

INTERIM FINANCIAL STATEMENTS

As on Poush End, 2078
(2nd Quarter F.Y. 2021-22)



मुक्तिनाथ विकास बैंक लि
MUKTINATH BIKAS BANK LTD.

Muktinath Bikas Bank Limited

Condensed Consolidated Statement of Financial Position

As on Quarter ended Poush 2078



मुक्तिनाथ विकास बैंक लि.
MUKTINATH BIKAS BANK LTD.

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets				
Cash and Cash Equivalent	5,636,425,024	6,348,470,905	5,606,200,806	6,269,721,484
Due from Nepal Rastra Bank	3,266,195,181	2,564,748,592	3,266,195,181	2,564,748,592
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financials Instrument	-	-	-	-
Other Trading Assets	108,049,046	85,181,579	-	-
Loans and Advances to BFIs	2,890,607,897	3,483,613,365	2,890,607,897	3,483,613,365
Loans and Advances to Customers	87,048,682,975	72,919,249,873	87,048,682,975	72,919,249,873
Investment Securities	13,858,986,398	14,540,902,926	13,823,986,398	14,513,402,926
Current Tax Assets	-	40,293,183	-	44,298,467
Investment in Subsidiaries	-	-	117,500,000	117,500,000
Investment in Associates	104,906,556	104,906,556	104,906,556	104,906,556
Investment Property	33,115,680	33,115,680	-	-
Property and Equipment	948,846,997	821,672,485	941,127,428	813,780,409
Goodwill and Intangible Assets	9,868,922	9,377,750	8,537,350	8,348,600
Deferred Tax Assets	59,569,423	55,407,419	59,180,008	55,018,004
Other Assets	289,843,088	288,522,696	280,905,445	237,135,084
Total Assets	114,255,097,188	101,295,463,011	114,147,830,045	101,131,723,360
Liabilities				
Due to Banks and Financial Institutions	3,628,369,983	5,419,586,925	3,628,369,983	5,419,586,925
Due to Nepal Rastra Bank	1,328,300,849	832,446,418	1,328,300,849	832,446,418
Derivative Financials Instrument	-	-	-	-
Deposits from Customers	99,331,624,101	86,830,737,290	99,354,721,270	86,902,914,373
Borrowings	-	-	-	-
Current Tax Liabilities	13,331,692	-	9,688,665	-
Provisions	3,506,030	3,732,070	3,506,030	3,732,070
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	1,172,520,635	1,250,299,338	1,144,947,018	1,141,479,877
Debt Securities Issued	1,298,544,520	-	1,298,544,520	-
Subordinated Liabilities	-	-	-	-
Total Liabilities	106,776,197,811	94,336,802,041	106,768,078,337	94,300,159,662
Equity				
Share Capital	5,657,180,857	4,811,550,803	5,657,180,857	4,811,550,803
Share Premium	-	-	-	-
Retained Earnings	231,954,995	918,034,351	228,378,076	896,315,650
Reserves	1,498,824,997	1,128,329,466	1,494,192,775	1,123,697,244
Total Equity Attributable to Equity Shareholders	7,387,960,849	6,857,914,621	7,379,751,708	6,831,563,698
Non Controlling Interest	90,938,528	100,746,350	-	-
Total Equity	7,478,899,376	6,958,660,970	7,379,751,708	6,831,563,698
Total Equity and Liabilities	114,255,097,188	101,295,463,011	114,147,830,045	101,131,723,360

Muktinath Bikas Bank Ltd.

