

Sindhu Bikas Bank Limited
Condensed Statement of Financial Position

At the month end of Ashwin , 2078

(Amount in NPR, Full Figure)

Particulars	Bank	
	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and Cash Equivalent	884,774,029	805,326,316
Due from Nepal Rastra Bank	120,648,594	139,354,986
Placement with Banks and FIs	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to Banks and FIs	369,556,199	628,478,272
Loans and Advances to Customers	3,194,958,124	2,926,053,692
Investment Securities	67,647,575	83,819,732
Current Tax Assets	20,135,780	20,053,742
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	174,488,822	25,756,777
Property and Equipment	194,160,456	197,052,917
Goodwill and Intangible Assets	2,695,269	2,941,292
Deferred Tax Assets	9,578,606	4,683,300
Other Assets	101,381,379	122,122,189
Total Assets	5,140,024,831	4,955,643,215
Liabilities		
Due to Banks and FIS	300,000,000	-
Due to Nepal Rasra Bank	-	-
Derivative Financial Instruments	-	-
Deposit from Customers	4,155,933,468	4,257,853,058
Borrowings	-	-
Current Tax Liabilities	13,695,337	13,669,318
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	51,187,162	46,933,702
Debt Securities Issured	-	-
Subordinated Liabilities	-	-
Total Liabilities	4,520,815,966	4,318,456,078
Equity		
Share Capital	557,456,067	557,456,067
Share Premium	-	-
Retained Earnings	(58,441,244)	20,727,407
Reserves	120,194,042	59,003,663
Total Equity Attributable to Equity Holders	619,208,865	637,187,137
Non Controlling Interest	-	-
Total Equity	619,208,865	637,187,137
Total Liabilities and Equity	5,140,024,831	4,955,643,215

Sindhu Bikas Bank Limited
Condensed Statement of Profit or Loss
At the month end of Ashwin , 2078

(Amount in NPR, Full Figure)

Particulars	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Interest Income	96,613,772	96,613,772	82,817,779	82,817,779
Interest Expenses	59,560,839	59,560,839	45,670,797	45,670,797
Net Interest Income	37,052,934	37,052,934	37,146,982	37,146,982
Fees and Commission Income	6,900,460	6,900,460	7,211,497	7,211,497
Fees and Commission Expenses	26,930	26,930	566,020	566,020
Net Fees and Commission Income	6,873,530	6,873,530	6,645,477	6,645,477
Net Interest, Fees and Commission Income	43,926,464	43,926,464	43,792,459	43,792,459
Net Trading Income	-	-	-	-
Other Operating Income	-	-	616,664	616,664
Total Operating Income	43,926,464	43,926,464	44,409,123	44,409,123
Impairment Charge/(Reversal) for Loans and other Losses	17,028,686	17,028,686	39,618,274	39,618,274
Net Operating Income	26,897,778	26,897,778	4,790,849	4,790,849
Personnel Expenses	18,730,317	18,730,317	17,401,197	17,401,197
Other Operating Expenses	11,193,675	11,193,675	8,090,378	8,090,378
Depreciation and Amortization	3,643,380	3,643,380	3,448,883	3,448,883
Operating Profit	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Non-Operating Income	-	-	-	-
Non-Operating Expenses	-	-	-	-
Profit Before Income and Tax	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Income Tax Expenses	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
Profit/(Loss) For the Period	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)

Earning per share

Basic earning per share	-4.79	-17.33
Diluted earning per share	-4.79	-17.33

Sindhu Bikas Bank Limited
Condensed Statement of comprehensive income
At the month end of Ashwin , 2078

(Amount in NPR, Full Figure)

