

# **SINDH MICROFINANCE BANK LIMITED**

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE 2023

**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	30 June 2023 (Un-audited) ----- Rupees -----	31 December 2022 (Audited) -----
<b>ASSETS</b>			
Cash and balances with SBP and NBP	7	33,400,834	35,344,338
Balances with other banks / NBFIs / MFBs	8	472,532,837	406,224,534
Lending to financial institutions		-	-
Investments - net of provisions	9	97,093,924	54,788,274
Advances- net of provisions	10	1,659,876,401	1,302,898,322
Operating fixed assets	11	77,429,104	87,923,956
Other assets	12	87,363,630	120,361,797
Deferred tax asset	13	10,406,475	172,956
<b>Total assets</b>		<b>2,438,103,205</b>	<b>2,007,714,177</b>
<b>LIABILITIES</b>			
Deposits and other accounts	14	667,706,689	600,335,196
Borrowings	15	635,000,000	310,000,000
Subordinated debt		-	-
Other liabilities	16	83,316,833	85,005,967
Deferred tax liabilities		-	-
<b>Total liabilities</b>		<b>1,386,023,522</b>	<b>995,341,163</b>
<b>NET ASSETS</b>		<b>1,052,079,683</b>	<b>1,012,373,014</b>
<b>REPRESENTED BY</b>			
Share capital	17	930,000,000	750,000,000
Statutory reserves		60,255,879	52,314,542
Depositors' Protection Fund		15,063,969	13,078,636
Unappropriated profit		46,759,835	196,979,836
<b>Total capital</b>		<b>1,052,079,683</b>	<b>1,012,373,014</b>
<b>MEMORANDUM / OFF-BALANCE SHEET ITEMS</b>	18	-	-

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President/CEO

\_\_\_\_\_  
CFO

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

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Director

**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

Not	Half year ended		Quarter ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
-----Rupees-----				
<b>MARK-UP / INTEREST INCOME</b>				
Mark-up / return / interest earned	19 269,735,033	213,679,622	171,311,324	106,445,529
Mark-up / return / interest expensed	20 (92,297,313)	(50,455,005)	(50,613,464)	(22,876,345)
<b>Net mark-up / interest income</b>	<b>177,437,720</b>	<b>163,224,617</b>	<b>120,697,860</b>	<b>83,569,184</b>
Provision against non-performing loans and advances	10.2 (40,211,002)	(7,232,090)	(36,517,648)	(4,737,701)
Bad debts written-off directly	10.3 (1,554,985)	(1,064,193)	(692,670)	(546,024)
	(41,765,987)	(8,296,283)	(37,210,318)	(5,283,725)
<b>Net mark-up / interest income after provisions</b>	<b>135,671,733</b>	<b>154,928,334</b>	<b>83,487,542</b>	<b>78,285,459</b>
<b>NON MARK-UP / NON INTEREST INCOME</b>				
Fee, commission and other income	82,344,741	-	36,855,841	-
Dividend income	-	-	-	-
Total non-markup / non-interest Income	82,344,741	-	36,855,841	-
	218,016,474	154,928,334	120,343,383	78,285,459
<b>NON MARK-UP / NON INTEREST EXPENSES</b>				
Administrative expenses	21 (173,031,721)	(129,129,795)	(94,672,797)	(68,379,129)
Other provisions / write offs	-	-	-	-
Other charges	(40,000)	(41,000)	-	-
Total non-markup / non-interest expenses	(173,071,721)	(129,170,795)	(94,672,797)	(68,379,129)
	44,944,754	25,757,539	25,670,586	9,906,330
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT FOR THE PERIOD BEFORE TAXATION</b>	<b>44,944,754</b>	<b>25,757,539</b>	<b>25,670,586</b>	<b>9,906,330</b>
<b>Taxation</b>				
Current	22 15,471,604	7,424,283	9,882,095	2,273,581
Deferred	22 (10,233,519)	(413,323)	(10,110,360)	101,126
	(5,238,085)	(7,010,960)	228,265	(2,374,707)
<b>PROFIT FOR THE PERIOD AFTER TAXATION</b>	<b>39,706,669</b>	<b>18,746,579</b>	<b>25,898,851</b>	<b>7,531,623</b>
Unappropriated profit brought forward	196,979,836	164,306,577	196,979,836	164,306,577
<b>Profit available for appropriations</b>	<b>236,686,505</b>	<b>183,053,156</b>	<b>222,878,687</b>	<b>171,838,200</b>
<b>APPROPRIATIONS - TRANSFERS TO:</b>				
Statutory reserve	(7,941,337)	(3,749,316)	(5,179,770)	(2,664,651)
Depositors' protection fund	(1,985,333)	(937,329)	(1,294,943)	(666,163)
	(9,926,670)	(4,686,645)	(6,474,713)	(3,330,814)
Unappropriated profit carried forward	226,759,835	178,366,511	216,403,974	168,507,386
<b>Earnings per share - basic and diluted</b>	<b>23 0.32</b>	<b>0.15</b>	<b>0.21</b>	<b>0.05</b>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President/CEO