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended Poush 2078



Particular	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
			Corresponding				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	2,630,890,600	5,135,146,947	1,677,690,350	3,384,208,788	2,630,125,772	5,133,456,797	1,675,858,127	3,382,346,864
Interest Expense	1,934,649,305	3,599,850,876	1,103,659,963	2,218,115,206	1,934,870,649	3,600,518,997	1,104,026,002	2,219,908,017
Net Interest Income	696,241,294	1,535,296,072	574,030,387	1,166,093,582	695,255,123	1,532,937,800	571,832,125	1,162,438,847
Fees and Commission Income	103,123,419	333,446,266	155,499,587	297,588,176	94,496,526	312,787,903	153,203,502	291,992,224
Fees and Commission Expense	11,095,081	20,151,170	9,670,607	13,486,309	9,691,070	17,848,022	9,030,603	12,288,178
Net Fee and Commission Income	92,028,338	313,295,096	145,828,980	284,101,867	84,805,457	294,939,881	144,172,899	279,704,046
Net Interest, Fee and Commission Income	788,269,632	1,848,591,168	719,859,366	1,450,195,450	780,060,580	1,827,877,680	716,005,024	1,442,142,893
Net Trading Income	655,631	8,237,376	27,357,698	37,420,571	1,467,247	2,583,892	(3,990,965)	2,681,534
Other Operating Income	2,677,985	20,155,518	113,535,515	311,568,277	2,544,779	38,576,193	113,436,295	311,457,557
Total Operating Income	791,603,248	1,876,984,062	860,752,579	1,799,184,298	784,072,606	1,869,037,765	825,450,354	1,756,281,985
Impairment Charge/(reversal) for loans and other losses	(10,775,905)	164,103,024	20,623,952	171,307,145	(10,775,905)	164,103,024	20,623,952	171,307,145
Net Operating Income	802,379,153	1,712,881,037	840,128,628	1,627,877,153	794,848,511	1,704,934,741	804,826,402	1,584,974,840
Operating Expenses								
Personnel Expenses	255,036,777	528,949,997	244,701,736	485,595,438	251,610,227	520,771,512	238,777,562	476,597,698
Other Operating Expenses	137,956,476	249,809,122	84,847,863	172,427,116	136,016,713	243,098,738	82,981,434	167,865,657
Depreciation and Amortisation	40,840,955	81,490,713	38,337,917	75,910,061	40,337,703	80,484,209	38,084,674	75,300,767
Operating Profit	368,544,946	852,631,205	472,241,112	893,944,538	366,883,868	860,580,282	444,982,732	865,210,717
Non Operating Income	-	-	14,180,000	14,180,000	-	-	14,180,000	14,180,000
Non Operating Expenses	-	-	-	-	-	-	-	-
Profit before Income Tax	368,544,946	852,631,205	486,421,112	908,124,538	366,883,868	860,580,282	459,162,732	879,390,717
Income Tax Expenses								
Current Tax	110,563,484	261,817,112	145,926,334	272,437,361	110,065,160	258,174,085	137,748,820	263,817,215
Deferred Tax	-	-	-	-	-	-	-	-
Profit for the Period	257,981,462	590,814,094	340,494,778	635,687,177	256,818,708	602,406,197	321,413,912	615,573,502

Muktinath Bikas Bank Ltd.

Statement of Comprehensive Income

For the Quarter ended Poush 2078



मुक्तिनाथ विकास बैंक लि.
MUKTINATH BIKAS BANK LTD.