Particulars	Bank			
	Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Profit or loss for the year	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Other comprehensive income				
a) Items that will not be reclassified to Profit or loss				
• Gains/(losses) from Investments in equity instruments measured at fair value	(16,317,685)	(16,317,685)	1,458,130	1,458,130
• Gains/(losses) on revaluation				
• Actuarial gains/(losses) on defined benefit plans				
• Income tax relating to above items	4,895,306	4,895,306	(437,439)	(437,439)
Net other comprehensive income that will not be reclassified to profit or loss	(11,422,380)	(11,422,380)	1,020,691	1,020,691
b) Items that are or may be reclassified to profit or loss				
• Gains/(losses) on cash flow hedge				
• Exchange gains/(losses) (arising from trasalating financial assets of foreign operation)				
• Income tax relating to above items				
• Reclassify to profit or loss				
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equited method				
Other comprehensive income for the period, net of income tax	(11,422,380)	(11,422,380)	1,020,691	1,020,691
Total comprehensive income for the period	(18,091,974)	(18,091,974)	(23,128,918)	(23,128,918)
Total comprehensive income attributable to:				
Equity holders of the Bank	(18,091,974)	(18,091,974)	(23,128,918)	(23,128,918)
Non-controlling interest				
Total comprehensive income for the period	(18,091,974)	(18,091,974)	(23,128,918)	(23,128,918)

Sindhu Bikas Bank Limited
Condensed Statement of Cash Flows
At the month end of Ashwin , 2078

(Amount in NPR, Full Figure)

Particulars	Bank	
	Current Year	Previous Year Corresponding
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received (+)	85,739,516	72,580,568
Fees and other income received (+)	6,900,460	7,211,497
Divided received (+)	-	-
Receipts from other operating activities (+)	-	-
Interest paid (-)	(59,560,839)	(45,670,797)
Commission and fees paid (-)	(26,930)	(566,020)
Cash payment to employees (-)	(18,730,317)	(17,401,197)
Other expense paid (-)	(11,193,675)	(8,090,378)
Operating cash flows before changes in operating assets and liabilities	3,128,215	8,063,673
(Increase)/Decrease in operating assets	13,765,967	(8,289,864)
Due from Nepal Rastra Bank	18,706,392	59,537,154
Placement with bank and financial institutions	-	-
Other trading assets	-	616,664
Loan and advances to bank and financial institutions	261,537,447	168,194,074
Loans and advances to customers	(288,548,493)	(227,970,450)
Other assets	22,070,620	(8,667,306)
Increase/(Decrease) in operating liabilities	202,386,862	(190,469,751)
Due to bank and financial institutions	300,000,000	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	(101,919,590)	(196,159,251)
Borrowings	-	-
Other liabilities	4,306,452	5,689,500
Net cash flow from operating activities before tax paid	219,281,044	(190,695,942)
Income taxes paid (-)		
Net cash flow from operating activities	219,281,044	(190,695,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	16,258,885	(33,892,365)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(504,895)	(3,518,384)
Receipt from the sale of property and equipment		
Purchase of intangible assets		(556,593)
Receipt from the sale of intangible assets		
Purchase of investment properties	-	-
Receipt from the sale of investment properties	(148,732,045)	-
Interest received	4,567,104	7,287,510
Dividend received	-	-
Net cash used in investing activities	(128,410,952)	(30,679,832)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities		
Repayment of debt securities		
Receipt from issue of subordinated liabilities		
Repayment of subordinated liabilities		
Receipt from issue of shares		
Dividends paid		
Interest paid		
Other receipt/payment	(11,523,332)	(1,070,057)
Net cash from financing activities	(11,523,332)	(1,070,057)
Net increase (decrease) in cash and cash equivalents	79,346,761	(222,445,831)
Cash and cash equivalents at beginning of the year	805,427,268	1,005,105,087
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalents at Ashoj, 2078 End	884,774,029	782,659,256

Sindhu Bikash Bank Limited
Statement of Changes in Equity
For the year ended 31 Ashwin, 2078

(Amount in NPR, Full Figure)

