"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 2083-84

Consolidated Statement of Financial Position

As on 31st Ashwin 2083

Figures in'000

Particulars	Group		Bank	
	31 Ashwin 2083	32 Asar 2083	31 Ashwin 2083	32 Asar 2083
Assets				
Cash and Cash Equivalent	6,072,201	3,247,318	5,906,417	3,100,878
Due from Nepal Rastra Bank	8,236,233	13,496,203	8,236,233	13,496,203
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Other Trading Assets	205,839	165,409	-	-
Loans and Advances to BFIs	613,514	853,365	613,514	853,365
Loans and Advances to Customers	105,473,321	100,508,831	105,473,321	100,508,831
Investment Securities	19,380,375	19,187,512	19,346,458	19,128,512
Current Tax Assets	-	42,303	-	42,317
Investment in Subsidiaries	-	-	244,046	244,046
Investment in Associates	161,402	165,663	155,550	155,550
Investment Property	1,325,340	892,306	1,292,224	859,191
Property and Equipment	2,040,527	1,961,310	2,032,922	1,952,514
Goodwill and Intangible Assets	8,619	10,539	7,769	9,989
Deferred Tax Assets	192,606	186,234	191,428	185,119
Other Assets	789,503	590,267	720,970	525,806
Total Assets	**144,499,480**	**141,307,261**	**144,220,852**	**141,062,320**
Liabilities				
Due to Banks and Financial Institutions	835,608	1,002,127	835,608	1,002,127
Due to Nepal Rastra Bank	418,718	415,630	418,718	415,630
Derivative Financials Instrument	-	-	-	-
Deposits from Customers	125,296,962	123,443,325	126,258,269	123,539,443
Borrowings	-	-	-	-
Current Tax Liabilities	94,841	-	92,399	-
Provisions	-	-	-	-
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	3,156,328	2,052,377	2,112,919	1,910,054
Debt Securities Issued	1,248,820	1,248,650	1,248,820	1,248,650
Subordinated Liabilities	-	-	-	-
Total Liabilities	**131,051,278**	**128,162,109**	**130,966,733**	**128,115,904**
Equity				
Share Capital	8,000,389	8,000,389	8,000,389	8,000,389
Share Premium	-	-	-	-
Retained Earnings	627,207	692,372	615,606	675,756
Reserves	4,648,811	4,280,417	4,638,124	4,270,271
Total Equity Attributable to Equity Shareholders	**13,276,406**	**12,973,177**	**13,254,119**	**12,946,416**
Non Controlling Interest	**171,795**	**171,975**	**-**	**-**
Total Equity	**13,448,202**	**13,145,152**	**13,254,119**	**12,946,416**
Total Equity and Liabilities	**144,499,480**	**141,307,261**	**144,220,852**	**141,062,320**