Particular	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
			Corresponding				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)
Profit or loss for the year	257,981,462	590,814,094	340,494,778	635,687,177	256,818,708	602,406,197	321,413,912	615,573,502
Other Comprehensive Income, Net of Income Tax								
a) Items that will not be reclassified to profit or loss								
Gains/(losses) from investment in equity instruments measured at fair value	22,807,921	(13,873,346)	33,285,555	38,967,632	22,807,921	(13,873,346)	33,285,555	38,967,632
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Income tax relating to above items	(6,842,376)	4,162,004	(9,985,666)	(11,690,290)	(6,842,376)	4,162,004	(9,985,666)	(11,690,290)
Net other comprehensive income that will not be reclassified to profit or loss	15,965,545	(9,711,342)	23,299,888	27,277,342	15,965,545	(9,711,342)	23,299,888	27,277,342
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 for the year, Net of Income Tax	15,965,545	(9,711,342)	23,299,888	27,277,342	15,965,545	(9,711,342)	23,299,888	27,277,342
Total Comprehensive Income for the Year	273,947,006	581,102,751	363,794,667	662,964,519	272,784,252	592,694,855	344,713,801	642,850,844
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	273,458,937	577,534,684	356,094,659	654,768,557	272,784,252	592,694,855	344,713,801	642,850,844
Non-Controlling Interest	488,070	3,568,068	7,700,008	8,195,962	-	-	-	-
Total Comprehensive Income for the Year	273,947,006	581,102,751	363,794,667	662,964,519	272,784,252	592,694,855	344,713,801	642,850,844
Earnings per Share								
Basic earnings per share		20.89		22.47 (Restated)		21.30		21.76 (Restated)
Diluted earnings per share		20.89		22.47 (Restated)		21.30		21.76 (Restated)

Ratios as per NRB Directives

Particular	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
			Corresponding				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	-	12.14%	-	11.89%	-	12.14%	-	11.89%
Non-performing loan (NPL) to total loan	-	0.26%	-	0.30%	-	0.26%	-	0.30%
Total loan loss provision to Total NPL	-	598.19%	-	474.14%	-	598.19%	-	474.14%
Cost of Funds	-	7.77%	-	6.24%	-	7.77%	-	6.24%
Credit to Deposit Ratio	-	86.24%	-	83.86%	-	86.24%	-	83.86%
Base Rate	-	9.63%	-	8.38%	-	9.63%	-	8.38%
Interest Rate Spread	-	3.41%	-	4.99%	-	3.41%	-	4.99%

Muktinath Bikas Bank Limited

Consolidated Statement of Cash Flows

For the Quarter ended Poush 2078



मुक्तिनाथ विकास बैंक लि.
MUKTINATH BIKAS BANK LTD.