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CFO

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Chairman

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Director

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Director

**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>30 June 2023</u>	<u>30 June 2022</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>----- Rupees -----</u>			
Profit for the period after taxation	<b>39,706,669</b>	18,746,579	<b>25,898,851</b>	7,531,623
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>39,706,669</u></b>	<u>18,746,579</u>	<b><u>25,898,851</u></b>	<u>7,531,623</u>

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Director



**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

	Share Capital	Statutory Reserve	Depositors' Protection Fund	Unappropriated Profit	Total
	----- Rupees -----				
<b>Balance as at 01 January 2022</b>	<b>750,000,000</b>	<b>44,032,746</b>	<b>11,008,187</b>	<b>164,306,577</b>	<b>969,347,510</b>
<b>Total comprehensive income for the half year ended 30 June 2022</b>					
Profit for the period after taxation	-	-	-	18,746,579	18,746,579
Other comprehensive income	-	-	-	-	-
	-	-	-	18,746,579	18,746,579
<b>Transfers to</b>					
Statutory reserve	-	3,749,316	-	(3,749,316)	-
Depositors' Protection Fund	-	-	937,329	(937,329)	-
	-	3,749,316	937,329	(4,686,645)	-
<b>Balance as at 30 June 2022 (un-audited)</b>	<b>750,000,000</b>	<b>47,782,062</b>	<b>11,945,516</b>	<b>178,366,511</b>	<b>988,094,089</b>
<b>Total comprehensive income for the half year ended 31 December 2022</b>					
Profit for the period after taxation	-	-	-	22,662,402	22,662,402
Other comprehensive income	-	-	-	1,616,523	1,616,523
	-	-	-	24,278,925	24,278,925
<b>Transfers to</b>					
Statutory reserve	-	4,532,480	-	(4,532,480)	-
Depositors' Protection Fund	-	-	1,133,120	(1,133,120)	-
	-	4,532,480	1,133,120	(5,665,600)	-
<b>Balance as at 31 December 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 half year ended 30 June 2023</b>					
Profit for the period after taxation	-	-	-	39,706,669	39,706,669
Other comprehensive income	-	-	-	-	-
	-	-	-	39,706,669	39,706,669
Issuance of bonus shares	180,000,000			(180,000,000)	-
<b>Transfers to</b>					
Statutory reserve	-	7,941,337	-	(7,941,337)	-
Depositors' Protection Fund	-	-	1,985,333	(1,985,333)	-
	-	7,941,337	1,985,333	(9,926,670)	-
<b>Balance as at 30 June 2023 (un-audited)</b>	<b>930,000,000</b>	<b>60,255,879</b>	<b>15,063,969</b>	<b>46,759,835</b>	<b>1,052,079,683</b>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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Director

