

Sindh Microfinance Bank Limited

**Interim Review of Condensed Financial Statements
For the period ended June 30, 2020**



INDEPENDENT AUDITORS' REVIEW REPORT
To the members of Sindh Microfinance Bank Limited
Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Sindh Microfinance Bank Limited (the Bank) as at June 30, 2020, and the related condensed interim statement of profit or loss for the half year then ended, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and the relevant notes for the half year then ended (here-in-after referred to as 'condensed interim financial statements'). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another firm of Chartered Accountants who had expressed unmodified opinion on the financial statements thereon vide their audit report dated February 28, 2020 respectively.

The engagement partners on the audit resulting in this independent auditors' report is **Shah Saeed Naveed**.

Place: Islamabad

Date: _____

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2020

		(Un-Audited)	(Audited)
	Note	June 30, 2020	Dec 31, 2019
----- (Rupees) -----			
ASSETS			
Cash and balances with SBP and NBP	9	17,168,673	13,650,387
Balances with other banks NBFIs /MFBs	10	331,551,648	332,486,158
Lendings to financial institutions		-	-
Investments - net of provisions	11	675,000,000	619,095,360
Advances- net of provisions	12	641,415,464	849,973,816
Operating fixed assets	13	42,926,415	52,778,444
Other assets	14	60,894,069	32,814,467
Deferred Tax Assets	15	6,042,650	6,693,104
		1,774,998,919	1,907,491,736
LIABILITIES			
Deposits and other accounts	16	19,205,031	126,446,866
Borrowings	17	750,000,000	800,000,000
Subordinated debt		-	-
Other liabilities	18	86,246,530	91,458,209
Deferred tax liabilities		-	-
		855,451,561	1,017,905,075
NET ASSETS		919,547,358	889,586,661
REPRESENTED BY			
Share capital		750,000,000	750,000,000
Statutory & general reserves		33,922,708	27,930,569
Depositors' Protection Fund		8,480,678	6,982,643
Unappropriated profit		127,143,972	104,673,449
		919,547,358	889,586,661
MEMORANDUM / OFF-BALANCE SHEET ITEMS	19		

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

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President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

		(Un-Audited) Period Ended	(Un-Audited) June 30, 2019	(Un-Audited) Quarter Ended	(Un-Audited) June 30, 2019	
Note		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	
----- (Rupees) -----						
	Mark-up/Return/Interest Earned	20	205,362,359	143,173,615	98,826,767	78,384,165
	Mark-up/Return/Interest Expensed	21	(52,411,166)	(20,101,734)	(27,910,599)	(14,007,707)
	Net Mark-up / Interest Income		152,951,193	123,071,881	70,916,168	64,376,458
	Provision against non-performing advances & written off directly	22	(13,299,395)	(3,522,014)	(5,394,383)	(2,201,100)
			(13,299,395)	(3,522,014)	(5,394,383)	(2,201,100)
	Net Mark-up / Interest Income after provisions		139,651,798	119,549,867	65,521,785	62,175,358
NON MARK-UP/INTEREST INCOME						
	Other Income		-	-	-	-
	Total non-markup/interest Income		-	-	-	-
	Total Income		139,651,798	119,549,867	65,521,785	62,175,358
NON MARK-UP/INTEREST EXPENSES						
	Operating expenses	23	(98,009,571)	(85,282,308)	(43,702,143)	(44,114,443)
	Workers Welfare Fund		-	-	-	-
	Other charges		-	-	-	-
	Total non-markup/interest expenses		(98,009,571)	(85,282,308)	(43,702,143)	(44,114,443)
	Profit / (Loss) before provisions		41,642,227	34,267,559	21,819,642	18,060,915
	Extra ordinary / unusual items (to be)		-	-	-	-
	PROFIT/(LOSS) BEFORE TAXATION		41,642,227	34,267,559	21,819,642	18,060,915
	Taxation	24	(11,681,530)	(9,937,592)	(5,798,950)	(5,477,739)
	PROFIT/(LOSS) AFTER TAXATION		29,960,697	24,329,967	16,020,692	12,583,176
	Earnings per share - basic and diluted	25	0.40	0.32	0.21	0.17

