Interim Financial Statements

As on Ashoj End, 2083

(1st Quarter, F.Y. 2026-27)



सधैं.....तपाईसँग

Sindhu Bikash Bank Ltd.

सिन्धु विकास बैंक लि.

नेपाल राष्ट्र बैंकबाट 'ख' वर्गको ईजाजत पत्र प्राप्त संस्था

Sindhu Bikash Bank Ltd.

Interim Financial Statements

Condensed Statement of Financial Position

As on Quarter ended 31st Ashwin 2083 (17th Oct 2026)

Amount (NPR)

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and Cash Equivalent	842,611,821	737,095,353
Due from Nepal Rastra Bank	272,950,020	328,946,330
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to BFIs	162,599,805	190,561,924
Loans and Advances to Customers	3,202,275,490	3,297,488,585
Investment Securities	774,754,665	1,024,844,361
Current Tax Assets	61,055,308	61,022,367
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	112,870,655	112,870,655
Property and Equipment	241,668,226	244,250,855
Goodwill and Intangible Assets	1,598,549	1,718,367
Deferred Tax Assets	48,464,458	48,437,549
Other Assets	61,468,068	79,466,292
Total Assets	**5,782,317,064**	**6,126,702,639**
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposits from Customers	5,132,613,606	5,414,182,628
Borrowings	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	163,136,552	163,583,348
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	**5,295,750,158**	**5,577,765,977**
Equity		
Share Capital	557,456,067	557,456,067
Share Premium	-	-
Retained Earnings	(303,152,136)	(234,208,796)
Reserves	232,262,975	225,689,391
Total Equity Attributable to Equity Holders	**486,566,906**	**548,936,662**
Non Controlling Interest		**-**
Total Equity	**486,566,906**	**548,936,662**
Total Liabilities and Equity	**5,782,317,064**	**6,126,702,639**

Sindhu Bikash Bank Ltd.

Condensed Statement of Profit or Loss

For the Quarter ended 31st Ashwin 2083 (17th Oct 2026)

Amount (NPR)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	82,942,223	82,942,223	101,498,327	101,498,327
Interest Expense	50,112,066	50,112,066	70,990,544	70,990,544
Net Interest Income	**32,830,157**	**32,830,157**	**30,507,783**	**30,507,783**
Fee and Commission Income	4,619,871	4,619,871	4,014,858	4,014,858
Fee and Commission Expense	252,446	252,446	15,763	15,763
Net Fee and Commission Income	**4,367,425**	**4,367,425**	**3,999,095**	**3,999,095**
Net Interest, Fee and Commisson Income	**37,197,583**	**37,197,583**	**34,506,878**	**34,506,878**
Net Trading Income	-	-	-	-
Other Operating Income	1,924,768	1,924,768	446,278	446,278
Total Operating Income	**39,122,350**	**39,122,350**	**34,953,155**	**34,953,155**
Impairment Charge/ (Reversal) for Loans and Other Losses	54,576,717	54,576,717	35,917,198	35,917,198
Net Operating Income	**(15,454,367)**	**(15,454,367)**	**(964,042)**	**(964,042)**
Operating Expense	**46,682,106**	**46,682,106**	**43,671,558**	**43,671,558**
Personnel Expenses	27,530,562	27,530,562	26,312,435	26,312,435
Other Operating Expenses	15,930,658	15,930,658	13,592,167	13,592,167
Depreciation & Amortisation	3,220,885	3,220,885	3,766,957	3,766,957
Operating Profit	**(62,136,472)**	**(62,136,472)**	**(44,635,601)**	**(44,635,601)**
Non Operating Income	4	4	37,900	37,900
Non Operating Expense	-	-	-	-
Profit Before Income Tax	**(62,136,469)**	**(62,136,469)**	**(44,597,701)**	**(44,597,701)**
Income Tax Expense				
Current Tax	-	-	-	-
Previous Year Tax	-	-	-	-
Deferred Tax	-	-	-	-
Profit/(loss) for the Period	**(62,136,469)**	**(62,136,469)**	**(44,597,701)**	**(44,597,701)**

Sindhu Bikash Bank Ltd.

