"नेपाल राष्ट्र बैंकबाट "ख" वर्गको इजाजतपत्र प्राप्त राष्ट्रिय स्तरको विकास बैंक"

मुक्तिनाथ विकास बैंक लि.

MUKTINATH BIKAS BANK LTD.

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Interim Financial Statements

1st Quarter of Financial Year 2082-83

Condensed Consolidated Statement of Financial Position

As on Quarter ended Ashwin 2082 — NPR in '000

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalent	3,991,019	7,210,367	3,115,743	6,583,140
Due from Nepal Rastra Bank	12,312,052	12,874,425	12,312,052	12,874,425
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financials Instrument	-	-	-	-
Other Trading Assets	177,830	170,819	-	-
Loans and Advances to BFIs	1,195,081	1,621,934	1,195,081	1,621,934
Loans and Advances to Customers	96,650,695	97,223,243	96,650,695	97,223,243
Investment Securities	14,654,690	14,609,822	14,601,559	14,566,722
Current Tax Assets	-	4,806	-	17,184
Investment in Subsidiaries	-	-	244,046	244,046
Investment in Associates	161,724	161,723	155,550	155,550
Investment Property	446,297	461,901	413,182	428,785
Property and Equipment	2,238,231	2,107,916	2,231,937	2,101,433
Goodwill and Intangible Assets	11,150	11,562	10,305	10,618
Deferred Tax Assets	148,897	125,877	147,782	124,762
Other Assets	701,157	627,386	642,402	568,362
Total Assets	**132,688,824**	**137,211,780**	**131,720,333**	**136,520,203**
Liabilities				
Due to Bank and Financial Institutions	1,098,403	3,718,026	1,098,403	3,718,026
Due to Nepal Rastra Bank	419,601	415,630	419,601	415,630
Derivative Financials Instrument	-	-	-	-
Deposits from Customers	114,880,527	117,335,443	114,893,569	117,430,719
Borrowings	-	2,083	-	2,083
Current Tax Liabilities	77,244	-	73,592	-
Provisions	-	-	-	-
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	2,790,598	2,462,960	2,005,875	1,895,658
Debt Securities Issued	1,248,160	1,248,017	1,248,160	1,248,017
Subordinated Liabilities	-	-	-	-
Total Liabilities	**120,514,532**	**125,182,159**	**119,739,200**	**124,710,133**
Equity				
Share Capital	7,046,938	7,046,938	7,046,938	7,046,938
Share Premium	-	-	-	-
Retained Earnings	1,236,692	1,382,460	1,224,904	1,354,102
Reserves	3,719,338	3,418,411	3,709,291	3,409,030
Total Equity Attributable to Equity Shareholders	**12,002,968**	**11,847,809**	**11,981,133**	**11,810,070**
Non Controlling Interest	**171,324**	**181,813**	**-**	**-**
Total Equity	**12,174,292**	**12,029,622**	**11,981,133**	**11,810,070**
Total Equity and Liabilities	**132,688,824**	**137,211,780**	**131,720,333**	**136,520,203**