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

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President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

	<u>(Un-Audited)</u> <u>Period Ended</u>	<u>(Un-Audited)</u> <u>Period Ended</u>	<u>(Un-Audited)</u> <u>Quarter Ended</u>	<u>(Un-Audited)</u> <u>Quarter Ended</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	------(Rupees)-----			
Profit / (Loss) after taxation for the period	29,960,697	24,329,967	16,020,692	12,583,176
Other comprehensive income :	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>29,960,697</u>	<u>24,329,967</u>	<u>16,020,692</u>	<u>12,583,176</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

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President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 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	-	-	-	29,960,697	29,960,697
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	29,960,697	29,960,697
20% Transfer to statutory reserve	-	5,992,139	-	(5,992,139)	-
5% Transfer to Depositors' Protection Fund	-	-	1,498,035	(1,498,035)	-
Balance as at June 30, 2020 (un-audited)	750,000,000	33,922,708	8,480,678	127,143,972	919,547,358

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

1/28/20

President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		41,642,227	34,267,559
Adjustments:			
Depreciation and amortization expense	23	2,452,081	9,927,413
Depreciation expense on lease assets (ROUA)	23	8,724,386	-
Provision for Gratuity		2,400,000	3,600,000
Interest on lease liability		1,736,898	-
Provision against non performing advances	22	12,712,418	2,379,580
Bad debts written off directly	22	586,977	1,142,434
		<u>28,612,760</u>	<u>17,049,427</u>
Operating cash flows before changes in working capital		70,254,987	51,316,986
(Increase)/ Decrease in operating assets			
Advances	12	195,258,957	(147,333,850)
Prepaid Rent		(10,676,437)	-
Others assets (excluding advance taxation)	14	(25,245,100)	(43,678,220)
		<u>159,337,420</u>	<u>(191,012,070)</u>
Increase/ (Decrease) in operating liabilities			
Deposits	16	(107,241,835)	(8,547,198)
Other liabilities (excluding current taxation)		1,327,864	46,622,923
		<u>(105,913,971)</u>	<u>38,075,725</u>
Income tax paid		(13,865,578)	(5,082,185)
<i>Net cash flow generated from / (used in) operating activities</i>		<u>109,812,858</u>	<u>(106,701,544)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of HTM investment		(55,904,640)	(63,550,000)
Acquisition of operating fixed assets		(1,324,442)	(1,019,367)
<i>Net cash flow generated from / (used in) investing activities</i>		<u>(57,229,082)</u>	<u>(64,569,367)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings from SBP		-	750,000,000
Borrowings from financial institutions		(50,000,000)	-
Payment of running finance facility		-	(76,522,815)
Issue of Share capital		-	-
<i>Net cash flow from / (used in) financing activities</i>		<u>(50,000,000)</u>	<u>673,477,185</u>
Increase / (Decrease) in cash and cash equivalents		2,583,776	502,206,274
Cash and cash equivalents at beginning of the period		<u>346,136,545</u>	<u>269,326,574</u>
Cash and cash equivalents at end of the period	9-10	<u><u>348,720,321</u></u>	<u><u>771,532,848</u></u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

12/26/20

President/CEO

CFO

Chairman

Director

Director

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 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).

3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting includes, International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as notified under the Companies Act 2017; 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). In case where provisions of directives issued by the SECP and SBP, the MFI Ordinance and the Companies Act 2017 differ with the requirements IAS 34, 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 SBP vide BPRD Circular No. 04 of 2019, dated October 23, 2019 has extended the date of implementation of IFRS 9 'Financial Instruments' to January 1, 2021 for all microfinance banks. Accordingly, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars / regulations.

3.1 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.

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for obligations in respect of defined benefit plan and lease liabilities against right of use assets , which are carried at present value.

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

4.2 Functional and presentation currency

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. The condensed interim financial statements are presented in Pakistani Rupees which is the Bank's functional and presentation currency.

4.3 Standards, Amendments and Interpretations to Approved Accounting Standards

4.3.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

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

Standards	Effective Date (Annual periods beginning on or after)
IFRS 14	July 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS	January 1, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended June 30, 2020.