Condensed Statement of Comprehensive Income

For the Quarter ended 31st Ashwin 2083 (17th Oct 2026)

Amount (NPR)

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit/(loss) for the period	(62,136,469)	(62,136,469)	(44,597,701)	(44,597,701)
Other Comprehensive Income	-			
a) Items that will not be reclassified to profit or loss	-			
Gains/(losses) from investment in equity instruments measured at fair value	(89,696)	(89,696)	(3,319,096)	(3,319,096)
Gains/(losses) on revaluation	-	-		-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Income tax relating to above items	26,909	26,909	995,729	995,729
Net other comprehensive income that will not be reclassified to profit or loss	**(62,787)**	**(62,787)**	**(2,323,367)**	**(2,323,367)**
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge	-	-	-	-
Exchange gains/(losses)(arising from translating 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 equity method	-	-	-	-
Other Comprehensive Income , Net of Income Tax	(62,787)	(62,787)	(2,323,367)	(2,323,367)
Total Comprehensive Income for the Period	**(62,199,256)**	**(62,199,256)**	**(46,921,068)**	**(46,921,068)**
Profit attributable to:				
Equity-Holders of the Bank	(62,199,256)	(62,199,256)	(46,921,068)	(46,921,068)
Non-Controlling Interest	-	-	-	-
Total	**(62,199,256)**	**(62,199,256)**	**(46,921,068)**	**(46,921,068)**
Earnings per share				
Annualized Basic Earnings Per Share		-		-
Diluted earnings per share		-		-

Ratios as per NRB Directives

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA		10.40%		10.83%
CET 1 Capital to RWA		0.00%		9.35%
Non-performing Loan (NPL) to Total Loan		12.12%		8.84%
Total Loan Loss Provision to Total NPL		58.74%		84.95%
Net Non-Performing Loan to Total Loan (Net NPL)		6.97%		3.56%
Credit to Deposit Ratio		68.74%		64.68%
Return on Equity (Annualised)		-48.00%		-35.77%
Return on Asset (Annualised)		-1.04%		-2.86%
Cost of Funds	3.74%		5.05%	
Base Rate (Quarterly Average)	7.36%		8.28%	
Interest Rate Spread	4.59%		4.58%	

Sindhu Bikash Bank Ltd.

Condensed Statement of Changes in Equity

For the Period Shrawan 1, 2082 to Ashoj End 2083

Amount (NPR)

Particulars	Attributable to equity holders of the Bank										Non-controlling interest	Total equity
	Share Capital	Share Premium	General Reserve	Exchange equalization reserve	Regulatory reserve	Fair value reserve	Revaluation reserve	Retained Earning	Other reserve	Total		
Balance at Shrawan 1, 2082	557,456,067	-	86,782,717	-	110,801,212	(25,283,966)	-	(203,693,789)	15,980,313	542,042,554		542,042,554
Adjustment/Restatement			-					-	-	-		-
Pofit for the period	-							8,526,190	-	8,526,190		8,526,190
Other comprehensive income	-				-	(1,927,227)		-	1,380,545	(546,682)		(546,682)
Total Comprehensive income	**-**	**-**	**-**	**-**	**-**	**(1,927,227)**	**-**	**8,526,190**	**1,380,545**	**7,979,508**		**7,979,508**
Transfer to Reserves during the year			1,705,238		37,593,909			(39,041,198)	(257,949)	-		-
Transfer from Reserves during the year					-			-	(1,085,401)	(1,085,401)		(1,085,401)
Contributions from and distributions to owners									-	-		-
Share issued									-	-		-
Share based payments									-	-		-
Dividends to equity holders									-	-		-
- Bonus shares issued									-	-		-
- Cash dividend paid									-	-		-
Other								-	-	-		-
Total contributions by and distributions	**-**	**-**	**1,705,238**	**-**	**37,593,909**	**-**	**-**	**(30,515,008)**	**(1,343,350)**	**7,440,789**		**7,440,789**
Balance at Ashad end 2083	**557,456,067**	**-**	**88,487,955**	**-**	**148,395,121**	**(27,211,192)**	**-**	**(234,208,796)**	**16,017,508**	**548,936,662**		**548,936,662**
Balance at Shrawan 1, 2083	557,456,067	-	88,487,955	-	148,395,121	(27,211,192)	-	(234,208,796)	16,017,508	548,936,662		548,936,662
Profit for the period								(62,136,469)	-	(62,136,469)		(62,136,469)
Other comprehensive income									-	-		-
Total Comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(62,136,469)**	**-**	**(62,136,469)**		**(62,136,469)**
Transfer to Reserves during the year			-		6,365,684	(62,787)		(6,806,871)	441,187	(62,787.27)		(62,787)
Transfer from Reserves during the year									(170,500)	(170,500)		(170,500)
Contributions from and distributions to owners									-	-		-
Share issued									-	-		-
Share based payments									-	-		-
Dividends to equity holders									-	-		-
- Bonus shares issued									-	-		-
- Cash dividend paid									-	-		-
Other									-	-		-
Total contributions by and distributions	**-**	**-**	**-**	**-**	**6,365,684**	**(62,787)**	**-**	**(6,806,871)**	**270,688**	**(233,287)**		**(233,287)**
Balance as at Ashoj End, 2083	**557,456,067**	**-**	**88,487,955**	**-**	**154,760,805**	**(27,273,980)**	**-**	**(303,152,136)**	**16,288,195**	**486,566,906**		**486,566,906**