Particulars	Attributable to Equity-Holders of the Bank										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Fair Value Reserve	Regulatory Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Shrawan 01, 2078	557,456,067	-	41,045,363	-	(6,168,617)	23,608,656	-	20,828,360	531,010	637,348,799	-	637,348,799
Comprehensive Income for the year												
Profit for the year								(6,669,595)		(6,669,595)		(6,669,595)
Other Comprehensive Income, Net of Tax										-		-
Gains/(losses) from investment in equity instruments measured at fair value					(11,422,380)					(11,422,380)		(11,422,380)
Gains/(losses) on revaluation										-		-
Actuarial gains/(losses) on defined benefit plans									-	-		-
Gains/(losses) on cash flow hedge										-		-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)										-		-
Total Comprehensive Income for the year	-	-	-	-	(11,422,380)	-	-	(6,669,595)	-	(18,091,974)	-	(18,091,974)
Transfer to Reserves during the year			-			96,318,808		(96,318,808)		-		-
Transfer from Reserves during the year					-	(23,608,656)		23,718,798	(110,143)	0.00		0.00
Transactions with Owners, directly recognized in Equity										-		-
Share Issued										-		-
Share Based Payments										-		-
Dividend to Equity-Holders										-		-
Bonus Shares Issued	-	-						-		-		-
Cash Dividend Paid								-		-		-
Other										-		-
Total Contributions by and Distributions	-	-	-	-	(11,422,380)	72,710,152	-	(79,269,604)	(110,143)	(18,091,974)		(18,091,974)
Balance at Ashoj 31, 2078	557,456,067	-	41,045,363	-	(17,590,996)	96,318,808	-	(58,441,244)	420,867	619,256,824		619,256,824

Sindhu Bikas Bank Limited
Details about the distributable profit
At the month end of Ashwin , 2078

(Amount in NPR, Full Figure)

Particulars	Upto This Quarter (YTD)
Opening Retained Earning	20,828,360
Net profit or (loss) as per statement of profit or loss	(6,669,594)
1. Appropriations	
<u>1.1 Profit required to be appropriated to:</u>	110,143
a. General Reserve (-)	
b. Capital Redemption Reserve (-)	
c. Exchange Fluctuation Fund (-)	
d. CSR Fund (-)	
e. Employees Training Fund (-)	
f. Other (-)	110,143
<u>1.2 Profit required to be transfered to Regulatory Reserve:</u>	(72,710,152)
a. Transferred to Regulatory Reserve (-)	(96,318,808)
b. Transferred from Regulatory Reserve (+)	23,608,656
Net Profit for the period end available for distribution	(58,441,244)

Notes to the Interim Financial Statements

1. Basis of Preparation

The Interim financial statements of the bank have been prepared as per Nepal Financial Reporting Standards (NFRS): NAS 34 Interim Financial Reporting and Carve-outs as issued by Institute of Chartered Accountant of Nepal (ICAN).

The interim financial statements of the Bank have been prepared on going concern basis and under historical conventions except where the standards require otherwise. The Financial Statements of the Bank are presented in Nepalese Rupees (Rs), which is the functional and presentation currency of the Bank. The figures are rounded to nearest integer, except otherwise indicated.

Further, the financial statements have been prepared on accrual basis of accounting except the cash flow information which is prepared, on a cash basis, using the direct method.

2. Statement of Compliance with NFRS

The Interim Financial Statements of the Bank have been prepared in accordance with the requirement of Nepal Financial Reporting Standards (NFRS)-NAS 34 “Interim Financial Reporting” as published by the Accounting Standards Board (ASB) Nepal and pronounced by “The Institute of Chartered Accountants of Nepal” (ICAN) and carve out issued by the Institute of Chartered Accountants of Nepal and in compliance with BAFIA 2073 and Unified Directives 2075 issued by Nepal Rastra Bank and all other applicable laws and regulations.

NFRS Carve out

Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loans and Advances)

NAS 39 Para 58 requires an entity to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss.

However, as per carve out on NAS 39 Para 58, the Bank has assessed and measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

3. Use of Estimates, assumptions and judgments

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent assets and liabilities) as of the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies
- Determination of useful life of the property, plants and equipment.
- Assessment of the Bank’s ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.