Condensed Consolidated Statement of Profit or Loss

For the Quarter Ended on Ashwin 2082 — NPR in '000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	2,628,630	2,628,630	2,878,284	2,878,284	2,627,188	2,627,188	2,875,098	2,875,098
Interest Expense	1,441,426	1,441,426	1,763,856	1,763,856	1,441,678	1,441,678	1,764,356	1,764,356
Net Interest Income	**1,187,204**	**1,187,204**	**1,114,427**	**1,114,427**	**1,185,510**	**1,185,510**	**1,110,742**	**1,110,742**
Fees and Commission Income	163,626	163,626	193,120	193,120	142,576	142,576	174,732	174,732
Fees and Commission Expense	17,284	17,284	18,665	18,665	15,493	15,493	16,095	16,095
Net Fee and Commission Income	**146,342**	**146,342**	**174,455**	**174,455**	**127,083**	**127,083**	**158,637**	**158,637**
Net Interest, Fee and Commission Income	**1,333,546**	**1,333,546**	**1,288,882**	**1,288,882**	**1,312,593**	**1,312,593**	**1,269,379**	**1,269,379**
Net Trading Income	4,616	4,616	8,923	8,923	2,490	2,490	1,426	1,426
Other Operating Income	47,355	47,355	20,230	20,230	63,386	63,386	33,081	33,081
Total Operating Income	**1,385,518**	**1,385,518**	**1,318,035**	**1,318,035**	**1,378,469**	**1,378,469**	**1,303,886**	**1,303,886**
Impairment Charge/(reversal) for loans and other losses	541,167	541,167	387,722	387,722	541,167	541,167	387,722	387,722
Net Operating Income	**844,351**	**844,351**	**930,313**	**930,313**	**837,302**	**837,302**	**916,164**	**916,164**
Operating Expenses								
Personnel Expenses	359,089	359,089	371,596	371,596	350,780	350,780	363,519	363,519
Other Operating Expenses	105,097	105,097	90,458	90,458	100,510	100,510	86,664	86,664
Depreciation and Amortisation	65,557	65,557	63,395	63,395	64,906	64,906	62,739	62,739
Operating Profit	**314,608**	**314,608**	**404,864**	**404,864**	**321,106**	**321,106**	**403,242**	**403,242**
Non Operating Income	-	-	-	-	-	-	-	-
Non Operating Expenses	-	-	-	-	-	-	-	-
Profit before Income Tax	**314,608**	**314,608**	**404,864**	**404,864**	**321,106**	**321,106**	**403,242**	**403,242**
Income Tax Expenses								
Current Tax	100,642	100,642	125,811	125,811	96,332	96,332	121,423	121,423
Deferred Tax	-	-	-	-	-	-	-	-
Profit for the Period	**213,966**	**213,966**	**279,053**	**279,053**	**224,774**	**224,774**	**281,819**	**281,819**
Condensed Consolidated Statement of Comprehensive Income								
Profit/(Loss) for the period	**213,966**	**213,966**	**279,053**	**279,053**	**224,774**	**224,774**	**281,819**	**281,819**
Other Comprehensive Income	(53,712)	(53,712)	27,433	27,433	(53,712)	(53,712)	27,433	27,433
Total Comprehensive Income	**160,254**	**160,254**	**306,486**	**306,486**	**171,062**	**171,062**	**309,253**	**309,253**
Earnings per Share								
Basic earnings per share	-	12.15	-	15.84	-	12.76	-	16.00
Diluted earnings per share	-	12.15	-	15.84	-	12.76	-	16.00
Profit attributable to:								
Equity holders of the Bank	209,969	209,969	274,984	274,984	224,774	224,774	281,819	281,819
Non-controlling interest	3,997	3,997	4,069	4,069	-	-	-	-
Total	**213,966**	**213,966**	**279,053**	**279,053**	**224,774**	**224,774**	**281,819**	**281,819**

Notes:
- The financial statements presented have been prepared in compliance with the Nepal Financial Reporting Standards (NFRS), and in accordance to the directives issued by Nepal Rastra Bank (NRB).
- The Bank has measured 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.
- Interest Income on loans and advances has been recognized as per Interest Income Recognition Guidelines 2025 issued by NRB.
- The Group financial statements includes the figures of Muktinath Bikas Bank Limited, its subsidiary Muktinath Capital Limited and associate Muktinath Krishi Company Limited.
- Loans and Advances includes the interest accrued and staff loans are presented net of impairment charge.
- The detailed interim financial statement has been published in website of the Bank.(www.muktinathbank.com.np).

Ratios as per NRB Directives

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA		12.92%		12.38%		12.92%		12.38%
Tier I Capital to RWA		11.05%		10.08%		11.05%		10.08%
CET I Capital to RWA		11.05%		10.08%		11.05%		10.08%
Non-performing loan (NPL) to Total Loan		4.03%		3.16%		4.03%		3.16%
Total loan loss provision to Total NPL		102.38%		98.18%		102.38%		98.18%
Cost of Funds		4.46%		5.99%		4.46%		5.99%
Credit to Deposit Ratio		85.66%		87.72%		85.66%		87.72%
Base Rate (Quarterly Average)		6.59%		8.27%		6.59%		8.27%
Interest Rate Spread		4.59%		4.59%		4.59%		4.59%
Return on Assets		0.67%		0.90%		0.67%		0.90%
Return on Equity		7.56%		10.53%		7.56%		10.53%

Statement of Distributable Profit

As on Quarter ended Ashwin 2082 — NPR in '000

Particulars	Bank	
	Current Year Upto this Qtr. YTD	Previous Year Corresponding Qtr. YTD
Net profit or (loss) as per statement of profit or loss	**224,774**	**281,819**
Appropriations:	**(109,781)**	**(120,535)**
a. General Reserve	(44,955)	(56,364)
c. Exchange Fluctuation Fund	(115)	-
c. Capital Redemption Reserve	(62,500)	(62,500)
d. Corporate Social Responsibility Fund	(2,248)	(2,818)
e. Employees Training Fund	-	-
f. Investment Adjustment Reserve	-	-
g. Other	36	1,147
Profit or (Loss) before regulatory adjustment	**114,993**	**161,284**
Regulatory adjustment	**(244,191)**	**135,957**
a. Interest receivable (-)/previous accrued interest received (+)	(197,253)	27,753
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 (-)/ reversal (+)	7,766	426
e. Deferred tax assets recognised (-)/ reversal (+)	-	80,345
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
- Gains/(losses) from investments in equity instruments	(53,712)	27,433
- Interest Capitalized Reserve	(992)	-
Net profit for the Quarter ended available for distribution	**(129,198)**	**297,242**
Opening Retained Earnings	1,354,102	331,844
Adjustment (+/-)	-	-
Distribution:	**-**	**-**
Bonus shares Issued	-	-
Cash dividend paid	-	-
Total Distributable profit or (loss) as on Quarter ended	**1,224,904**	**629,086**
Annualised Distributable Profit/Loss per share	17.38	8.93