Sindhu Bikash Bank Ltd.

Condensed Statement of Cash Flows

For the Period Shrawan 1, 2083 to Ashoj End 2083

Amount (NPR)

Particulars	Up to This Quarter	Corresponding Previous Year Up to this Quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	61,708,724	192,518,290
Fees and other income received	4,619,871	2,623,343
Dividend received	-	-
Receipts from other operating activities	1,543,737	(1,888,396)
Interest paid	(50,112,066)	(87,060,156)
Commission and fees paid	(252,446)	(149,061)
Cash payment to employees	(27,530,562)	(21,083,816)
Other expenses paid	(15,930,658)	(13,542,825)
Operating cash flows before changes in operating assets and liablities	**(25,953,400)**	**71,417,379**
(Increase)/Decrease in operating assets	**157,064,821**	**(202,586,393)**
Due from Nepal Rastra Bank	55,996,309	22,609,340
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loans and advances to bank and financial institutions	28,599,604	(575,545,742)
Loans and advances to customes	49,430,887	671,735,990
Other assets	23,038,020	(321,385,980)
Increase/(Decrease) in operating liablities	**(282,015,819)**	**(214,035,499)**
Due to bank and financial instituitions	-	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	(281,569,022)	(225,778,166)
Borrowings	-	(1,666,667)
Other Liabilities	(446,796)	13,409,334
Net cash flow from operating activities before tax paid	**(150,904,397)**	**(345,204,512)**
Income taxes paid	(32,941)	(9,882,305)
Net cash flow from operating activities	**(150,937,338)**	**(355,086,817)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	3,800,205
Receipts from sale of investment securities	250,000,000	13,238,391
Purchase of property and equipment	(518,438)	(2,070)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	-	(0)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	6,761,710	5,892,500
Dividend received	381,034	11
Net cash used in investing activities	**256,624,305**	**22,929,037**
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	-	-
Dividend paid	-	-
Interest paid	-	-
Other receipt/payment	**(170,500)**	14,998,734
Net cash from financing activities	**(170,500)**	**14,998,734**
Net increase (decrease) in cash and cash equivalents	**105,516,468**	**(317,159,046)**
Cash and cash equivalents at Shrawan 1, 2083	737,095,353	813,229,381
Effect of exchange rate fluctations on cash and cash equivalents held		-
Cash and cash equivalents at Ashoj end 2083	**842,611,821**	**496,070,336**

Sindhu Bikash Bank Ltd.

