

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

AS AT SEPTEMBER 30, 2020

	Note	(Un-Audited) September 30,2020	(Audited) December 31,2019	
Rupees				
ASSETS				
Cash and balances with SBP and NBP	6	7,416,237	13,650,387	
Balances with other banks NBFIs /MFBS	7	333,987,359	332,486,158	
Lendings to financial institutions		-	-	
Investments - net of provisions	8	775,000,000	619,095,360	
Advances- net of provisions	9	494,972,937	849,973,816	
Operating fixed assets	10	45,002,522	52,778,444	
Other assets	11	87,902,871	32,814,467	
Deffered tax - net	12	5,756,895	6,693,104	
		1,750,038,821	1,907,491,736	
LIABILITIES				
Borrowings	13	750,000,000	800,000,000	
Deposits and other accounts	14	19,220,377	126,446,866	
Subordinated debt		-	-	
Deferred tax liabilities		-	-	
Other liabilities	15	42,648,572	91,458,209	
		811,868,948	1,017,905,075	
NET ASSETS		938,169,872	889,586,661	
REPRESENTED BY				
Share capital		750,000,000	750,000,000	
Reserves		47,059,015	34,913,212	
Unappropriated profit		141,110,857	104,673,449	
		938,169,872	889,586,661	
CONTINGENCIES AND COMMITMENTS				
	16			
The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

		(Un-Audited) Nine months ended	(Un-Audited) September	(Un-Audited) Quarter ended	(Un-Audited) September
	Note	September 30,2020	September 30,2019	September 30,2020	September 30,2019
Rupees					
Mark-up/Return/Interest Earned	17	286,431,439	244,456,941	81,069,080	101,283,326
Mark-up/Return/Interest Expensed		(66,145,856)	(47,242,001)	(13,734,690)	(27,140,267)
Net Mark-up / Interest Income		220,285,583	197,214,940	67,334,390	74,143,059
Provision against non-performing loans and advances		(10,992,884)	(5,195,470)	1,719,534	(2,815,890)
Bad debts written off directly		(987,332)	(1,567,022)	(400,355)	(424,588)
		(11,980,216)	(6,762,492)	1,319,179	(3,240,478)
Net Mark-up / Interest Income after provisions		208,305,367	190,452,448	68,653,569	70,902,581
NON MARK-UP/INTEREST INCOME					
Other Income		-	-	-	-
Total non-markup/interest Income		-	-	-	-
Total Income		208,305,367	190,452,448	68,653,569	70,902,581
NON MARK-UP/INTEREST EXPENSES					
Operating expenses		(142,154,266)	(137,047,430)	(44,144,695)	(51,765,122)
Workers Welfare Fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup/interest expenses		(142,154,266)	(137,047,430)	(44,144,695)	(51,765,122)
Profit / (Loss) before provisions		66,151,102	53,405,018	24,508,875	19,137,459
Extra ordinary / unusual items (to be specified)		-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION		66,151,102	53,405,018	24,508,875	19,137,459
Taxation					
- Current		(16,631,681)	(15,487,455)	(5,600,609)	(5,410,426)
- prior		-	-	-	-
- deferred		(936,209)	(5,113)	(285,751)	(144,550)
		(17,567,890)	(15,492,568)	(5,886,360)	(5,554,976)
PROFIT/(LOSS) AFTER TAXATION		48,583,211	37,912,450	18,622,514	13,582,483
Earnings per share - basic and diluted	18	0.65	0.51	0.25	0.18

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	(Un-Audited) Nine Months ended	(Un-Audited) September 30,2019	(Un-Audited) Quarter ended September 30,2020	(Un-Audited) September 30,2019
	------(Rupees)-----			
Profit / (Loss) after taxation for the period	48,583,211	37,912,450	18,622,514	13,582,483
Other comprehensive income :	-	-	-	-
Total comprehensive income	48,583,211	37,912,450	18,622,514	13,582,483

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share Capital	General and Statutory Reserve	Depositors' Protection Fund	Unappropriated 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	104,673,449	889,586,661
Total comprehensive income for the period					
Profit after tax for the period	-	-	-	48,583,211	48,583,211
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	48,583,211	48,583,211
20% Transfer to statutory reserve	-	9,716,642	-	(9,716,642)	-
5% Transfer to Depositors' Protection Fund	-	-	2,429,161	(2,429,161)	-
Balance as at Sep 30, 2020 (un-audited)	750,000,000	37,647,211	9,411,804	141,110,857	938,169,872