**SINDH MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

		Half year ended	
	Note	30 June 2023	30 June 2022
		----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the period before taxation		<b>44,944,754</b>	25,757,539
<b>Adjustments for non cash items:</b>			
Depreciation of operating fixed assets	21	<b>3,877,488</b>	3,496,269
Amortisation on intangible assets	21	<b>936,472</b>	
Depreciation of right of use asset	21	<b>7,020,944</b>	7,799,423
Increase in Right of use Assets		<b>(0)</b>	
Provision for defined benefit plan		<b>2,716,903</b>	2,400,000
Interest on lease liability		<b>5,450,211</b>	3,964,683
Provision against non performing advances	10.2	<b>40,211,002</b>	7,232,090
Bad debts written off directly	10.3	<b>1,554,985</b>	1,064,193
		<b>61,768,005</b>	25,956,658
Operating cash flows before changes in working capital		<b>106,712,759</b>	51,714,197
<b>(Increase) / decrease in operating assets</b>			
Advances	10	<b>(398,744,067)</b>	(267,998,866)
Others assets	12	<b>27,972,503</b>	(6,938,071)
		<b>(370,771,564)</b>	(274,936,937)
<b>Increase / (decrease) in operating liabilities</b>			
Deposits and other accounts	14	<b>67,371,493</b>	137,924,944
Other liabilities	16	<b>7,868,265</b>	(845,807)
		<b>75,239,758</b>	137,079,137
Taxes paid		<b>(10,368,813)</b>	(10,304,917)
<b>Net cash flow used in operating activities</b>		<b>(199,187,860)</b>	(96,448,520)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in / accrued interest on held to maturity securities - net		<b>(4,805,650)</b>	(4,430,640)
Investment in Term deposits receipts		<b>(37,500,000)</b>	-
Purchase of operating fixed assets	11.1	<b>(1,340,050)</b>	(8,245,388)
<b>Net cash used in investing activities</b>		<b>(43,645,700)</b>	(12,676,028)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Received / (repayment) of borrowings	15	<b>325,000,000</b>	(440,000,000)
Payment / remeasurement of lease liability		<b>(17,801,641)</b>	(14,314,634)
<b>Net cash flow used in financing activities</b>		<b>307,198,359</b>	(454,314,634)
<b>Increase / (decrease) in cash and cash equivalents</b>			
		<b>64,364,799</b>	(563,439,181)
Cash and cash equivalents at the beginning of the period		<b>441,568,872</b>	925,503,584
Cash and cash equivalents at the end of the period	7 & 8	<b>505,933,671</b>	362,064,403
<b>Cash and cash equivalents comprise of the following:</b>			
Cash and balances with SBP and NBP		<b>33,400,834</b>	23,351,905
Balances with other banks / NBFIs / MFBs		<b>472,532,837</b>	338,712,499
		<b>505,933,671</b>	362,064,403

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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President/CEO

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CFO

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Chairman

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Director

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Director



**SINDH MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

**1 STATUS AND NATURE OF BUSINESS**

Sindh Microfinance Bank Limited (the 'Bank') was incorporated on 27 March 2015 as a public company limited by shares under the Companies Ordinance, 1984 (repealed by Companies Act, 2017). The Bank obtained the microfinance banking license from State Bank of Pakistan on 16 October 2015, to operate in Sindh Province. Subsequently, the Bank received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on 30 November 2015 and the certificate of commencement of Banking Business from State Bank of Pakistan on 15 April 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 19 (31 December 2022: 19) branches and 73 (31 December 2022: 71) service centers.

**2 BASIS OF PREPARATION & STATEMENT OF COMPLIANCE**

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial statements. The accounting and reporting standards as applicable in Pakistan for Condensed 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 issued by the SBP and the SECP, the provisions and directives issued under the Microfinance Institution Ordinance, 2001 (the MFI Ordinance), the Companies Act, 2017 (the 'Companies Act') and 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, wherever the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the MFI Ordinance, the Companies Act, 2017 and the said directives shall prevail.
- 2.2** 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.
- 2.3** The SBP vide BPRD Circular No. 03 of 2022, dated 05 July 2022 has further extended the date of implementation of IFRS 9 'Financial Instruments' to 01 January 2024 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.
- 2.4** 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 BASIS OF MEASUREMENT**

**3.1 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.

**3.2 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 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the method of computation adopted in preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2022.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial statements is the same as that applied in the preparation of the audited financial statements for the year ended 31 December 2022.

## 6 RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited financial statements for the year ended 31 December 2022.

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
		----- Rupees -----	
<b>7 CASH AND BALANCES WITH SBP AND NBP</b>			
Cash in hand - local currency		764,574	908,448
Balance with State Bank of Pakistan in local currency current account	7.1	26,483,768	26,464,325
Balance with National Bank of Pakistan in local currency deposit account	7.2	6,152,492	7,971,565
		<u>33,400,834</u>	<u>35,344,338</u>

**7.1** This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 5% (31 December 2022: 5%) and 10% (31 December 2022: 10%) as liquidity reserve of the Bank's time and demand deposits with a tenure of less than one year, in accordance with the regulations R-3A and R-3B of the Prudential Regulations for microfinance banks.