Statement of Distributable Profit or Loss

For the Quarter ended 31st Ashwin 2083 (17th Oct 2026)

(As per NRB Regulation)

Amount (NPR)

Particulars	Current Year Upto this Quarter YTD	Previous Year Corresponding Quarter YTD
Net profit or (loss) as per statement of profit or loss	(62,136,469)	(44,597,701)
Appropriations:		
a. General reserve	-	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	-
e. Employees' training fund	441,187	127,898
f. Other	-	-
Profit or (loss) before regulatory adjustment	**(62,577,656)**	**(44,725,599)**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(6,302,897)	(7,774,191)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)	-	(4,870,389)
e. Deferred tax assets recognised (-)/ reversal (+)	-	(995,729)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other	-	-
- Fair Value Reserves	(62,787)	(2,323,367)
Net Profit for the Quarter ended on Ashwin 2083 available for distribution	**(68,943,340)**	**(60,689,275)**
Opening Retained Earning as on Shrawan 1 2083	(234,208,796)	(192,970,839)
Adjustment (+/-)	-	-
Distribution:		
Bonus shares issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on Quater end Ashwin 2083	**(303,152,136)**	**(253,660,114)**
Annualised Distributable Profit/Loss per share	-	-

धितोपत्र दर्त्ता तथा निष्काशन नियमावली
(२०७३ को अनुसूची १४ नियम २६ को उप नियम (१) संग सम्बन्धीत) आ.व. २०८३/८४ को प्रथम त्रैमासिक प्रतिवेदन

१) वित्तीय विवरण

क) त्रैमासिक अवधिको वासलात, नाफा नोक्सान सम्वन्धि विवरण यसै साथ प्रकाशित गरिएको छ ।

ख) प्रमुख वित्तीय अनुपात सम्वन्धी विवरण:

समिक्षा अवधिको अन्तसम्ममा यस विकास वैंकको वित्तीय अनुपातहरु तपशील वमोजिम रहेका छन् ।

प्रति शेयर आम्दानी (वार्षिक)	मुल्य आम्दानी अनुपात	प्रति शेयर नेटवर्थ	प्रतिशेयर कुल सम्पत्तिको मुल्य	तरलता अनुपात
(४४.५९)	(९.३९)	८७.२८	१,०३७.२७	३५.३७%

२) व्यवस्थापकीय विश्लेषण

क) विषम परिस्थितिको कारणले निक्षेपको अनुपातमा कर्जा लगानी वृद्धि नभएकोले ब्याज खर्च बढ्न गएता पनि बैंकको खुद ब्याज आम्दानी र कुल संचालन आम्दानी गत आ.व.को भन्दा वृद्धि भएको छ । तथापि अन्य परिसुचकहरु सन्तोषप्रद रहेका छन । हालको विषम परिस्थितिको कारणले कर्जाहरुको मागमा संकुचन आएको र चाडबाडको समय भएकाले यो त्रैमासमा कर्जा असुलीमा असर परेको देखिन्छ ।

३) कानूनी कारवाही सम्वन्धी विवरण

क) बिकास वैंकको सामान्य व्यवसायिक कारोबारको सिलसिलामा कर्जा असूलीसंग सम्वन्धित मुद्दा बाहेक समीक्षा अवधिमा विकास वैंकलाई कानूनी कारवाही सम्वन्धि कुनै मुद्दा दायर भएको जानकारी प्राप्त नभएको ।

ख) यस विकास वैंकका संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्वन्धमा कुनै मुद्दा दायर भएको जानकारी प्राप्त नभएको ।

ग) समीक्षा अवधिमा कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्वन्धमा कुनै मुद्दा दायर भएको जानकारी प्राप्त नभएको ।

४) संस्थाको शेयर कारोवार सम्वन्धी विवरण :

धितोपत्र बजारमा सेयरको खरिद विक्री कार्य स्वतन्त्र रुपले हुने गर्दछ । बैंक व्यवस्थापनको तर्फवाट नियमनकारी निकायको निर्देशन वमोजिम शेयर मूल्यमा असर पार्ने सुचना तत्कालै पेश गर्ने गरिएको छ । यस बिकास बैंकको आ.व. २०८३/०८४ को प्रथम त्रैमासिक अवधिको शेयर कारोवारको विवरण यस प्रकार रहेको छ । (स्रोत: www.nepalstock.com)

अधिकतम मुल्य	न्युनतम मुल्य	अन्तिम मुल्य	कारोवार संख्या	कारोबार दिन
८००	३२९.८०	४१८.८०	१०,८५३	६१

५) समस्या र चुनौतीहरु :

१) देशमा घटेको जेनजी आन्दोलनको प्रभावले आर्थिक र राजनैतिक क्षेत्रमा देखिएको अन्यौलताले निम्त्याएको चुनौतीहरु ।