4.3.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

There are no such new standards, amendments to published standards and interpretations that would be relevant but not yet effective.

4.3.3 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.

	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 1 'First-time Adoption of International Financial Reporting	July 1, 2009

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

5 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 condensed interim financial statements of the Bank for the year ended 31 December 2019.

6 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 condensed interim financial statements for the year ended December 31, 2019.

7 FINANCIAL RISK MANAGEMENT

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

During the second quarter of 2020, covid-19 pandemic (COVID -19); severely affected the earning capacity of the lower income segment of the society in Sindh Province. Most of SMFB's borrowers faced difficulties in loan repayment due to depleted incomes and a focus on preserving cash for essential goods. Many of such adversely impacted borrowers have availed the SBP enabled deferment for a period of six months to one year. However, loan recoveries from the portfolio regained its pre-pandemic momentum by June 2020, therefore the future outlook, although not predictable in these fluid circumstances, does seem positive for the Bank in terms of recovery from the loan portfolio.

The Bank has sufficient current liquidity to maintain its operations and operate as a going concern for a period more than one year and envisages no material impact on revenue recognition and carrying values of assets recorded during the reporting period.

8 SUMMARY OF SIGNIFICANT TRANSACTIONS AND BALANCES IN THE CURRENT REPORTING

	Note	2020 ----- (Rupees) -----	2019 ----- (Rupees) -----
Advances	12	641,415,464	849,973,816
Provisions	12	(8,849,662)	(14,388,287)
Deposits	16	19,205,031	126,446,866
Borrowings from the State Bank of Pakistan	17	750,000,000	750,000,000

The amount of provision represents general and specific provision against advances held in accordance with the requirements of prudential regulations for microfinance banks.

Borrowings from SBP represents fund obtained under LOCF scheme from State Bank of Pakistan.

9 CASH AND BALANCES WITH SBP AND NBP

	Un-Audited June 30, 2020 ----- (Rupees) -----	Audited Dec 31, 2019 ----- (Rupees) -----
In hand		
Local currency	606,181	737,313
Foreign currency	-	-
	606,181	737,313
Balance with State Bank of Pakistan	11,212,467	10,988,367
Balance with National Bank of Pakistan	5,350,025	1,924,707
	16,562,492	12,913,074
	17,168,673	13,650,387

10 BALANCES WITH OTHER BANKS NBFIS /MFBS

In Pakistan		
'- deposit accounts	331,551,648	332,486,158
	331,551,648	332,486,158

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

	Un-Audited	Audited
	June 30, 2020	Dec 31, 2019
	----- (Rupees) -----	
11 INVESTMENT -Net of provision Held to maturity (HTM)		
- Federal Government Security		
-Market Treasury Bill	-	19,095,360
- Term Deposits receipts (TDRs)	675,000,000	600,000,000
	675,000,000	619,095,360

12 Advances

		June-2020		Dec-2019	
		Number of loans outstanding	Amount outstanding (Rupees)	Number of loans outstanding	Amount outstanding (Rupees)
Advances	Note				
Micro Credit					
-Unsecured		44,281	633,127,682	50,601	846,055,017
Less: Provision held					
- General	12.1	-	(6,296,412)	-	(8,329,505)
- Specific		-	(2,553,250)	-	(6,058,782)
		-	(8,849,662)	-	(14,388,287)
Microcredit advances- net of provisions		44,281	624,278,020	50,601	831,666,731
Staff loans		1	17,137,444	1	18,307,086
Advances (net of provisions)		44,282	641,415,464	50,602	849,973,817

12.1 This represents general provision equivalent to 1% of outstanding unsecured advances held in accordance with the requirements of Prudential Regulations for Microfinance Banks.