Particulars	Group		Bank	
	Upto This Quarter	Corresponding Previous Year Upto this Quarter	Upto This Quarter	Corresponding Previous Year Upto this Quarter
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	5,050,150,643	3,396,934,939	5,048,460,493	3,395,073,015
Fee and Other Income Received	333,446,266	297,588,176	312,787,903	291,992,224
Dividend Received	-	-	-	-
Receipts from Other Operating Activities	28,392,894	363,168,848	41,160,085	328,319,092
Interest Paid	(3,599,850,876)	(2,218,115,206)	(3,600,518,997)	(2,219,908,017)
Commissions and Fees Paid	(20,151,170)	(13,486,309)	(17,848,022)	(12,288,178)
Cash Payment to Employees	(528,949,997)	(485,595,438)	(520,771,512)	(476,597,698)
Other Expenses Paid	(413,912,146)	(343,734,261)	(407,201,762)	(339,172,802)
Operating Cash Flows before Changes in Operating Assets and Liabilities	849,125,614	996,760,750	856,068,187	967,417,636
(Increase)/Decrease in Operating Assets				
Due from Nepal Rastra Bank	(701,446,590)	169,293,926	(701,446,590)	169,293,926
Placement with Banks and Financial Institutions	-	-	-	-
Other Trading Assets	(22,867,467)	(81,152,058)	-	-
Loans and Advances to Bank and Financials Institutions	593,005,468	(3,792,658,634)	593,005,468	(3,792,658,634)
Loans and Advances to Customers	(14,129,433,102)	(10,612,793,688)	(14,129,433,102)	(10,613,136,688)
Other Assets	34,810,787	63,225,575	(3,633,898)	64,946,799
Increase/(Decrease) in Operating Liabilities				
Due to Banks and Financials Institutions	(1,791,216,941)	(1,172,270,747)	(1,791,216,941)	(1,172,270,747)
Due to Nepal Rastra Bank	495,854,432	448,714,000	495,854,432	448,714,000
Deposit from Customers	12,500,886,811	17,415,585,755	12,451,806,898	17,561,383,870
Borrowings	-	-	-	-
Other Liabilities	(64,673,051)	362,935,472	12,929,767	54,992,666
Net Cash Flow from Operating Activities before Tax Paid	(2,235,954,038)	3,797,640,350	(2,216,065,779)	3,688,682,827
Income Tax Paid	(261,817,112)	(272,437,361)	(258,174,085)	(263,817,215)
Net Cash Flow from Operating Activities	(2,497,771,149)	3,525,202,989	(2,474,239,864)	3,424,865,612
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investment Securities	-	(5,881,938,852)	-	(6,083,171,102)
Receipts from Sale of Investment Securities	668,043,182	196,442,403	675,543,182	196,442,403
Purchase of Property and Equipment	(207,048,933)	(45,580,401)	(206,214,936)	(41,842,361)
Receipts from Sale of Property and Equipment	-	-	-	-
Purchase of Intangible Assets	(2,107,464)	(2,329,631)	(1,805,043)	(1,214,750)
Receipts from Sale of Intangible Assets	-	-	-	-
Purchase of Investment Properties	-	-	-	-
Receipts from Sale of Investment Properties	-	-	-	-
Interest Received	359,936,481	191,211,781	359,936,481	191,211,781
Dividend Received	11,021,485	8,485,829	31,113,985	8,485,829
Net Cash Used in Investing Activities	829,844,752	(5,533,708,871)	858,573,670	(5,730,088,200)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from Issue of Debt Securities	1,298,544,520	-	1,298,544,520	-
Repayments of Debt Securities	-	-	-	-
Receipts from Issue of Subordinated Liabilities	-	-	-	-
Repayments of Subordinated Liabilities	-	-	-	-
Receipt from Issue of Shares	-	-	-	-
Dividends Paid	(44,506,845)	(184,132,102)	(44,506,845)	(184,132,102)
Interest Paid	-	-	-	-
Other Receipts/Payments	(298,157,158)	(233,378,422)	(301,892,159)	(233,365,652)
Net Cash from Financing Activities	955,880,517	(417,510,524)	952,145,516	(417,497,754)
Net Increase (Decrease) in Cash and Cash Equivalents	(712,045,881)	(2,426,016,405)	(663,520,678)	(2,722,720,342)
Cash and cash equivalents at Shrawan 1, 2078	6,348,470,905	8,228,963,817	6,269,721,484	8,199,382,567
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at Quarter End	5,636,425,024	5,802,947,412	5,606,200,806	5,476,662,225

Muktinath Bikas Bank Limited

Condensed Consolidated Statement of Changes in Equity

For the period from Shrawan 1st 2078 to Poush end 2078



मुक्तिनाथ विकास बैंक लि.
MUKTINATH BIKAS BANK LTD.