- Assessment of current as well as deferred tax.
- Impairment on loans and advances (Higher of provision for loan loss calculated as per NRB and Impairment loss calculated as per NFRS as carve out issued by ICAN to be mandatorily implemented till carve out period)

4. Changes in accounting policies

The Bank has applied its accounting policies consistently from year to year except for some comparatives have been grouped or regrouped to facilitate comparison, corrections of errors and any deviations from the same have been explicitly mentioned.

5. Significant Accounting Policies

The accounting policies applied and method of computation followed in the preparation of the consolidated interim financial statement is in consistent with the accounting policies applied and method of computation followed in preparation of the annual financial statement.

5.1 Cash and Cash Equivalent

Cash and cash equivalents include cash in hand, balances with B/FIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

5.2 Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

5.3 Trading Assets

One of the categories of financial assets at fair value through profit or loss is “held for trading” financial assets. All financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are trading assets.

5.4 Derivative financial Instruments: -

Bank does not have any Derivative financial Instruments

5.5 Property Plant and Equipment

5.5.1 Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more

than one period. The Bank applies the requirements of the Nepal Accounting Standard - NAS 16 (Property, Plant and Equipment) in accounting for these assets.

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably measured.

5.5.2 Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

5.5.3 Cost Model

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

5.5.4 Revaluation Model

The Bank has not applied the revaluation model to the any class of freehold land and buildings or other assets. Such properties are carried at a previously recognized GAAP Amount.

On revaluation of an asset, any increase in the carrying amount is recognized in 'Other comprehensive income' and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognized as income to the extent of previous write down. Any decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other Comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

5.5.5 Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Bank and it can be reliably measured. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

5.5.6 Depreciation

Depreciation is calculated by using the written down value method on cost or valuation of the Property & Equipment other than freehold land and leasehold properties. Depreciation on leasehold properties is calculated by using the straight-line method on cost or valuation of the property.

5.5.7 Changes in Estimates

The asset's methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

5.5.8 Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

5.5.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Bank incurs in connection with the borrowing of funds.

5.5.10 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

5.6 Goodwill and Intangible Assets

5.6.1 Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Bank in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

5.6.2 Computer Software & Licenses

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category 'Intangible assets' and carried at cost less accumulated amortization and any accumulated impairment losses.

5.6.3 Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

5.6.4 Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Bank assumes that there is no residual value for its intangible assets.

5.6.5 De-recognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on de recognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

5.7 Investment Property

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date. The Bank holds investment property that has been acquired through enforcement of security over the loans and advances.

Investment property is accounted for under Cost Model in the Financial Statements. Accordingly, after recognition as an asset, the property is carried at its cost, less impairment losses. If any property is reclassified to investment property due to changes in its use, fair value of such property at the date of reclassification becomes its cost for subsequent accounting.

Building situated at Charikot has been classified as investment property and accounted for under cost model, accordingly property is carried at cost less impairment losses i.e depreciation.

5.8 Income Tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred taxes. The Bank applies NAS 12 – “Income Taxes” for the accounting of Income Tax. Income tax expense is recognized in profit or loss, except to the extent it relates to items recognized directly in equity or directly in other comprehensive income. Tax expense relating to items recognized directly in other comprehensive income is recognized in the Statement of Other Comprehensive Income.

5.9 Deposits and liabilities

Deposit and liabilities are the Bank's sources of funding. Deposits include noninterest bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. The fair value of debt securities issued is also considered as the carrying amount of these debt securities issued. Sub-ordinated liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

As per Para 09 of NAS 39 regarding Financial Instruments recognition and measurement, EIR rate is to be used for booking such interest expense and when calculating the EIR, an entity shall estimate cash flows considering all contractual term of the financial instrument but not credit loss, which includes the fees and points received or paid, transaction costs, premiums, discounts as per the Carve Out regarding the EIR rate treatment issued by ICAN, when calculating EIR, all these transaction cost shall be considered unless it is immaterial or impracticable to do so. Since all these transaction costs cannot be identified separately for every customer and it seems impracticable, separate EIR rate has not been computed as allowed by Carve Out issued by ICAN. The Amortization is included in “Interest expenses” in the Statement of Profit or Loss.