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	September 30,2020	September 30,2019
Rupees			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		66,151,102	53,405,018
Adjustments:			
Depreciation and amortisation		2,925,892	2,731,288
Depreciation expense on lease assets (ROUA)		13,086,580	
Amortization		785,335	3,384,597
Interest on lease liability		2,380,871	
Provision for gratuity		3,600,000	5,400,000
Provision against non performing advances		10,992,884	1,810,876
		<u>33,771,563</u>	<u>13,326,761</u>
		99,922,664	66,731,779
(Increase)/ Decrease in operating assets			
Advances	8	343,020,663	(225,028,531)
Prepaid Rent		(16,553,822)	-
Others assets (excluding advance taxation)		(49,941,573)	(22,817,233)
		<u>276,525,268</u>	<u>(247,845,764)</u>
Increase/ (Decrease) in operating liabilities			
Deposits	13	(107,226,489)	(60,975,489)
Other liabilities (excluding current taxation)		(37,249,354)	54,674,649
		<u>(144,475,843)</u>	<u>(6,300,840)</u>
Payments against off-balance sheet obligations			
Income tax paid		(21,778,512)	(15,070,745)
<i>Net cash flow generated from / (used in) operating activities</i>		<u>210,193,577</u>	<u>(202,485,570)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in operating fixed assets		(9,021,886)	(39,701,131)
<i>Net cash flow generated from / (used in) investing activities</i>		<u>(9,021,886)</u>	<u>(39,701,131)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings from financial institutions		(50,000,000)	-
Borrowings from Sindh Bank Limited		0	(76,522,815)
Borrowings from State Bank of Pakistan Limited		-	750,000,000
<i>Net cash flow from / (used in) financing activities</i>		<u>(50,000,000)</u>	<u>673,477,185</u>
Effects of exchange rate changes on cash and cash equivalents			
Increase / (Decrease) in cash and cash equivalents		<u>151,171,691</u>	<u>431,290,484</u>
Cash and cash equivalents at beginning of the period		<u>965,231,905</u>	<u>369,326,574</u>
Cash and cash equivalents at end of the period	6-7	<u><u>1,116,403,596</u></u>	<u><u>800,617,058</u></u>

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 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

These condensed interim financial statements have been presented in accordance with the requirements of Banking Supervision Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

2.1 STATEMENT OF COMPLIANCE

These condensed 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.

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

SINDH MICROFINANCE BANK LTD.
NOTES TO THE ACCOUNTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Un-Audited September 30,2020	Audited December 31,2019
	Rupees	
6 CASH AND BALANCES WITH SBP AND NBP		
In hand		
Local currency	624,748	737,313
Foreign currency	-	-
	624,748	737,313
With State Bank of Pakistan in		
Local currency current account	6,173,042	10,988,367
With National Bank of Pakistan in		
Local currency current account	618,447	1,924,707
	7,416,237	13,650,387
7 BALANCES WITH OTHER BANKS NBFIS /MFBS		
In Pakistan		
In current accounts	-	-
In deposit accounts	333,987,359	332,486,158
	333,987,359	332,486,158
8 INVESTMENT -Net of provision Held to maturity (HTM)		
- Federal Government Security		
-Market Treasury Bill	-	19,095,360
- Term Deposits receipts (TDRs)	775,000,000	600,000,000
	775,000,000	619,095,360

9 Advances	2020		2019	
	Number of loans outstanding	Amount outstanding (Rupees)	Number of loans outstanding	Amount outstanding (Rupees)
Micro Credit				
-Unsecured	37,603	474,916,359	50,601	846,055,017
Less: Provision held				
- General	-	(4,741,235)	-	(8,329,505)
- Specific	-	(375,025)	-	(6,058,782)
	-	(5,116,260)	-	(14,388,287)
Microcredit advances- net of provisions	37,603	469,800,099	50,601	831,666,731
Staff loans	2	25,172,838	1	18,307,086
Advances (net of provisions)	37,605	494,972,937	50,602	849,973,817

9.1 Particulars of provision against non-performing advances	2020			2019		
	Specific	General	Total	Specific	General	Total
Opening balance	6,058,782	8,329,505	14,388,287	688,415	5,876,139	6,564,554
Charge for the year	15,568,486	(3,588,270)	11,980,216	8,878,473	2,453,366	11,331,839
Write off	(21,252,243)	-	(21,252,243)	(3,508,106)	-	(3,508,106)
Closing balance	375,025	4,741,235	5,116,260	6,058,782	8,329,505	14,388,287
	375,025	4,741,236	5,116,260			
Category of Classification	2020			2019		
	Amount Outstanding	Provisions Required	Provisions Held	Amount Outstanding	Provisions Required	Provisions Held
OAEM	80,060	-	-	3,404,685	-	-
Substandard	47,559	11,890	11,890	4,492,790	1,123,198	1,123,198
Doubtful	326,740	163,370	163,370	7,352,248	3,676,124	3,676,124
Loss	199,765	199,765	199,765	1,259,460	1,259,460	1,259,460
	654,124	375,025	375,025	16,509,183	6,058,782	6,058,782