Particulars	Bank											Non-Controlling Interest	Total Equity
	Attributable to Equity-Holders of the Bank												
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total			
Balance at Shrawan 01	4,324,989,486	64,012,143	723,965,312	1,916,932	86,274,161	(14,341,547)	-	613,779,161	17,863,042	5,818,458,689	-	5,818,458,689	
Profit for the year	-	-	-	-	-	-	-	1,156,435,048	-	1,156,435,048	-	1,156,435,048	
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income for the year	-	-	-	-	-	27,293,669	-	-	-	27,293,669	-	27,293,669	
Transfer to Reserves during the year	-	-	231,287,010	-	33,706,630	-	-	(267,217,281)	25,251,294	23,027,653	-	23,027,653	
Transfer from Reserves during the year	-	(64,012,143)	-	-	-	-	-	64,012,143	(9,519,259)	(9,519,259)	-	(9,519,259)	
Contributions from and distribution to owners													
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	
• Bonus Shares Issued	486,561,317	-	-	-	-	-	-	(486,561,317)	-	-	-	-	
• Cash Dividend Paid	-	-	-	-	-	-	-	(184,132,102)	-	(184,132,102)	-	(184,132,102)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Total Contributions by and Distributions	486,561,317	(64,012,143)	231,287,010	-	33,706,630	27,293,669	-	(670,693,419)	-	(184,132,102)	-	1,013,105,009	
Balance at Previous year end	4,811,550,803	-	955,252,321	1,916,932	119,980,792	12,952,121	-	896,315,651	33,595,078	6,831,563,698	-	6,831,563,698	
Balance at Shrawan 01	4,811,550,803	-	955,252,321	1,916,932	119,980,792	12,952,121	-	896,315,651	33,595,078	6,831,563,698	-	6,831,563,698	
Profit for the year	-	-	-	-	-	-	-	602,406,197	-	602,406,197	-	602,406,197	
Other Comprehensive Income, Net of Tax	-	-	-	-	-	(9,711,342)	-	-	-	(9,711,342)	-	(9,711,342)	
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Reserves during the year	-	-	120,481,239	-	203,701,572	-	-	(380,206,873)	56,024,062	(0)	-	(0)	
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	-	-	-	-	
Contributions from and distribution to owners													
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	
• Bonus Shares Issued	845,630,054	-	-	-	-	-	-	(845,630,054)	-	-	-	-	
• Cash Dividend Paid	-	-	-	-	-	-	-	(44,506,845)	-	(44,506,845)	-	(44,506,845)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Total Contributions by and Distributions	845,630,054	-	-	-	-	-	-	(890,136,899)	-	(44,506,845)	-	548,188,010	
Balance as at Quarter end	5,657,180,857	-	1,075,733,561	1,916,932	323,682,364	3,240,779	-	228,378,076	89,619,140	7,379,751,708	-	7,379,751,708	

Muktinath Bikas Bank Limited

Condensed Consolidated Statement of Changes in Equity

For the period from Shrawan 1st 2078 to Poush end 2078



Particulars	Group											Non-Controlling Interest	Total Equity
	Attributable to Equity-Holders of the Bank												
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained	Earning	Other Reserve	Total		
Balance at Shrawan 01	4,324,989,486	64,012,143	723,965,312	1,916,932	86,274,161	(14,341,547)	-		613,957,384	17,911,354	5,818,685,224	85,198,826	5,903,884,050
Profit for the year	-	-	-	-	-	-	-		1,180,615,046	-	1,180,615,046	17,491,913	1,198,106,959
Other Comprehensive Income, Net of Tax	-	-	-	-	-	27,293,669	-		-	-	27,293,669	-	27,293,669
Total Comprehensive Income for the year	-	-	-	-	-	-	-		-	-	-	-	-
Transfer to Reserves during the year	-	-	235,454,201	-	33,706,630	-	-		(271,801,191)	16,148,754	13,508,394	-	-
Transfer from Reserves during the year	-	(64,012,143)	-	-	-	-	-		64,012,143	-	-	-	-
Contributions from and distribution to owners	-	-	-	-	-	-	-		-	-	-	-	-
Share Issued	-	-	-	-	-	-	-		-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-		-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-		-	-	-	-	-
• Bonus Shares Issued	486,561,317	-	-	-	-	-	-		(486,561,317)	-	-	-	-
• Cash Dividend Paid	-	-	-	-	-	-	-		(184,132,102)	-	(184,132,102)	-	(184,132,102)
Other	-	-	-	-	-	-	-		1,944,389	-	1,944,389	(1,944,389)	-
Total Contributions by and Distributions	486,561,317	-	-	-	-	-	-		(668,749,030)	-	(184,132,102)	-	1,023,997,343
Balance at Previous year end	4,811,550,803	-	959,419,512	1,916,932	119,980,792	12,952,121	-		918,034,352	34,060,108	6,857,914,620	100,746,350	6,958,660,970
Balance at Shrawan 01	4,811,550,803	-	959,419,512	1,916,932	119,980,792	12,952,121	-		918,034,352	34,060,108	6,857,914,620	100,746,350	6,958,660,970
Profit for the year	-	-	-	-	-	-	-		607,338,526	-	607,338,526	3,568,068	610,906,594
Other Comprehensive Income, Net of Tax	-	-	-	-	-	(9,711,342)	-		-	-	(9,711,342)	-	(9,711,342)
Total Comprehensive Income for the year	-	-	-	-	-	-	-		-	-	-	-	-
Transfer to Reserves during the year	-	-	120,481,239	-	203,701,572	-	-		(380,206,873)	56,024,062	(0)	-	(0)
Transfer from Reserves during the year	-	-	-	-	-	-	-		-	-	-	-	-
Contributions from and distribution to owners	-	-	-	-	-	-	-		-	-	-	-	-
Share Issued	-	-	-	-	-	-	-		-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-		-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-		-	-	-	-	-
• Bonus Shares Issued	845,630,054	-	-	-	-	-	-		(845,630,054)	-	-	-	-
• Cash Dividend Paid	-	-	-	-	-	-	-		(44,506,845)	-	(44,506,845)	(15,300,000)	(59,806,845)
Other	-	-	-	-	-	-	-		(23,074,110)	-	(23,074,110)	1,924,110	(21,150,000)
Total Contributions by and Distributions	845,630,054	-	-	-	-	-	-		(913,211,009)	-	(67,580,955)	(13,375,890)	520,238,406
Balance as at Quarter end	5,657,180,857	-	1,079,900,752	1,916,932	323,682,364	3,240,779	-		231,954,995	90,084,170	7,387,960,849	90,938,528	7,478,899,376