5.10 Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5.11 Revenue Recognition

As per NAS 18 “Revenue” Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

5.11.1 Interest Income

For all financial assets measured at amortized cost, interest bearing financial assets classified as available-for-sale interest income is recorded using the rate that closely approximates the EIR because the bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

Similarly interest bearing financial assets classified as Fair value through Profit and loss Effective interest is not recognized on such instruments. As transaction cost on such instruments are directly recognized in the statement of Profit and loss.

Further, As per the carve out regarding the EIR rate treatment issued by ICAN, when calculating EIR, all these shall be considered unless it is immaterial or impracticable to do so. Since all these transaction costs cannot be identified separately and separate EIR computation for every customer seems impracticable, such transaction costs of all previous years has not been considered when computing EIR. Due to impracticability, such relevant costs are ignored, due to which EIR rate equals to the rate provided to customers and therefore, income recognized by system on accrual basis has been considered as income

5.11.2 Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Service fees, commission income.

Fees and other commission income are recognized on accrual basis.

5.11.3 Dividend Income

Dividend income is on equity instruments are recognized in the statement of profit and loss within other income when the Bank’s right to receive payment is established.

5.11.4 Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities.

5.11.5 Net Income from other financial instrument at fair value through Profit or Loss

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instrument are designated at fair value through profit or loss. The bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

5.11.6 Interest Expense

For financial liabilities measured at amortized cost using the rate that closely approximates effective interest rate, interest expense is recorded using such rate. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

5.11.7 Employee Benefits

Employee benefits include:

- Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
 - i. Wages, salaries and social security contributions;
 - ii. Paid annual leave and paid sick leave;
 - iii. Profit sharing and bonuses, and
 - iv. Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an Bank pays fixed contribution into a separate Bank (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

Gratuity

An actuarial valuation is carried out every year to ascertain the full liability under gratuity. The calculation is performed using project unit credit method. However actuarial valuation has not been done in quarterly financials and hence will be adjusted in Annual Financials.

Unutilized Accumulated Leave

Bank's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long term employee benefits. Bank's net obligation towards unutilized accumulated leave is calculated by discounting the amount of future benefit that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Bank's obligation. The calculation is performed using the Projected Unit Credit method. Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under 'Personnel Expenses' in the period in which they arise. However actuarial valuation has not been done in quarterly financials and hence will be adjusted in Annual Financials.

5.12 Other Operating Expenses.

Other operating expenses are accounted on accrual basis and charged to the Statement of Profit and loss unless they are of capital nature.

5.13 Share capital and reserves

Share capital and reserves are different classes of equity claims. Equity claims are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus contributions from holders of equity claims, minus distributions to holders of equity claims.

5.14 Earnings per share

Bank presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

6. Segment Reporting

As Per NFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Bank has identified reportable segment on basis of geographical area by the management for decision making purpose.

7. Related parties disclosures

The key management personnel of the bank including member of the Board of Directors, Chief Executive Officer and other executive level staff of the Bank are as follow:

S.N.	Name of the Related Party	Relationship
1	Rajendra Kumar Shrestha	Chairman
2	Neeva Dangol Shrestha	Director
3	Rajendra Prasad Pokharel	Director
4	Dinesh Kumar K C	Director
5	Sanjeeb Pradhan	Director
6	Ramesh Kumar Bhandari	Director
7	Sunil Man Shakya	Director
8	Ram Kumar Giri	Act. CEO
9	Pramod Neupane	DGM

8. Events after Interim Period

The Bank monitors and assesses events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that have occurred subsequent to the reporting date till the publication of this interim financial statement.