SINDH MICROFINANCE BANK LTD.
NOTES TO THE ACCOUNTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Un-Audited September 30,2020	Audited December 31,2019
10 OPERATING FIXED ASSETS	Rupees	
Property and equipment	19,373,223	13,390,230
Right of use assets (ROUA)	23,053,393	36,139,973
Intangibles	2,575,906	3,248,241
	<u>45,002,522</u>	<u>52,778,444</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	-	188,952
Office Equipments	1,703,944	4,035,463
Vehicles	6,428,500	-
Office improvements	889,442	627,995
Intangible	-	1,469,000
	<u>9,021,886</u>	<u>6,321,410</u>
10.2 Disposal of fixed assets		
Cost of the fixed assets disposed off	2,457,500	-
Less: Accumulated depreciation of fixed assets disposed off	<u>(2,457,499)</u>	-
Written down value of fixed assets disposed off	1	-
Proceeds from sales of fixed assets	<u>(1)</u>	-
Gain / (Loss) of fixed assets	<u>-</u>	<u>-</u>
11 OTHER ASSETS		
Income/ Mark-up accrued on Advances	22,471,553	17,127,408
Income/ Mark-up accrued on TDRs	41,044,384	9,773,425
Advances, deposits, advance rent and other prepayments	15,927,448	2,600,979
Advance taxation (payments less provisions)	8,459,486	3,312,655
	<u>87,902,871</u>	<u>32,814,467</u>
12 DEFERRED TAX ASSETS / LIABILITES - Net		
Deferred tax assets arising on account of temporary deductible difference in:		
- Provision against advances and other assets	3,187,936	4,172,603
- Employee benefit	3,535,641	2,518,676
- Lease finance facility	6,074,596	10,973,333
	<u>12,798,174</u>	<u>17,664,612</u>
Deferred tax Liabilities arising on account of temporary taxable difference in:		
- Operating fixed assets	(355,795)	(490,916)
- Right to use assets	<u>(6,685,484)</u>	<u>(10,480,592)</u>
	<u>(7,041,279)</u>	<u>(10,971,508)</u>
	<u>5,756,895</u>	<u>6,693,104</u>
13 BORROWINGS	Rupees	
Borrowings from State Bank of Pakistan Under LOCF	750,000,000	750,000,000
Un-Secured		
Khushhali Microfinance Bank Call Borrowing	-	50,000,000
	<u>750,000,000</u>	<u>800,000,000</u>

SINDH MICROFINANCE BANK LTD.
 NOTES TO THE ACCOUNTS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

14 DEPOSITS AND OTHER ACCOUNTS

	Un-Audited		Audited	
	September 30,2020		December 31,2019	
	Number of accounts	Amount Outstanding	Number of accounts	Amount Outstanding
	Rupees			
Customers				
Current deposits	10	263,256	10	10,827,439
Savings deposits	78,946	18,957,121	73,198	115,619,427
	78,956	19,220,377	73,208	126,446,866

15 OTHER LIABILITIES

	Un-Audited September 30,2020	Audited December 31,2019
Mark-up/ Return/ Interest payable in local currency	12,581,256	47,911,410
Accrued expenses	2,227,865	4,130,053
Audit Fee	262,500	500,000
Payable to defined benefit plan	12,191,867	8,591,867
Payable to defined contribution plan	822,770	602,282
Lease liability against right of use assets	14,562,315	29,722,597
	42,648,573	91,458,209

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies as at 30 September, 2020 (2019: Nil).

	(Un-Audited) (Un-Audited)		(Un-Audited) (Un-Audited)	
	Nine months ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30,2020	September 30,2019
	Rupees		Rupees	
17 MARK-UP/RETURN/INTEREST EARNED				
On:				
Loans and advances	197,013,753	190,205,107	49,555,772	71,493,771
Deposit accounts, placement & Other	89,417,686	54,251,834	31,513,309	29,674,480
	286,431,439	244,456,941	81,069,081	101,168,251

18 BASIC EARNINGS/ (LOSS) PER SHARE

Profit for the period	48,583,211	37,912,450
Weighted average number of ordinary shares	75,000,000	75,000,000
Basic earnings per share	0.65	0.51

19 RELATED PARTY TRANSACTIONS	SEPTEMBER-20					DECEMBER-19				
	Holding Company	Key Management Personal	Directors	Associates	Fund managed by the bank	Holding Company	Key Management Personal	Directors	Associates	Fund managed by the bank
Balance with related party										
Sindh Bank Limited										
Deposits in Current /Daily Saving Account	38,546,338	-	-	-		81,174,073	-	-	-	
Rent Payable	37,500					37,500				
Sindh Insurance ltd.										
Premium payable				-					15,431	
Staff loan		25,172,838					18,307,086			
Deposit of a relative of Key management staff		2,007					965,718			
Transaction with related party										

	SEPTEMBER-20					SEPTEMBER-19				
	Holding Company	Key Management Personal	Directors	Associates	Fund managed by the bank	Holding Company	Key Management Personal	Directors	Associates	Fund managed by the bank
Balance with related party										
Sindh Bank Limited										
Mark-up / return / interest earned	1,978,381					3,779,105				
Mark-up / return / interest expensed	-					4,806,634				
Sindh Insurance ltd.										
Insurance premium Exp				1,982,251					3,482,473	
Directors meeting fee		-	220,000					345,000		
Interest on Staff Loan		505,627					180,538			
Contribution to provident fund					3,610,963					3,874,564
Gratuity					3,600,000					3,251,890

20 SUBSEQUENT EVENTS

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

21 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 21 form an integral part of these condensed interim financial statements.

President/CEO

CFO

Chairman

Director

Director