	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	14,745,511	(2,033,093)	12,712,418	8,878,473	2,453,366	11,331,839
Write off	(18,251,043)	-	(18,251,043)	(3,508,106)	-	(3,508,106)
Closing balance	2,553,250	6,296,412	8,849,662	6,058,782	8,329,505	14,388,287

	2020			2019		
	Amount Outstanding	Provisions Required	Provisions Held	Amount Outstanding	Provisions Required	Provisions Held
	-----Rupees-----					
OAEM	131,332	-	-	3,404,685	-	-
Substandard	71,454	17,864	17,864	4,492,790	1,123,198	1,123,198
Doubtful	1,759,148	879,574	879,574	7,352,248	3,676,124	3,676,124
Loss	1,655,812	1,655,812	1,655,812	1,259,460	1,259,460	1,259,460
	3,617,746	2,553,250	2,553,250	16,509,183	6,058,782	6,058,782

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

	Note	2020	2019
----- (Rupees) -----			
12.4 Particulars of write offs:			
Against provision	12.2	18,251,043	3,508,106
Directly charged to profit and loss	12.5	586,997	2,093,203
		<u>18,838,040</u>	<u>5,601,309</u>

12.5 advances which were not recovered due to death of loan holders.

	Un-Audited June 30, 2020	Audited Dec 31, 2019
----- (Rupees) -----		
13 OPERATING FIXED ASSETS		
Property and equipment	12,783,267	13,390,230
Right of use assets (ROUA)	27,415,587	36,139,973
Intangible assets	2,727,561	3,248,241
	<u>42,926,415</u>	<u>52,778,444</u>

13.1 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	435,000	4,035,463
Vehicles	-	-
Others	889,442	627,995
Intangible		1,469,000
Total	<u>1,324,442</u>	<u>6,321,410</u>

14 OTHER ASSETS

Income/ Mark-up accrued on Advances	26,310,747	17,127,408
Income/ Mark-up accrued on TDRs	21,496,713	9,773,425
Advances, deposits, advance rent and other prepayments	6,939,452	2,600,979
Advance taxation (payments less provisions)	6,147,157	3,312,655
	<u>60,894,069</u>	<u>32,814,467</u>

15 DEFERRED TAX ASSETS / LIABILITES - Net

Deferred tax assets arising on account of temporary deductible difference in:

- Provision against advances and other assets	2,566,402	4,172,603
- Employee benefit	3,187,641	2,518,676
- Lease finance facility	8,332,658	10,973,333
	<u>14,086,701</u>	<u>17,664,612</u>

Deferred tax Liabilities arising on account of temporary taxable difference in:

- Operating fixed assets	(93,531)	(490,916)
- Right to use assets	(7,950,520)	(10,480,592)
	<u>(8,044,051)</u>	<u>(10,971,508)</u>
Net deferred tax assets / (liabilities)	<u>6,042,650</u>	<u>6,693,104</u>

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

	Un-Audited		Audited	
	June 30, 2020		Dec 31, 2019	
	In Local	Total	In Local	Total
----- (Rupees) -----				
16 DEPOSITS AND OTHER ACCOUNTS				
Customers				
Current deposits	197,752	197,752	10,827,439	10,827,439
Savings deposits	1,587,645	1,587,645	1,200,000	1,200,000
Term deposits	17,408,000	17,408,000	14,408,000	14,408,000
Others	-	-	-	-
	19,193,397	19,193,397	26,435,439	26,435,439
Financial Institutions				
Current deposits	-	-	-	-
Savings deposits	11,634	11,634	100,011,427	100,011,427
Term deposits	-	-	-	-
	11,634	11,634	100,011,427	100,011,427
	19,205,031	19,205,031	126,446,866	126,446,866
			Un-Audited	Audited
			June 30, 2020	Dec 31, 2019
			----- (Rupees) -----	
17 BORROWINGS				
Borrowings from State Bank of Pakistan				
Under LOCF			750,000,000	750,000,000
Un-Secured				
Khushhali Microfinance Bank				
Call Borrowing			-	50,000,000
			750,000,000	800,000,000
18 OTHER LIABILITIES				
Mark-up/ Return/ Interest payable in local currency			48,570,341	47,911,410
Accrued expenses			4,753,510	4,130,053
Audit Fee			300,000	500,000
Payable to defined benefit plan			10,991,867	8,591,867
Payable to defined contribution plan			847,758	602,282
Lease liability against right of use assets			20,783,054	29,722,597
			86,246,530	91,458,209
19 MEMORANDUM / OFF BALANCE SHEET ITEMS				
There are no contingencies as at 30 June, 2020 (2019: Nil).				