9. Effect of changes in the composition of the entity during the interim period including merger and acquisition

No such change in composition has occurred.

Unaudited Financial Results (Quarterly)
Statement of Financial Position (As on 31 Ashwin 2078)

Statement of Financial Position (As on 31 Ashwin 2078)

Particulars	Bank	
	This Quarter Ending	Immediate Previous year Ending
Assets		
Cash and Cash Equivalent	884,774,029	805,326,316
Due from Nepal Rastra Bank	120,648,594	139,354,986
Placement with Banks and FIs	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to Banks and FIs	369,556,199	628,478,272
Loans and Advances to Customers	3,194,958,124	2,926,053,692
Investment Securities	67,647,575	83,819,732
Current Tax Assets	20,135,780	20,053,742
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	174,488,822	25,756,777
Property and Equipment	194,160,456	197,052,917
Goodwill and Intangible Assets	2,695,269	2,941,292
Deferred Tax Assets	9,578,606	4,683,300
Other Assets	101,381,379	122,122,189
Total Assets	5,140,024,831	4,955,643,215
Liabilities		
Due to Banks and FIS	300,000,000	-
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposit from Customers	4,155,933,468	4,257,853,058
Borrowings	-	-
Current Tax Liabilities	13,695,337	13,669,318
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	51,187,162	46,933,702
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	4,520,815,966	4,318,456,078
Equity		
Share Capital	557,456,067	557,456,067
Share Premium	-	-
Retained Earnings	(58,441,244)	20,727,407
Reserves	120,194,042	59,003,663
Total Equity Attributable to Equity Holders	619,208,865	637,187,137
Non Controlling Interest	-	-
Total Equity	619,208,865	637,187,137
Total Liabilities and Equity	5,140,024,831	4,955,643,215
Contingent Liabilities and Commitments		

Condensed Statement of Profit or Loss
For the Quarter ended 31 Ashwin 2078

Particulars	Bank			
	Current Year		Corresponding Previous Year	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest Income	96,613,772	96,613,772	82,817,779	82,817,779
Interest Expenses	59,560,839	59,560,839	45,670,797	45,670,797
Net Interest Income	37,052,934	37,052,934	37,146,982	37,146,982
Fees and Commission Income	6,900,460	6,900,460	7,211,497	7,211,497
Fees and Commission Expenses	26,930	26,930	566,020	566,020
Net Fees and Commission Income	6,873,530	6,873,530	6,645,477	6,645,477
Net Interest, Fees and Commission Income	43,926,464	43,926,464	43,792,459	43,792,459
Net Trading Income	-	-	-	-
Other Operating Income	-	-	616,664	616,664
Total Operating Income	43,926,464	43,926,464	44,409,123	44,409,123
Impairment Charge/(Reversal) for Loans and other Losses	17,028,686	17,028,686	39,618,274	39,618,274
Net Operating Income	26,897,778	26,897,778	4,790,849	4,790,849
Personnel Expenses	18,730,317	18,730,317	17,401,197	17,401,197
Other Operating Expenses	11,193,675	11,193,675	8,090,378	8,090,378
Depreciation and Amortization	3,643,380	3,643,380	3,448,883	3,448,883
Operating Profit	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Non-Operating Income	-	-	-	-
Non-Operating Expenses	-	-	-	-
Profit Before Income and Tax	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Income Tax Expenses	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
Profit/(Loss) For the Period	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Profit for the Period	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Earnings per Share				
Basic earning per share	-	-4.79	-	-17.33
Diluted earning per share	-	-4.79	-	-17.33

Statement of Other Comprehensive Income
For the year ended 31 Ashwin 2078

Particulars	Bank			
	Current Year		Corresponding Previous Year	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Profit for the year	(6,669,594)	(6,669,594)	(24,149,609)	(24,149,609)
Other Comprehensive Income for the year, Net of Income Tax	(11,422,380)	(11,422,380)	1,020,691	1,020,691
Total Comprehensive Income for the Period	(18,091,974)	(18,091,974)	(23,128,918)	(23,128,918)