**7.2** This represents the balance held in a saving account carrying interest at the rate of 19.50%. (31 December 2022, 12.50%) per annum.

## 8 BALANCES WITH OTHER BANKS / NBFIS / MFBS

In Pakistan

- Local currency current accounts		-	-
- on saving accounts Local currency	8.1 & 8.2	471,554,837	404,229,824
- on current accounts Local currency		978,000	1,994,710
		<u>472,532,837</u>	<u>406,224,534</u>

**8.1** This includes an amount of Rs. 22,349,325 maintained in the daily product saving accounts and current account with the Sindh Bank Limited (the Holding Company of the Bank).

**8.2** This represents the balance held in a saving accounts carrying interest at the rate ranging from 16.50% to 22.10% (31 December 2022: 13.25% to 17.50%) per annum.

## 9 INVESTMENT - net of provision

**Held to maturity**

Federal Government Security			
- Market Treasury Bill	9.1 & 9.2	59,593,924	54,788,274
- Term Deposits receipts (TDRs)		37,500,000	-
	9.3	<u>97,093,924</u>	<u>54,788,274</u>

**9.1** This represents the market treasury bill held with SBP to meet the requirement of maintaining a minimum balance equivalent to 10% (31 December 2022: 10%) as liquidity reserve of the Bank's time and demand deposits with a tenure of less than one year, in accordance with the regulation number R-3B of the prudential regulations.

**9.2** This represents T-Bills having maturity on 13 July 2023 carrying interest at the rate of 21.85% (31 December 2022: 15.55% to 16.85%).

**9.3** This represents TDR having maturity on 10 March 2024 carrying interest at the rate ranging 21.00%



## 10 ADVANCES - NET OF PROVISIONS

Loan type:	Note	30 June 2023		31 December 2022	
		(Unaudited)		(Audited)	
		Number of loans outstanding	Amount of loans outstanding (In Rupees)	Number of loans outstanding	Amount of loan outstanding (In Rupees)
<b>Micro Credit</b>					
Unsecured		74,320	1,680,918,749	66,110	1,286,584,114
Secured		38	5,651,700	20	2,951,329
		<b>74,358</b>	<b>1,686,570,449</b>	<b>66,130</b>	<b>1,289,535,443</b>
<b>Less: Provision held</b>					
Specific	10.1		(6,742,272)		(5,376,551)
General	10.2		(50,191,199)		(12,784,724)
			<b>(56,933,471)</b>		<b>(18,161,275)</b>
Microcredit advances - net of provisions			<b>1,629,636,978</b>		<b>1,271,374,168</b>
<b>Staff loans</b>		<b>3</b>	<b>30,239,423</b>	<b>3</b>	<b>31,524,154</b>
<b>Advances (net of provisions)</b>		<b>74,361</b>	<b>1,659,876,401</b>	<b>66,133</b>	<b>1,302,898,322</b>

### 10.1 Particulars of Non-Performing Loans

Advances include Rs. 39,667,471 (31 December 2022: Rs. 36,453,133) which as detailed below, have been placed under non-performing status.

Category of Classification	30 June 2023 (Un-audited)		
	Amount Outstanding	Provisions Required	Provisions Held
	Rupees		
OAEM	26,136,270	-	-
Substandard	2,381,155	595,289	595,289
Doubtful	10,006,128	5,003,064	5,003,064
Loss	1,143,919	1,143,919	1,143,919
	<b>39,667,472</b>	<b>6,742,272</b>	<b>6,742,272</b>
Category of Classification	31 December 2022 (Audited)		
	Amount Outstanding	Provisions Required	Provisions Held
	Rupees		
OAEM	25,390,059	-	-
Substandard	1,933,675	483,419	483,419
Doubtful	8,472,535	4,236,268	4,236,268
Loss	656,864	656,864	656,864
	<b>36,453,133</b>	<b>5,376,551</b>	<b>5,376,551</b>