Muktinath Bikas Bank Ltd.

Statement of Distributable Profit

As on Quarter ended Poush 2078



Particulars	Amount
Net profit or (loss) as per statement of profit or loss	602,406,197
<u>Appropriations:</u>	
Profit required to be appropriated to :-	
a. General reserve	120,481,239
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	6,024,062
e. Other	
- Investment Adjustment Reserve	50,000,000
Profit or (loss) before regulatory adjustment	425,900,896
Profit required to be transferred to Regulatory Reserve	(203,701,572)
a. Transferred to Regulatory Reserves	(203,701,572)
b. Transferred from Regulatory Reserves	-
Distributable profit or (loss)	222,199,324

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements



General Information

Muktinath Bikas Bank Limited ('the bank') is domiciled and incorporated in Nepal under the Companies Act, 2063 on 22nd Chaitra 2062. The Bank received the license to commence banking operations as a 'B Class' financial institution from Nepal Rastra Bank on 18th Poush, 2063. The bank is a limited liability company having its shares listed on Nepal Stock Exchange. The registered office of the Bank is situated at Kathmandu Plaza, Kamaladi-28, Kathmandu, Nepal.

The group financial statement includes the Muktinath Capital Limited (formerly known as Vibor Capital Limited) which is the subsidiary of the bank and the bank's associate company, Muktinath Krishi Company Limited.

1. Basis of Preparation

The interim financial statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) : NAS 34 Interim Financial Reporting pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The interim financial statements have been prepared on the formats mandated by the Directive No. 4 of The Unified Directives as made applicable by the Nepal Rastra Bank.

The Condensed Consolidated Interim Financial Statements comprise of:

Condensed Consolidated Statement of Financial Position
Condensed Consolidated Statement of Profit or Loss,
Condensed Consolidated Statement of Other Comprehensive Income,
Condensed Consolidated Statement of Changes in Equity,
Condensed Consolidated Statement of Cash Flows
Notes to Interim Financial Statements and
Ratios as per NRB Directive

Functional and Presentation Currency

The Financial Statements of Entity are presented in Nepalese Rupees (Rs.), which is the currency of the primary economic environment in which the Entity operates.

There was no change in Entity's presentation and functional currency during the year under review.