२) देशको अर्थतन्त्रमा देखिएको शिथिलताको कारणले कर्जाको मागमा भएको कमीको कारणले समग्र बैंकिंग व्यवसायमा परेको असरहरु ।

३) ठुला बैंक तथा वित्तीय संस्थाको न्युन कोष लागतको कारणले कर्जा प्रवाहमा चर्को प्रतिस्पर्धाले पारेको असरहरु ।

४) उत्पादनशील क्षेत्र (Productive Sector) तथा प्राथमिकता प्राप्त क्षेत्र (Priority Sector) मा ठोस रुपमा हुन नसकेको लगानी वृद्धिका कारण देशको अर्थतन्त्रमा पर्न सक्ने दुरगामी असरहरुले निम्त्याउने चुनौतीहरु ।

५) दक्ष तथा प्रतिस्पर्धी कर्मचारीहरुको अभाववाट हुनसक्ने संचालन लगायतका जोखिमहरु ।

६) संचालन तथा जोखिम न्यूनिकरणका लागि लागत खर्चमा भएको वृद्धि, बैंकिङ्ग क्षेत्रको बढ्दो प्रतिस्पर्धा आदिका कारण मार्जिन दर खुम्चिन गई मूनाफामा हुन सक्ने असर ।

६) संस्थागत सुशासन

संस्थागत सुशासन सम्वन्धि नेपाल राष्ट्र बैंक लगायत सम्वन्धित नियमनकारी निकायहरुवाट प्राप्त मार्ग निर्देशनहरु यस बैंकले उच्च प्राथमिकताका साथ पालना गर्दै आएको छ । बैंकको सुशासन अभिवृद्धि एवं संस्थाले गर्ने कार्यहरु पारदर्शी एवं नियम संगत रुपले सम्पादन गर्नका लागि संचालक समिति, लेखापरीक्षण समिति, जोखिम व्यवस्थापन समिति, ALCO क्रियाशील रहेका छन् । बैंकको कारोवारलाई व्यवस्थित गर्न आवश्यक आन्तरिक नीति तथा निर्देशनहरु तर्जुमा गरी लागू गरिएको छ । विगतमा रहेका नीतिनियम, विनियमावली, प्रोडक्ट पेपरहरुलाई अद्यावधिक गरी लागू गर्ने कार्य गरिएको छ ।

७) सत्य, तथ्यता सम्वन्धमा प्रमुख कार्यकारी अधिकृतको उद्घोषण

यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरुको शुद्धता सम्वन्धमा म व्यक्तिगत रुपमा उत्तरदायित्व लिन्छु कि मैले जाने बुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरु सत्य, तथ्य र पूर्ण छन् र लगानीकर्ताहरुलाई सुसूचित गरी निर्णय लिनकालागि आवश्यक कुनै विवरण, सूचना तथा जानकारीहरु लुकाइएको छैन ।

नोट: सूचनाको हक सम्वन्धि ऐन, २०६४ को दफा ५ को उपदफा (३) वमोजिमको विवरण यस विकास बैंकको आधिकारिक वेवसाईट : www.sindhubank.com.np मा राखिएको छ ।

Sindhu Bikash Bank Ltd.
Notes to Interim Financials
For the Quarter end, Ashoj 2083

1. Reporting Entity

SINDHU BIKASH BANK is a "B" class development bank operating in 5 districts i.e., Sindhupalchowk, Kavrepalanchowk, Dolakha, Chitwan and Makawanpur. It was established in Bhadra 24, 2067 i.e., September 9, 2010.

This bank is licensed by Nepal Rastra Bank (Central Bank of Nepal) as Class "B" Development Bank and running under the Company Act & Bank & Financial Institution Act of Nepal. The Bank is listed on Nepal Stock Exchange Ltd and its stock symbol is "SINDU".

2. Basis of Preparation

The Interim financial statements of the bank have been prepared as per Nepal Financial Reporting Standards (NFRS) 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.

3. 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 2083 issued by Nepal Rastra Bank and all other applicable laws and regulations. Bank has considered the impact of Effective Interest Rate as not significant for the period of 1st quarter of FY 2083-084. Bank will assess its impact on subsequent quarters of FY 2083-084.