### 10.2 Particulars of provision against non-performing advances

	30 June 2023 (Un-audited)		
	Specific	General	Total
	Rupees		
Opening balance	5,376,551	12,784,724	18,161,275
Charge for the period	2,804,527	37,406,475	40,211,002
Amounts written off	(1,438,806)	-	(1,438,806)
Closing balance	<b>6,742,272</b>	<b>50,191,199</b>	<b>56,933,471</b>
	31 December 2022 (Audited)		
	Specific	General	Total
	Rupees		
Opening balance	4,145,513	9,220,294	13,365,807
Charge for the period	7,924,303	3,564,430	11,488,733
Amounts written off	(6,693,265)	-	(6,693,265)
Closing balance	<b>5,376,551</b>	<b>12,784,724</b>	<b>18,161,275</b>

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
----- Rupees -----			
<b>10.3 Particulars of write offs:</b>			
Against provision	10.2	1,438,806	6,693,265
Directly charged to profit and loss account	10.4	1,554,985	2,327,457
		<u>2,993,791</u>	<u>9,020,722</u>

**10.4** This represents write-off against unsecured micro credit advances which were not recovered due to death of loan holders.

## **11 OPERATING FIXED ASSETS**

Property and equipment	25,136,050	28,067,716
Right of use assets (ROUA)	46,084,677	53,105,621
Intangible assets	6,208,377	6,750,619
	<u>77,429,104</u>	<u>87,923,956</u>

### **11.1 Additions to operating fixed assets**

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

#### **Operating Fixed Assets**

Office equipments	696,200	15,487,526
Office Improvements	249,620	268,815
Furniture and fixtures	-	30,000
Vehicles	-	2,234,000
Intangible	394,230	5,366,501
	<u>1,340,050</u>	<u>23,386,842</u>

## **12 OTHER ASSETS**

Income / Mark-up accrued on advances	36,425,672	69,900,433
Income / Mark-up accrued on term deposit receipts	568,510	-
Advances, deposits, prepayments and other receivables	17,472,918	12,539,170
Advance taxation (payments less provisions)	32,896,530	37,922,194
	<u>87,363,630</u>	<u>120,361,797</u>

## **13 DEFERRED TAX ASSETS / (LIABILITIES) - Net**

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

- Provision against advances and other assets	16,510,706	5,266,770
- Employee defined benefit plan	787,902	726,039
- Lease finance facility	6,709,674	10,291,589
	<u>24,008,282</u>	<u>16,284,398</u>

**Deferred tax liabilities arising on account of temporary taxable difference in:**

- Operating fixed assets	(246,117)	(747,613)
- Right to use assets	(13,364,556)	(15,400,630)
- intangible assets	8,866	36,801
	<u>(13,601,807)</u>	<u>(16,111,442)</u>
Deferred tax assets - net	<u>10,406,475</u>	<u>172,956</u>

## **14 DEPOSITS AND OTHER ACCOUNTS**

	Note	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
		Number of accounts	Rupees	Number of accounts	Rupees
Fixed deposits	14.2	-	349,382,559	-	310,592,559
Saving deposits	14.3	144,998	317,802,068	129,045	289,618,543
Current deposits		11	522,062	11	124,094
		<u>145,009</u>	<u>667,706,689</u>	<u>129,056</u>	<u>600,335,196</u>



#### 14.1 Particulars of Deposits by Ownership

Note	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
	Number of accounts	Rupees	Number of accounts	Rupees
Individual Depositors	145,007	304,587,679	129,054	269,159,666
Institutional Depositors & others				
- Corporation / Firms others	1	50,000,000	1	50,000,000
- Banks & Financial Institutions	1	313,119,009	1	281,175,530
	2	363,119,009	2	331,175,530
	145,009	667,706,688	129,056	600,335,196

14.2 This representative term deposits having tenure ranging from 3 months to 36 months (31 December 2022: 3 to 36 month) carrying interest rate ranging from 14.50% to 24% (31 December 2022: 12.00% to 17.25%) per annum.

14.3 These are remunerative saving deposits of corporate and individual clients carrying interest rate ranging from 8.50% to 22.50% per annum (31 December 2022: 8.00% to 17.50%).

Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
	Rupees	
<b>15 BORROWINGS</b>		
Borrowings from PMIC	15.1	75,000,000
Borrowings from State Bank of Pakistan	15.2	560,000,000
		635,000,000

15.1 During the half year ended June 2023, The Bank obtained borrowing from Pakistan Microfinance Investment Company (PMIC). The total amount of Rs.150 million was sanctioned. First trench of Rs.75 million was received at the markup rate of six months KIBOR +2.5%. The interest on the facility is payable quarterly.

15.2 The Bank obtained borrowing from the State Bank of Pakistan under its line of credit fund Scheme. A total amount of Rs. 750 million was sanctioned and was received by the Bank in two tranches. The first tranche of Rs. 109.22 million received at markup rate of six months KIBOR +1% and the second tranche of Rs. 640.78 million was received at a markup rate of six months KIBOR - 1%. The interest on the facility is payable bi-annually and the principle can be repaid within 5 years by 2024. During the year 2022 an amount of Rs. 440 million has been repaid including the first tranche. This borrowing is carrying interest rate of 14.47% to 21.12% (31 December 2022: 8.35% to 8.69%). During half year ended June 2023 bank obtained further borrowing from State Bank of Pakistan under its line of credit fund Scheme. Total Rs. 250 million was sanctioned and was received by the bank in a single tranche at a markup rate of six months KIBOR - 1%.

#### 16 OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	37,806,578	36,483,017
Audit fee payable	713,537	542,050
EOBI Payable	299,110	250,101
Withholding tax payable	2,899,999	2,822,872
Employee provident fund payable	795,550	783,600
Gratuity payable	2,716,903	2,503,582
Other payables	14,948,349	6,132,508
Lease liability against right of use assets	23,136,807	35,488,237
	83,316,833	85,005,967

#### 17 SHARE CAPITAL

##### Authorized share capital

30-June-2023	31 December 2022	Ordinary shares of Rs. 10 each fully paid in cash		
-----No. of Shares-----				
200,000,000	200,000,000		2,000,000,000	2,000,000,000

##### Issued, subscribed and paid-up share capital

30-June-2023	31 December 2022	Ordinary shares of Rs. 10 each fully paid in cash		
-----No. of Shares-----				
75,000,000	75,000,000		750,000,000	750,000,000
18,000,000	-	Issued as bonus shares	180,000,000	-
93,000,000	75,000,000		930,000,000	750,000,000



## 18 MEMORANDUM / OFF BALANCE SHEET ITEMS

There are no contingencies as at 30 June 2023 (31 December 2022: Nil).