2. Statement of Compliance with NFRS

The interim financial statements have been prepared in accordance with 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 in compliance with BAFIA 2073, Unified Directives 2075 issued by Nepal Rastra Bank and all other applicable laws and regulations.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements.

3. Use of Estimates, Assumptions and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

4. Changes in Accounting Policies

The Bank applies its accounting policies consistently from year to year except where deviations have been explicitly mandated by the applicable accounting standards.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements

5. Significant Accounting Policies

a. Basis of Measurement

The Financial Statements of Bank have been prepared on the historical cost basis, except for the following material items:

Item	Basis of Measurement
• Quoted Investment Classified under Available for Sale	Fair Value
• Retired Benefit Obligation	Present value of defined benefit obligation less the fair value of the plan assets

5.1 Basis of Consolidation

a. Business Combination

Business combinations are accounted for using the acquisition method in line with the NFRS 03 "Business Combination". The consideration transferred in the acquisition and identifiable net assets acquired are measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amount related to the settlement of pre-existing relationships. Such amount are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

b. Non-Controlling Interest

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

c. Basis of Consolidation

The Consolidate Financial Statement includes the financials of the subsidiary from the date the control commences until the date that control ceases. In preparing the consolidated financial statements, the financial statements are combined by adding the like items of assets, liabilities, equity, income, expenses and cash flows of the parent line by line with those of its subsidiary and eliminating the transaction with the companies within the group.

The consolidation of the group has been carried using NFRS 10 : Consolidated Financial Statements by applying the carve out issued by the Institute of Chartered Accountants of Nepal which states: "A parent shall prepare consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances unless it is impracticable to do so."

Investments in associates are accounted for in financial statements as per equity method although associate's financial statements are not prepared using uniform accounting policies for like transactions and events in similar circumstances as it is impracticable to do.

d. Loss of Control

When the Group loses control over a Subsidiary, it derecognises the assets and liabilities of the Subsidiary, and any-related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former Subsidiary is measured at fair value when control is lost and is accounted depending on the level of control retained.

e. Transaction elimination on consolidation

Intra-group balances, transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5.2 Cash & Cash Equivalent

Cash and cash equivalent comprise the total amount of cash-in -hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities period of three months or less from the acquisition date 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.

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.

5.3 Financial Assets and Financial Liabilities

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.

Classification

The financial assets and liabilities are subsequently measured at amortized cost or fair value on the basis of 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:

Measured at amortised 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 amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

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).

Equity Instrument which are not held for trading and initially recognized as held for trading for which the bank makes an irrevocable election to carry the changes in fair value of the instrument through OCI are measured at Fair Value through other Comprehensive Income.

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 amortised cost or FVTOCI, is classified as FVTPL.

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

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 are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements

Financial liabilities measured at amortised cost:

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

De-recognition

The Bank derecognises 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 derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 banks follows 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.

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 realisable value of any underlying collateral. Top borrowers 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.

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:

- Home Loan
- Hire Purchase Loan
- Personal Loan
- Business Loans
- Small & Micro Credit
- Others

Carve out adopted for assessment of impairment charge

The bank has opted to apply carve out on impairment of loans and receivables. Accordingly, individual and collective impairment loss amount calculated as per NFRS is compared with the impairment provision required under NRB directive no. 2, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements

5.4 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 recognised on trade date, when the bank enters into contractual arrangements with counterparties, and are normally derecognised when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognised in profit or loss in 'Net trading income'.

5.5 Derivative Assets and Derivative Liabilities

Derivative instruments includes transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date.

The bank do not have any derivative instrument during the reporting period.

5.6 Property and Equipment

Recognition and measurement: Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Depreciation: The Bank depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Type of Asset	Useful Life
Buildings	50 Years
Leasehold Properties	5 Years
Computer & Accessories	5 Years
Vehicles - Two Wheeler	5 Years
- Four Wheeler	7 Years
Furniture & Fixtures	5 Years
Equipment & Others - Equipment	5 Years
- Others	2 Years
Intangibles Assets	5 Years

The Bank adopts cost model for entire class of property and equipment. The bank has not measured the any property and plant at revaluation model and at fair value. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Assets having acquisition cost less than or equal NPR 10,000 have been written off as an expense in the Statement of Profit or Loss.