4. Use of Estimates

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 9)

5. Change 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.

6. 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.

6.1. Cash and Cash Equivalent

Cash and cash equivalent comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value and carried at amortized cost.

The cash and cash equivalents for the purpose of cash flow statement include cash in hand, balances with banks, money at call and money market funds and financial assets with original maturity less than 3 months from the date of acquisition.

6.2. Financial assets and Financial Liabilities

a. Recognition

The bank recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

b. Classification

The financial assets and liabilities are subsequently measured at amortized cost or fair value based on business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are classified under three categories as required by NFRS 9, **namely**:

i. Financial assets measured at amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

ii. Financial assets measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).

iii. Financial assets measured at fair value through profit or loss:

The bank classifies the financials assets as fair value through profit or loss if they are held for trading or designated at fair value through profit or loss.

Any other financial asset not classified as either amortized cost or FVTOCI, is classified as FVTPL.

Financial liabilities are classified under two categories as required by NFRS 9, **namely**:

i. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Upon initial recognition, transaction cost directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.

ii. Financial liabilities measured at amortized cost:

All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest method.

c. De-recognition

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

d. Determination of Fair Value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank follow three levels of the fair-value-hierarchy are described below:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets;

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable or valuations of quoted for similar instrument in active markets or quoted prices for identical or similar instrument in inactive markets; and

Level 3: Significant inputs to the fair value measurement are unobservable.
Investment in Unquoted Equity Instrument are carried cost as the market price of such shares could not be ascertained with certainty at the reporting date.

e. Impairment

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. The Management's judgement is extensively used in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the provisions made.

The individual impairment provision applies to financial assets evaluated individually for impairment and is based on Management's best estimate of the present value of the future cash flows that are expected to be received. In estimating these cash flows, Management makes judgements about the number of factors including a borrower's financial situation and the net realizable value of any underlying collateral.

Top borrowers and loans classified as non-performing assets as per NRB norms forming part of 25% of the portfolio are tested for individual impairment. Each impaired asset is assessed on its merits to estimate the recoverable amount of cash flows.

The Bank considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Bank initiates legal recourse of recovery in respect of a credit obligation of the counterpart.
- Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a bank of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

A collective impairment provision is established for:

- groups of homogeneous loans and advances and investment securities which are held-to-maturity, that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective impairment is carried using the statistical modelling such as historical trends of probability of defaults, timings of recoveries, and current economic and market conditions which may warrant for the loss being greater than the suggested by the historical trends.

For the purpose of collective assessment of impairment bank has categorized assets into following broad products as follows:

- Auto Loan
- Home Loan
- Term Loan
- Personal Loan
- Short Term Loan

Carve out adopted for assessment of impairment charge

The Bank has recognized impairment on loans and advances as the higher of total impairment calculated as per NFRS 9 and existing regulatory provisions as per NRB Directive in accordance to the ECL Guidelines, 2024 issued by NRB.

6.3. Trading Assets

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short- term profit taking. They are recognized on trade date, when the bank enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognized in profit or loss.

6.4. Derivatives assets and derivative liabilities

The bank does not have derivative assets as on the reporting date so the disclosure in this section is not applicable.

6.5. Property, Plant and Equipment

Recognition and measurement:

The bank applies the cost model to all property and equipment and recognize these at the cost of acquisition plus expenditures directly attributable to the acquisition of the asset, less accumulated depreciation and any accumulated impairment losses, if any. Cost also includes the cost of replacing part of the equipment when the recognition criteria are met.

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. The rates of depreciations are given below:

The Bank has not measured any property and plant at revaluation model and at fair value. Assets having acquisition cost less than **NPR 5,000** have been written off as an expense in the Statement of Profit or Loss.

Rate of Depreciation per annum (%)

Asset Category	Depreciation (%)	Remarks
Freehold Buildings	5%	
Motor Vehicles	20%	Rate Changed from Poush 2081
Computer Equipment	25%	
Furniture	25%	
Office Equipment	25%	
Leasehold Properties	Over lease Period	

6.6. Goodwill/Intangible Assets

a. Goodwill

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Goodwill is measured at cost less any accumulated impairment losses. The Bank follows the partial goodwill method for the computation of goodwill in business combinations. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

b. Intangible Assets:

Intangible assets are recognized when the cost of the asset can be measured reliably, there is control over the asset as a result of past events, future economic are expected from the asset. These intangible assets are recognized at historical cost less impairment less amortization over their estimated useful life. Amortization of the intangible assets is calculated using the straight-line method over the useful life based on a pattern in which the asset's economic benefits are consumed by the bank.