Ratio as per NRB Directive

Particulars	Current Year		Corresponding Previous Year	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Capital Fund to RWA	13.44%	13.44%	20.03%	20.03%
Non-Performing Loan(NPL)to Total Loans (As per NRB Directive)	6.64%	6.64%	4.47%	4.47%
Total Loss Loan Provision to Total NPL (As per NRB Directive)	59.13%	59.13%	89.10%	89.10%
Costs of Funds	5.73%	5.73%	5.44%	5.44%
Credit to Deposit Ratio (As per NRB Directive)	86.61%	86.61%	85.29%	85.29%
Base Rate (As per NRB Directive)	9.65%	9.65%	9.81%	9.81%
Interest Rate Spread (As per NRB Directive)	4.56%	4.56%	7.08%	7.08%

Details about the distributable profit
At the month end of Ashwin , 2078

Particulars	Upto This Quarter (YTD)
Opening Retained Earning	20,828,360.00
Net profit or (loss) as per statement of profit or loss	(6,669,594.40)
1. Appropriations	
1.1 Profit required to be appropriated to:	110,142.64
a. General Reserve (-)	
b. Capital Redemption Reserve (-)	
c. Exchange Fluctuation Fund (-)	
d. CSR Fund (-)	
e. Employees Training Fund (-)	
f. Other (-)	110,142.64
1.2 Profit required to be transferred to Regulatory Reserve:	(72,710,152.21)
a. Transferred to Regulatory Reserve (-)	(96,318,807.82)
b. Transferred from Regulatory Reserve (+)	23,608,655.60
Net Profit for the period end available for distribution	(58,441,243.97)

Notes to NFRS Compliant Financials as per NRB circular

- Above financials have been prepared as per NRB circular.
- Previous period figure have been regrouped / rearranged / restated wherever necessary.
- Loan and Advances include interest receivables and are presented net of impairment charges. Impairment loss on loans and advances has been measured at higher amount derived as per norms prescribed by NRB and as per Para 63 of NAS 39.
- CD ratio of previous year has been restated in line with the current CD ratio computation method as prescribed by NRB.
- Provision for gratuity and leave have been provided for as per estimates by management and hence actuarial gain /loss has not been separately disclosed and will change as per Actuary Report .
- Detail interim financial report has been published in the bank's websites: www.sindhubank.com.np

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को अनुसूची १४
 (नियम २६ को उपनियम (१) संग सम्बन्धित)

आ.व.२०७८/७९ को प्रथम त्रैमासिक प्रतिवेदन

- वित्तीय विवरण :**
 - त्रैमासिक अवधिको वासलात, नाफा-नोक्सान सम्बन्धी विवरण यसै साथ प्रकाशित गरिएको छ ।
 - प्रमुख वित्तीय अनुपात सम्बन्धी विवरण ।
 - समिक्षा अवधीको अन्तसम्ममा यस विकास बैंकको वित्तीय अनुपातहरू तपसिल बमोजिम रहेका छन् ।

प्रति शेयर आम्दानी : रु.४।७९ बाषिकमूल्य आम्दानी अनुपात : - प्रति शेयर नेटवर्थ : रु.१११।०८
 प्रति शेयर कुल सम्पत्तिको मूल्य : रु.९२२।०५ तरलता अनुपात : २४।१९% पूँजीकोष अनुपात : १३।४४%
- व्यवस्थापकविरलेषण :**
 - बैंकको सबलतामापनगर्ने विभिन्न परिसुचकहरू जस्तै पूँजीकोष अनुपात, ब्याजदर अन्तर आदि सन्तोषप्रद रहेका छन् भने निष्कृत कर्जाको दर भने सामान्य भन्दा केहि बढि देखिएको छ ।
- कानूनी कारवाही सम्बन्धी विवरण :**
 - समिक्षा अवधीमा विकास बैंकलाई कानूनी कारवाहि सम्बन्धी कुनै मुद्दा दाएर भएको जानकारी प्राप्त नभएको ।
 - समिक्षा अवधीमा कुनै संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको जानकारी प्राप्त नभएको ।
 - समिक्षा अवधीमा कुनै संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको जानकारी प्राप्त नभएको ।
- सम्बन्धित संस्थाको शेयर कारोवार सम्बन्धीविवरण :**