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended Ashwin 2083

Figures 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	2,358,531	2,358,531	2,628,630	2,628,630	2,357,861	2,357,861	2,627,188	2,627,188
Interest Expense	1,140,167	1,140,167	1,441,426	1,441,426	1,140,254	1,140,254	1,441,678	1,441,678
Net Interest Income	**1,218,364**	**1,218,364**	**1,187,204**	**1,187,204**	**1,217,607**	**1,217,607**	**1,185,510**	**1,185,510**
Fees and Commission Income	242,254	242,254	163,626	163,626	220,063	220,063	142,576	142,576
Fees and Commission Expense	22,632	22,632	17,284	17,284	20,659	20,659	15,493	15,493
Net Fee and Commission Income	**219,621**	**219,621**	**146,342**	**146,342**	**199,404**	**199,404**	**127,083**	**127,083**
Net Interest, Fee and Commission Income	**1,437,986**	**1,437,986**	**1,333,546**	**1,333,546**	**1,417,011**	**1,417,011**	**1,312,593**	**1,312,593**
Net Trading Income	7,714	7,714	4,616	4,616	2,989	2,989	2,490	2,490
Other Operating Income	20,281	20,281	47,355	47,355	29,387	29,387	63,386	63,386
Total Operating Income	**1,465,981**	**1,465,981**	**1,385,518**	**1,385,518**	**1,449,387**	**1,449,387**	**1,378,469**	**1,378,469**
Impairment Charge/(reversal) for loans and other losses	135,454	135,454	541,167	541,167	135,454	135,454	541,167	541,167
Net Operating Income	**1,330,527**	**1,330,527**	**844,351**	**844,351**	**1,313,933**	**1,313,933**	**837,302**	**837,302**
Operating Expenses								
Personnel Expenses	384,211	384,211	359,089	359,089	375,073	375,073	350,780	350,780
Other Operating Expenses	120,959	120,959	105,097	105,097	115,933	115,933	100,510	100,510
Depreciation and Amortisation	67,184	67,184	65,557	65,557	66,591	66,591	64,906	64,906
Operating Profit	**758,173**	**758,173**	**314,608**	**314,608**	**756,335**	**756,335**	**321,106**	**321,106**
Non Operating Income	73	73	-	-	73	73	-	-
Non Operating Expenses	292,683	292,683	-	-	292,683	292,683	-	-
Profit before Income Tax	**465,564**	**465,564**	**314,608**	**314,608**	**463,726**	**463,726**	**321,106**	**321,106**
Income Tax Expenses								
Current Tax	145,330	145,330	100,642	100,642	141,301	141,301	96,332	96,332
Deferred Tax	-	-	-	-	-	-	-	-
Profit for the Period	**320,233**	**320,233**	**213,966**	**213,966**	**322,424**	**322,424**	**224,774**	**224,774**
Condensed Consolidated Statement of Comprehensive Income								
Profit/(Loss) for the period	**320,233**	**320,233**	**213,966**	**213,966**	**322,424**	**322,424**	**224,774**	**224,774**
Other Comprehensive Income	(14,721)	(14,721)	(53,712)	(53,712)	(14,721)	(14,721)	(53,712)	(53,712)
Total Comprehensive Income	**305,512**	**305,512**	**160,254**	**160,254**	**307,704**	**307,704**	**171,062**	**171,062**
Earnings per Share								
Basic Earnings per Share	-	16.01	-	10.70 (Restated)	-	16.12	-	11.24 (Restated)
Diluted Earnings per Share	-	16.01	-	10.70 (Restated)	-	16.12	-	11.24 (Restated)
Profit attributable to:								
Equity holders of the Bank	316,497	316,497	209,969	209,969	322,424	322,424	224,774	224,774
Non-controlling Interest	3,736	3,736	3,997	3,997	-	-	-	-
Total	**320,233**	**320,233**	**213,966**	**213,966**	**322,424**	**322,424**	**224,774**	**224,774**

Notes:

i. Figures presented above may vary from the audited figures if instructed by the Central Bank and/or Statutory Auditors.
ii. The financial statements presented have been prepared in compliance with the Nepal Financial Reporting Standards (NFRS), applying the carve-outs issued by the Institute of Chartered Accountants of Nepal (ICAN), and in accordance with the directives issued by Nepal Rastra Bank (NRB). Material accounting concepts and policies have been consistently applied.
iii. The Bank has recognised impairment on loans and advances as the higher of total impairment calculated as per NFRS 9 and existing regulatory provisions as per NRB Directive.
iv. The Group financial statements include the figures of Muktinath Bikas Bank Limited, Muktinath Capital Limited and Muktinath Krishi Company Limited.
v. Interest income on loans and advances has been recognized as per the Interest Income Recognition Guidelines 2025 issued by NRB.
vi. Loans and Advances includes the interest accrued and staff loans are presented net of impairment charge.
vii. 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		12.86%		12.92%		12.86%		12.92%
Tier I Capital to RWA		10.78%		11.05%		10.78%		11.05%
CET I Capital to RWA		10.78%		11.05%		10.78%		11.05%
Gross Non-performing loan (NPL) to Total Loan		4.73%		4.03%		4.73%		4.03%
Net Non-performing loan (NPL) to Total Loan		2.19%		1.32%		2.19%		1.32%
Total loan loss provision to Total NPL		83.67%		102.38%		83.67%		102.38%
Cost of Funds		3.55%		4.46%		3.55%		4.46%
Credit to Deposit Ratio		84.05%		85.66%		84.05%		85.66%
Base Rate (Quarterly Average)		5.46%		6.59%		5.46%		6.59%
Interest Rate Spread		4.38%		4.59%		4.38%		4.59%
Return on Equity		9.84%		7.56%		9.84%		7.56%
Return on Assets		0.90%		0.67%		0.90%		0.67%

Statement of Distributable Profit or Loss

For the Quarter ended Ashwin 2083

Figures in'000

(As per NRB Regulation)