	Half year ended		Quarter ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
----- Rupees -----				
<b>19 MARK-UP / RETURN / INTEREST EARNED</b>				
Mark-up / interest on:				
Advances	233,068,528	174,490,183	152,310,420	90,336,988
Investments in Government Securities	5,924,236	1,431,247	3,510,123	723,677
Deposit accounts / placement with other banks / FIs / MFBs etc.	30,742,269	37,758,192	15,490,781	15,384,864
	<u>269,735,033</u>	<u>213,679,622</u>	<u>171,311,324</u>	<u>106,445,529</u>
<b>20 MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	59,397,806	18,440,715	32,775,886	9,840,954
Borrowings	27,449,296	28,049,607	15,160,810	11,090,505
Interest on lease liability	5,450,211	3,964,683	2,676,768	1,944,886
	<u>92,297,313</u>	<u>50,455,005</u>	<u>50,613,464</u>	<u>22,876,345</u>
<b>21 ADMINISTRATIVE EXPENSES</b>				
Compensation expense	123,675,066	89,763,671	69,889,120	45,742,767
Gratuity expense	2,716,903	2,400,000	1,516,903	1,200,000
Insurance	2,128,708	1,862,586	1,269,164	1,131,547
Utilities cost	4,114,913	2,233,312	2,575,289	1,550,061
Repair & maintenance (including janitorial charges)	2,377,823	1,145,601	1,698,184	643,382
IT equipment & software maintenance	3,124,094	1,853,499	1,464,093	1,042,239
Amortisation	936,472	531,344	517,997	201,959
Audit fee	274,491	287,376	151,290	143,688
Directors' fees and allowances	369,690	347,760	114,362	117,760
Legal & professional charges	72,000	72,000	36,000	36,000
Staff welfare	2,556,610	1,482,248	1,257,421	927,070
Travelling & conveyance	6,485,377	3,801,487	3,505,228	2,066,683
Depreciation expense	3,877,488	2,964,926	1,509,196	1,544,205
Depreciation expense on lease assets	7,020,944	7,799,423	3,510,472	4,344,282
Training & development	657,470	514,776	181,560	269,677
Communication	2,514,057	2,096,907	1,111,227	1,112,661
Stationery & printing	2,269,292	1,214,215	468,992	781,756
Marketing, advertisement & publicity	98,268	151,098	8,269	63,099
Fee & Subscription	5,530,031	6,716,317	2,913,541	4,568,467
Bank Charges	1,538,493	1,251,715	577,102	670,592
Office Supplies	62,085	11,890	19,895	(24,195)
Others	631,445	627,644	377,492	245,429
	<u>173,031,721</u>	<u>129,129,795</u>	<u>94,672,797</u>	<u>68,379,129</u>
<b>22 TAXATION</b>				
Current	15,471,604	7,424,283	9,882,095	2,273,581
Deferred	(10,233,519)	(413,323)	(10,110,360)	101,126
	<u>5,238,085</u>	<u>7,010,960</u>	<u>(228,265)</u>	<u>2,374,707</u>
<b>23 EARNINGS PER SHARE - BASIC</b>				
Profit for the period after taxation	39,706,669	18,746,579	25,898,851	7,531,623
Less: Statutory reserve	(7,941,337)	(3,749,316)	(5,179,770)	(2,664,651)
Depositors' protection fund	(1,985,333)	(937,329)	(1,294,943)	(666,163)
	<u>(9,926,670)</u>	<u>(4,686,645)</u>	<u>(6,474,713)</u>	<u>(3,330,814)</u>
Profit attributable to equity shareholders	<u>29,779,999</u>	<u>14,059,934</u>	<u>19,424,138</u>	<u>4,200,809</u>
Weighted average number of ordinary shares	<u>93,000,000</u>	<u>93,000,000</u>	<u>93,000,000</u>	<u>93,000,000</u>
Earnings per share - basic (Rupees)	<u>0.32</u>	<u>0.15</u>	<u>0.21</u>	<u>0.05</u>

### Diluted

There is no dilutive effect on the basic earnings per share of the Bank. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Bank has no dilutive equity instruments.

## 24 RELATED PARTY TRANSACTIONS

30 June 2023			30 June 2022		
Directors	Key Management Personal	Other related Party	Directors	Key Management Personal	Other related Party

### Income :

Mark-up / return / interest earned	-	-	3,127,700	-	-	1,928,921
Interest on Loan to Employess	-	570,335	-	-	410,821	-

### Expense :

Director's meeting fees	200,000	-	-	340,000	-	-
Insurance Premium	-	-	1,567,894	-	-	1,028,557
Gratuity Exp	-	2,716,903	-	-	2,400,000	-
Contribution to Provident fund	-	2,405,875	-	-	2,686,855	-
Remuneration paid to executive staff	-	19,933,160	-	-	18,637,546	-

30 June 2023			31 December 2022		
Directors	Key Management Personal	Other related Party	Directors	Key Management Personal	Other related Party

### Balances with Related Parties :

#### Sindh Bank Ltd

(Highest Balance during the )

Deposits in Current / Daily Saving Accoi	-	-	15,640,670	-	-	65,296,804
Balances outstanding as at	-	-	22,349,325	-	-	11,572,742
Deposits in Current / Daily Saving Accoi	-	-	-	-	-	-
Loan to Employee	-	30,239,423	-	-	31,524,154	-
Deposit of a relative of Key managemer	-	5,507	-	-	5,507	-

### Transaction with Related Parties :

Purchase of Government Securities	-	-	117,500,000	-	-	119,667,642
Gratuity Paid	-	2,716,903	-	-	5,862,899	-

## 25 GENERAL

24.1 Amounts in these condensed interim financial statements have been rounded off to the nearest rupee except stated otherwise.

24.2 Corresponding figures have been reclassified, wherever necessary, to facilitate comparisons. However, there were no significant reclassifications during the period to report.

## 26 DATE OF AUTORIZATION

These condensed interim financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Bank.

\_\_\_\_\_  
President/CEO

\_\_\_\_\_  
CFO

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director