धितोपत्र बजारमा शेयरको स्वतन्त्र रूपले खरिद विक्री कार्य हुने गर्दछ । बैंक व्यवस्थापनको तर्फबाट नियमनकारी निकायको निर्देशन बमोजिम शेयर मूल्यमा असर पार्ने सूचना तत्काल पेश गर्ने गरिएको छ ।

आ.व. २०७८/७९को असोज मसान्त सम्म यस बैंकको प्रति शेयर रु १०० (सोको शेयर कारोवारको विवरण निम्न बमोजिम रहेको छ ।
 स्रोत:www.nepalstock.com)
 यस अवधीको शेयर कारोवारको विवरण
 तशेयको अधिकतम मूल्य: रु.६१८/-/शेयरको न्यूनतम मूल्य: रु.३९३/१० | किता शेयरको अन्तिम मूल्य: रु.४३४/- | कारोवार भएको कुल संख्या:४४,२१,६०२ | कारोवार भएको कुल दिन: ५७
- समस्या र चुनौति**
 - COVID-19 को कारणबाट देशव्यापीरूपमा राजनैतिक तथा आर्थिक क्षेत्रमा हुने परिवर्तनका कारण सिर्जना हुन सक्ने चुनौती तथा समस्या ।
 - बैंक तथा वित्तीय संस्थाहरू विच हुने प्रतिस्पर्धका कारण व्यवसायमा रहेको चुनौती तथा समस्या ।
 - दक्ष तथा प्रतिस्पर्धी कर्मचारीहरूको अभावबाट हुन सक्ने संचालन जोखिमहरू ।
 - विश्वव्यापी माहामारी COVID-19 का कारण देशका औद्योगिक तथा व्यापारीक क्षेत्रमा सिर्जित समस्या वाट ऋणीहरूको कर्जा तिर्न सक्ने क्षमतामा आएको कमीबाट बैंकको कर्जा असुलीमा पर्ने सक्ने समस्या ।
 - उत्पादनशील क्षेत्रमा सन्तोषजनक रूपमा लगानी बृद्धि गर्न नसकिएको ।
- संस्थागत सुशासन :**

यस बैंकले संस्थागत सुशासन सम्बन्धि नेपाल राष्ट्र बैंक लगाएत सम्बन्धित नियमनकारी निकायहरूबाट प्राप्तमार्ग निर्देशनहरू बैंकले उच्च प्राथमिकताका साथ पालना गर्दै आएको छ । बैंकको सुशासन अभिवृद्धि एवं संस्थाले गर्ने कार्यहरू पारदर्शी एवं नियम संगत रूपले सम्पादन गर्नका लागि संचालक समिति, लेखा परिक्षण मिति,जोखिम व्यवस्थापन समितिहरू क्रियाशिल रहेका छन् । बैंकको कारोवारलाई व्यवस्थित गर्न आवश्यक आन्तरीक नीति तथा निर्देशनहरू तर्जुमा गरी लागु गरिएको छ ।
- सत्य, तथ्य सम्बन्धमा कार्यकारी प्रमुखको उद्घोष :**

यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरूको शुद्धता सम्बन्धमा म व्यक्तिगत रूपमा उत्तरदायित्व लिन्छु की मैले जाने बुझे सम्म यस प्रतिवेदनमा उल्लेखित विवरणहरू सत्य, तथ्य र पूर्ण छन् र लगानीकर्ताहरूलाई सुसूचित गरि निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरू लुकाइएको छैन ।