6.7. Investment Property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – "Property, Plant and Equipment"; and assets classified as non-current assets held for sale under NFRS 5 – "Non-Current Assets Held for Sale and Discontinued Operations". Land and Building acquired as non-banking assets are recognized as investment property.

Investment properties are measured at cost, including transaction costs. Depreciation is charges in investment property as they are partly intended for the owner-occupied use.

6.8. Income Tax

Tax expenses comprises of current tax and deferred tax.

a. Current Tax

Current tax is the income tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. Current tax is the amounts expected or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

b. Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting bank and relate to income taxes levied by the same taxation authority, and when the bank has a legal right to offset.

6.9. Deposits, debt securities issued and subordinated liabilities

a. Deposits

Deposits by banks & customers are financial liabilities of the bank as there is an obligation to deliver cash or financial assets back to the depositing bank or customer and are initially recognized at fair value, plus for those financial liabilities not at fair value through profit and loss. The transaction price is considered as the fair value for measuring the deposits.

b. Debt Securities Issued

Debt Securities are initially measured at the fair value less incremental direct cost and subsequently at their amortized cost using effective interest method except where the bank designates liabilities at fair value through profit t or loss.

c. Subordinated Liabilities

These are the liabilities subordinated, at the event of winding up, to claims of depositors, debt securities issued and other creditors. It shall include redeemable preference shares, subordinated notes issued, borrowings etc.

6.10. 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. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates and are reversed if there is not the probability of outflow of resources.

The contingent liability are the liabilities for which it is uncertain as to whether it will become an obligation as it depends on the occurrence of an uncertain future event. These amounts are off-balance sheet items and are disclosed when there is a possible obligation that may but probably will not require an outflow of resources. A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

6.11. Revenue Recognition

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.

a. Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets through other comprehensive income interest income or expense is recorded using the Effective Interest Rate (EIR). 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. The calculation of effective interest rate includes all charges and fee paid or received that are integral part of the effective interest only if considered necessary. Such a charge is not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have derived under effective interest method and are recognized directly in statement of profit and loss.

The interest income recognized in the statement of profit and loss includes the following:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method, except for impaired loans and advances. These financial assets include investment in government securities, investment in NRB Bond and deposit instruments, reverse repos, interbank lending, etc.
- As per carve out on NAS 39 Para 9, the Bank has not included the fees and paid or received in loans and advances that are immaterial or impracticable to determine reliably the effective interest rate and have recognized them directly as revenue in the Statement of Profit or Loss.
- As per carve out on NAS 39 AG 93, the Bank has applied the effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.
- Interest on investment securities is calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.
- The bank has adopted the following criterion in to suspend the interest income where there is reasonable doubt about the collectability of the interest:

- Loans where there is reasonable doubt about the ultimate collectability of principal or interest;
- Loans against which individual impairment as per NAS 39 or life time impairment as per NFRS 9 has been made;
- Loans where contractual payments of principal and/or interest are more than 3 months in arrears and where the "net realizable value" of security is insufficient to cover payment of principal and accrued interest;
- Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral;
- Overdrafts and other short-term facilities which have not been settled after the expiry of the loan and even not renewed within 3 months of the expiry, and where the net realizable value of security is insufficient to cover payment of principal and accrued interest;
- Overdrafts and other short-term facilities which have not been settled after the expiry of the loan and even not renewed within 12 months of the expiry, irrespective of the net realizable value of collateral.

b. Fee and Commission Income

Fees and commissions are generally recognized on an accrual basis when the service has been provided.

c. Dividend Income

Dividend income received from equity shares is recognized in the books when the bank's right to receive the dividend is established.

d. Net Trading Income

Net Trading Income includes all gains and losses from changes in fair value, related capital gain/loss and dividend from financial assets through profit and loss. Trading expenses are deducted from the trading income and the amount net of trading expenses are disclosed in statement of profit and loss.