Disclosure Pursuant to Securities Registration and Issue Regulation, 2073 (Rule 26(1), Annexure 14)
1st Quarter of Financial Year 2082-83

1. Financial Statements

a) The Nepal Financial Reporting Standard (NFRS) compliant financial statement of the first quarter has been published along with this report.

b) Transaction with Related Parties

The Group comprises of Muktinath Bikas Bank Limited (the Bank), Muktinath Capital Limited (Subsidiary) & Muktinath Krishi Company Limited (Associate). The transactions with related parties are as follows:

Particulars	Muktinath Capital Ltd.	Muktinath Krishi Co. Ltd.
Nature of Relationship	Subsidiary	Associate
Deposits Outstanding	13,042,674	18,233,405
Interest Paid	252,077	103,389
Non-funded facilities Outstanding	-	5,754,469
Income earned on non-funded facilities	-	12,000
Dividend Received	20,865,848	-

c) Key Financial Indicators

Earnings Per Share (NPR)	12.76	Liquidity Ratio	25.15%
Price Earnings Ratio (Times)	34.13	Return on Equity	7.56%
Net Worth Per Share (NPR)	170.02	Total Assets Value Per Share (NPR)	1,869.19

2. Management Analysis

The business environment continues to face challenges as business confidence remains low despite interest rates having fallen to their lowest levels. On the debt recovery side, the ongoing economic situation has significantly affected recoveries during the quarter. Nevertheless, the Bank has focused on ensuring optimum business growth and debt recovery with maximum efficiency to achieve optimal returns, all while prioritizing long-term sustainability and fostering resilience in a challenging economic environment. Furthermore, the Bank is dedicated to managing risks effectively, delivering exceptional customer service, maximizing returns and intensifying recovery efforts to strengthen its financial position.

3. Details Related to Legal Proceedings

a) No information regarding the lawsuit by or against the Bank has been filed during the period under review except for the regular cases of debt recovery.

b) No information regarding the lawsuit on account of violation of prevailing laws or commission of criminal offences have been filed against the promoter or director of the Bank during the quarterly period under review.

c) No information regarding the lawsuit of financial fraud/crime has been filed against the promoters and management team of the Bank during the quarterly period under review.

4. Analysis of Bank's Share Transaction

a) The shares of the Bank are listed on Nepal Stock Exchange. The Bank's share price is determined by the market's movement and the Bank's management is neutral in this regard.

b) The Bank has complied with all the prevailing norms of SEBON and directives issued by NRB.

c) Details of share transactions during the quarter are as follows:

Price History		Transaction History	
Maximum Price	503	No. of Shares Transacted	10,955,174
Minimum Price	410	No. of Transaction	37,017
Closing Price	435.50	Total Days Transacted	51

(Source: www.nepalstock.com.np)

5. Problems and Challenges

The internal, external problems and challenges faced by the Bank are as follows:

a) Internal Challenges:
i. Challenges in the recovery of problematic loans.
ii. Challenges in business growth due to low credit demand.
iii. Challenges in increasing non-interest income.
iv. Challenges in retaining skilled manpower.
v. Increase in credit risk and operation risk.

b) External Challenges:
i. Stiff competition among Banks & Financial Institutions.
ii. Changes in regulatory provisions.
iii. Risk of increase in non-performing loans.
iv. Risk of cyber security.
v. Migration of youths to foreign countries for better opportunities.
vi. Political unrest impacting investor confidence and business environment.
vii. Excess market liquidity.

c) Strategy

The Bank with its strong brand name emphasizes to preserve & strengthen the relationship with its valued customers & stakeholders by,
i. Optimizing utilization of assets and resources of the Bank.
ii. Developing a comprehensive risk management framework and its effective implementation.
iii. Maintaining the assets quality.
iv. Embracing digital banking in every service area possible.
v. Developing quality human resources through robust training and development.
vi. Adopting proactive loan recovery management.

6. Corporate Governance

The Bank is committed to maintaining the highest level of ethical standards, corporate governance, and compliance. The board of directors and management strictly comply with all the regulatory norms issued by NRB and various other regulatory authorities. Further, the Bank adheres to all the regulatory and legal requirements and the industry best practices.

7. Declaration by CEO

I, the CEO of the Bank, take responsibility for the truthfulness of the information disclosed in this report to the best of my knowledge. Further, the information disclosed herein is true and fair and has not knowingly concealed any material information which may affect the decision of the investor.