Particulars	Bank	
	Current Year Upto this Qtr. YTD	Previous Year Corresponding Qtr. YTD
Net profit or (loss) as per Statement of Profit or Loss	**322,424**	**224,774**
Appropriations:		
a. General Reserve	(64,485)	(44,955)
b. Foreign Exchange Fluctuation Fund	-	(115)
c. Capital Redemption Reserve	(62,500)	(62,500)
d. Corporate Social Responsibility Fund	(3,224)	(2,248)
e. Staff Skill Development Fund	(1,678)	-
f. Other	-	-
- CSR Expenses routed through Statement of Profit or Loss	5,111	36
Profit or (loss) before regulatory adjustment	**195,649**	**114,993**
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(24,439)	(197,253)
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 (+)	(215,521)	7,766
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reserval (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)		
- Gains/(losses) from investments in equity instruments	(14,721)	(53,712)
- Interest Capitalized Reserve	(1,118)	(992)
Net profit for the year ended available for distribution	**(60,150)**	**(129,198)**
Opening Retained Earnings as on Shrawan 1	675,756	1,354,102
Adjustment (+/-)	-	-
Distribution:	**-**	**-**
Bonus shares issued	-	-
Cash dividend paid	-	-
Total Distributable profit or (loss) as on Quarter end	**615,606**	**1,224,904**
Distributable profit or (loss) per share till Ashwin end	7.69	15.31

Disclosure Pursuant to Securities Registration and Issue Regulation, 2073 (Rule 26(1), Annexure 14)

1st Quarter of Financial Year 2083-84

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 (The Bank), Muktinath Capital Limited (Subsidiary) & Muktinath Krishi Company Limited (Associate). The transactions with related parties are as follows: (In 000's)

Particulars	Muktinath Capital Ltd.	Muktinath Krishi Co. Ltd.
% Holding of the Bank	60.26%	22.22%
Nature of Relationship	Subsidiary	Associate
Deposits Outstanding	967,026	2,142
Interest Paid on Deposits	86	56
Guarantees Outstanding	-	621
Dividend on Equity Shares	11,592	-
Dividend from Muktinath Mutual Fund-I	3,575	-

c) Key Financial Indicators

Earnings Per Share (NPR)	16.12	Liquidity Ratio	25.45%
Price Earnings Ratio (Times)	21.34	Return on Equity	9.84%
Net Worth Per Share (NPR)	165.67	Total Assets Value Per Share (NPR)	1,802.67

2. Management Analysis

The ongoing economic situation has significantly affected recoveries and the business for the quarter. Nevertheless, the Bank focused on a robust debt recovery 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.

Analysis of Bank's Interim Financial Statement:

The total assets of the Bank reached NPR 144.42 Bn with the increase in loans to customers and bank & financial institution by 4.66% and deposits to customers by 2.20%. Correspondingly, the Bank reported NPR 322.42 Million in profitability with the growth of 43.44% as compared to the corresponding quarter previous year. The non-performing assets have also increased to 4.73%.

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 has 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) All the shares of the Bank are listed on Nepal Stock Exchange. The Bank's share price is determined by the market's movement and 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 transaction during the quarter is as follows:

Price History		Transaction History	
Maximum Price	380	No. of Shares Transacted	1,937,320
Minimum Price	314.2	No. of Transaction	11,789
Closing Price	344	Total Days Transacted	61

(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 loans due to external circumstances.
ii. Challenges in business growth due to low credit demand.
iii. Challenges in increasing non-interest income.
iv. Challenges in retaining the skilled manpower.

b) External Challenges:

i. Stiff competition among Banks & Financial Institutions.
ii. Changes in regulatory provisions.
iii. Risk of increase in non-performing loans.
iv. Challenges due to stress in National Economic Outlook.
v. Risk of cyber security.
vi. Migration of youths to foreign countries for better opportunities.
vii. Excess market liquidity with limited investment avenues.

c) Strategy

Going forward, the bank intends to:

i. Optimize utilization of assets and resources of the Bank.
ii. Develop a comprehensive risk management framework and its effective implementation.
iii. Improving the assets quality.
iv. Embrace digital banking in every service area possible.
v. Develop quality human resources through robust training and development.

6. Corporate Governance

The Bank is committed in 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, 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 are true and fair and have not knowingly concealed any material information which may affect the decision of the investor.