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

	(Un-Audited)	(Un-Audited)
	Period Ended	
	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
20 MARK-UP/RETURN/INTEREST EARNED		
On:		
Loans and advances	147,457,982	118,711,336
Deposit accounts, placement & Other	57,904,377	24,462,279
	<u>205,362,359</u>	<u>143,173,615</u>
21 MARK-UP/RETURN/INTEREST EXPENSED		
On:		
Deposits	2,072,063	3,722,366
Lease of ROUA	1,736,898	2,684,667
Borrowings	48,602,205	13,694,701
	<u>52,411,166</u>	<u>20,101,734</u>
22 PROVISIONS & WRITE OFFS - NET		
Provisions against loans & advances	12,712,418	2,379,580
Bad debts written off directly	586,977	1,142,434
	<u>13,299,395</u>	<u>3,522,014</u>
23 OPERATING EXPENSES		
Total compensation expense	71,923,407	59,889,384
Property expense		
Rent & taxes	-	136,000
Insurance	1,869,394	1,056,961
Utilities cost	1,264,355	1,100,126
Repair & maintenance (including janitorial charges)	995,125	2,298,648
	4,128,874	4,591,735
Information technology expenses		
Software maintenance & Others IT Expenses	1,420,635	1,526,808
	1,420,635	1,526,808
Other operating expenses		
Directors' fees and allowances	165,000	189,000
Legal & professional charges	55,000	39,870
Entertainment	708,565	437,809
Travelling & conveyance	1,440,109	1,496,353
Depreciation	11,176,467	9,927,413
Training & development	142,042	461,370
Audit fee	334,360	357,900
Communication	2,293,270	1,565,860
Stationery & printing	1,170,754	930,259
Marketing, advertisement & publicity	98,000	165,473
Fee & Subscription	1,413,867	2,333,208
Bank Charges	777,080	831,014
Office Supplies	54,827	15,364
Others	707,314	523,488
	<u>20,536,655</u>	<u>19,274,381</u>
	<u>98,009,571</u>	<u>85,282,308</u>

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
		----- (Rupees) -----	
24 TAXATION			
Current		11,031,072	10,077,029
Prior periods		-	-
Deferred		650,458	(139,437)
		11,681,530	9,937,592
25 BASIC EARNINGS/ (LOSS) PER SHARE			
Profit for the period		29,960,697	24,329,967
Weighted average number of ordinary shares		75,000,000	75,000,000
Basic earnings per share		0.40	0.32

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

26 RELATED PARTY TRANSACTIONS

Balance with related party	June-20					Dec-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

(Rupees)

Sindh Bank Limited

Deposits in Current /Daily Saving Account	62,000,497	-	-	-	-	81,174,073	-	-	-	-
Rent Payable	37,500	-	-	-	-	37,500	-	-	-	-

Sindh Insurance ltd.

Premium payable	-	-	-	-	-	-	-	-	15,431	-
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Staff loan	-	17,137,444	-	-	-	-	18,307,086	-	-	-
Deposit of a relative of Key management staff	-	2,007	-	-	-	-	965,718	-	-	-

Transaction with related party	June-20					Jun-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

(Rupees)

Sindh Bank Limited

Mark-up / return / interest earned	1,662,287	-	-	-	-	1,725,049	-	-	-	-
Mark-up / return / interest expensed	-	-	-	-	-	4,806,634	-	-	-	-

Sindh Insurance ltd.

Insurance premium Exp	-	-	-	1,313,485	-	-	-	-	1,056,961	-
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Directors meeting fee	-	-	165,000	-	-	-	-	189,000	-	-
Interest on staff loan	-	286,109	-	-	-	-	-	-	-	-
Contribution to provident fund	-	-	-	-	2,352,549	-	-	-	-	1,708,926
Gratuity	-	-	-	-	2,400,000	-	-	-	-	3,600,000

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SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020

27 SUBSEQUENT EVENTS

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

28 DATE OF AUTHORIZATION

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

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President/CEO

CFO

Chairman

Director

Director