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

Net income from other financial instrument measured at fair value through Profit or Loss includes all gains/(losses) arises from the revaluation of financial instrument at fair value.

6.12. Interest Expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss.

6.13. Employee Benefits

a. Short term employee benefits

The bank's short-term employee benefits mainly include wages, salaries, allowances, socials security expenses, bonuses as provided in the law and other employee related expenses. Short term employee benefits are measured on an undiscounted basis and are charged to statement of profit and loss as and when the related service is provided.

b. Long term employee benefits

- **Defined Contribution Plans**

The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees which the bank contributes fixed percentage of the salary the Employee's Provident Fund. The Bank has no further obligations under these plans beyond its periodic contributions.

- **Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on corporate bonds, that have maturity dates approximating the terms of the bank's obligation and that are denominated in the currency in which the benefits are expected to be paid.

The defined benefit obligation is recognized on the basis of the report of qualified actuary using the projected unit credit method. The bank recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit and loss account.

Measurements of the net defined benefit liability comprise actuarial gains and losses. The return on plan assets (excluding interest income) and the effect of the assets ceiling (if any excluding interest) are recognized immediately in Other Comprehensive Income. The bank determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefits liability (assets), considering any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefits payments. Net interest expenses and other expenses related to defined benefit plans are recognized as personnel expenses in Statement of profit and Loss.

The bank provides gratuity and leave encashment as the defined benefits plans to its employees.

6.14. Leases

Lease accounting has been prepared according to NFRS 16. Upon lease commencement the bank has recognized a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the bank. After lease commencement, bank has measured the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the borrowing yield rate of the bank.

6.15. Foreign Currency Transactions, Translation and Balances

The financial statements are presented in Nepalese Rupees (NPR). The bank does not have carried out foreign currency transactions during the reporting period.

6.16. Financial guarantee and loan commitments

Financial Guarantees are contingent liabilities that arise out of the contract that the bank might make specified payments to reimburse the holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with terms of debt instrument. Guarantee liabilities being the off-balance items are disclosed if the outflow of economic resources is probable.

Loan commitment is the commitment where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statements as commitments.

6.17. Share capital and Reserves

Equity is the residual interest in the total assets of the Bank after deducting all of its liability. Shares are classified as equity when the Bank has an unconditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Bank and there is no contractual obligation whatsoever to that effect. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Reserves are the allocation out of profit or retained earnings. These are created as statutory requirement, accounting standard requirement and bank's own requirement.

6.18. Earnings per share including Diluted EPS

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.

6.19. Segment reporting

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.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the entity and would not be operating segments. For the purposes of this NFRS, an entity's post-employment benefit plans are not operating segments.

The geographical segment has been identified on the basis of the location of the branches in 5 different District of the country.

7. Related Party Disclosure

The following parties have been identified as the related party transaction as per NAS 24:

Name of the Related Party	Relationship
Damodar Prasad Subedi	Chairman
Neeva Dangol Shrestha	Director
Basanta Kumar Katwal	Director
Sameer Kakshapati	Director
Bharat Bahadur Karki	Director
Sunil Man Shakya	Director
Ganesh Kumar K.C.	Chief Executive Officer
Pramod Neupane	Assistant Chief Executive Officer
Gyanendra Dutta	Assistant General Manager

8. Dividends paid (aggregate or per share) separately for ordinary shares and other shares.

No dividends have been paid during the reporting period.

9. Events after interim period

There were no material events subsequent to the date of the condensed statement of financial position that require disclosure or adjustments to the unaudited interim financial statements.

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

There were no alterations to the composition of the Bank for the reporting period ending Ashoj 2083. The Bank has signed MOU for Merger/Acquisition with Muktinath Bikas Bank Ltd. on 19th Bhadra, 2083.

Sindhu Bikash Bank Ltd.

सिन्धु विकास बैंक लि.

नेपाल राष्ट्र बैंकबाट 'ख' वर्गको ईजाजत पत्र प्राप्त संस्था

सधैं.....तपाईसँग

प्रधान कार्यालय: बाह्रबिसे, सिन्धुपाल्चोक, नेपाल

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