167,450	8,443,013	8,443,013
Term deposits	336,466,559	336,466,559	310,592,559	310,592,559
Others		-		-
	<u>340,979,016</u>	<u>340,979,016</u>	319,159,666	319,159,666
<b>Financial Institutions</b>				
Current deposits	-	-	-	-
Savings deposits	292,209,702	292,209,702	281,175,530	281,175,530
Term deposits	-	-	-	-
	<u>292,209,702</u>	<u>292,209,702</u>	281,175,530	281,175,530
	<u>633,188,717</u>	<u>633,188,717</u>	600,335,196	600,335,196

<b>15 OTHER LIABILITIES</b>		
Mark-up/ Return/ Interest payable in local currency	30,235,507	36,483,017
Accrued expenses	10,237,357	9,205,481
Audit Fee	631,403	542,050
Payable to defined benefit plan	1,200,000	2,503,582
Payable to defined contribution plan	811,264	783,600
Lease liability against right of use assets	30,651,708	35,488,237
	<u>73,767,239</u>	<u>85,005,967</u>

	(Un-Audited)	(Un-Audited)
	Quarter Ended	
	March 31,2023	March 31,2022
	Rupees	
<b>16 MARK-UP/RETURN/INTEREST EARNED</b>		
On:		
Loans and advances	80,758,108	84,153,195
Lendings to financial institutions/ T-Bills	2,414,113	14,019,899
Balances with banks & others	15,251,488	9,060,999
	<u>98,423,709</u>	<u>107,234,093</u>
<b>17 MARK-UP/RETURN/INTEREST EXPENSED</b>		
On:		
Deposits	26,621,920	8,599,761
Lease of ROUA	2,773,443	2,019,797
Borrowings	12,288,486	16,959,102
	<u>41,683,849</u>	<u>27,578,661</u>
<b>18 PROVISIONS &amp; WRITE OFFS - NET</b>		
Provisions against loans & advances	3,693,354	2,494,389
Bad debts written off directly	862,315	518,169
	<u>4,555,669</u>	<u>3,012,558</u>
<b>19 OPERATING EXPENSES</b>		
Compensation expense	52,600,097	42,720,899
Contribution to defined contribution plan	1,185,849	1,300,005
Gratuity expense	1,200,000	1,200,000
Insurance	859,544	731,039
Utilities cost	1,539,624	683,251
Repair & maintenance (including janitorial charges)	679,639	502,219
Software maintenance & Others IT Expenses	1,660,001	811,260
Amortisation	418,475	329,385
Directors' fees and allowances	255,328	230,000
Legal & professional charges	36,000	36,000
Staff welfare	1,299,189	555,178
Travelling & conveyance	2,980,149	1,734,804
Depreciation expense	2,368,292	1,420,721
Depreciation expense on lease assets	3,510,472	3,455,141
Training & development	475,910	245,099
Communication	1,402,830	1,127,934
Stationery & printing	1,800,300	432,459
Marketing, advertisement & publicity	89,999	87,999
Fee & Subscription	2,616,490	2,147,850
Bank Charges	961,391	581,123
Office Supplies	42,190	36,085
Others	377,154	382,215
	<u>78,358,923</u>	<u>60,750,666</u>
<b>20 TAXATION</b>		
Current	5,589,509	5,150,702
Deferred	(123,159)	(514,449)
	<u>5,466,350</u>	<u>4,636,253</u>
<b>21 BASIC EARNINGS/ (LOSS) PER SHARE</b>		
Profit for the period	<u>13,807,818</u>	<u>11,214,955</u>
Weighted average number of ordinary shares	<u>75,000,000</u>	<u>75,000,000</u>
Basic earnings per share	<u>0.18</u>	<u>0.15</u>

22 RELATED PARTY TRANSACTIONS	MARCH-23			March-22		
	Directors	Key Management Personal	Other related Party	Directors	Key Management Personal	Other related Party
<b>Income :</b>						
Mark-up / return / interest earned	-	-	1,731,606			154,306
Interest on Loan to Employpess	-	253,083	-		201,113	
<b>Expense :</b>						
Director's meeting fees	120,000	-	-	230,000	-	-
Insurance Premium	-	-	619,491	-	-	-
Gratuity Exp	-	1,200,000	-	-	-	1,200,000
Contribution to Provident fund	-	1,185,849	-	-	-	1,300,005
Remuneration paid to executive staff		9,625,755			8,720,829	
	MARCH-23			December-22		
	Directors	Key Management Personal	Other related Party	Directors	Key Management Personal	Other related Party
<b>Balances with Related Parties :</b>						
<b>Sindh Bank Ltd</b>						
(Highest Balance during the quarter)						
Deposits in Current /Daily Saving Account	-	-	13,450,318	-	-	65,296,804
Balances outstanding as at March 31						
Deposits in Current /Daily Saving Account	-	-	19,004,832	-	-	11,572,742
Loan to Employee	-	31,134,940	-	-	31,524,154	-
Deposit of a relative of Key management staff	-	5,507	-	-	5,507	-
<b>Transaction with Related Parties :</b>						
Purchase of Government Securities	-	-	56,996,625	-	119,667,642	-
Gratuity Paid	-	-	-	-	5,862,899	-

**SINDH MICROFINANCE BANK LTD.**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

**23 SUBSEQUENT EVENTS**

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

**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