5.7 Goodwill/Intangible Assets

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

Intangible assets are recognised separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. These intangible assets are recognised at historical cost less impairment less amortisation over their estimated useful life.

5.8 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.

5.9 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 recognised 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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised 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 group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset.

5.10 Deposit, 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 recognised 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 amortised cost using effective interests method except where the bank designates liabilities at fair value through profit t or loss.

c. Subordinate 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. During the reporting period the bank did not have any such liabilities.

5.11 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 recognised 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.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements

5.12 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the consideration can be reliably measured. The following specific recognition criteria shall also be met for revenue recognition:

a. Interest Income

Interest income are recognised in profit or loss for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the expected estimated future cash payments and receipts through the expected life of the financial asset or liability. Where financial assets have been impaired, interest income continues to be recognised on the Gross value, based on the original effective interest rate.

b. Fee and Commission Income

Fees and commissions are generally recognised 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 'Held for Trading'. 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.

f. Interest Expenses

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method.

The Bank uses ASB carve- outs as mentioned in 2.6 above and treat coupon rate as effective interest rate.

5.13 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

i. Defined Contribution Plans

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

ii. 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 recognised 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. When the calculation results in a potential assets for the group, the recognized assets is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements



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), taking into account 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.

5.14 Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a

a. Financial Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease. As a lessor under finance leases, the group presents the amounts due under the leases, after deduction of unearned charges, in 'Loans and advances to banks' or 'Loans and advances to customers'. As a lessee under finance leases, the group presents the leased assets in 'Property, plant and equipment' and the corresponding liability to the lessor is included in 'Other liabilities'. A finance lease and its corresponding liability are recognised initially at the fair value of the asset or, if lower, the present value of the minimum lease payments.

The bank does not have any financial leases transaction during the reporting period.

b. Operating Lease

When acting as lessor, Bank includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

5.15 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees which is the functional and presentation currency of the Bank.

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

5.16 Share Capital and Reserves

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.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements



6. Related Party Disclosure

Name of the Related Party	Relationship
Muktinath Capital Limited	Subsidiary Company
Muktinath Krishi Company Limited	Associate Company
Bharat Raj Dhakal	Chairman
Gajendra Man Shrestha	Director
Rabindra Man Shrestha	Director
Shalikgram Mishra	Director
Nirmala Kumari K.C. Karki	Director
Pradyuman Pokharel, Chief Executive Officer	Key Managerial Personnel
Samir Sekhar Bajracharya, Deputy Chief Executive Officer	Key Managerial Personnel
Til Bahadur Gurung, Assistant Deputy Chief Executive Officer	Key Managerial Personnel
Govinda Bahadur Raut, Assistant Chief Executive Officer	Key Managerial Personnel

ii. Related Party Transactions

The related parties of the Bank which meets the definition of related parties as defined in NAS 24 Related Party Disclosures are as follows: Key Management Personnel (KMP) are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Bank includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the Bank. The name of the key management personnel who were holding various positions in the office during the year were as follows:

Board of Directors Allowances and Facilities

Particulars	No of Meetings	Sitting Fees
Board Meeting	4	486,000
Audit Committee Meeting	2	19,000
Risk Management Committee	1	9,500
Assets Money Laundering Prevention Committee	1	5,000
Employees Facilities Committee	-	-
Total		519,500

In additions to above, the Chairman and Directors are entitled to receive the telephone expenses of Rs. 3,000 and Rs. 2,500 monthly respectively. Further, the directors are paid Rs 2,000 each monthly as the reimbursement of the Newspaper and Internet facilities.

Subsidiary and Associate Company

The transaction with the subsidiary and associate company during the year are as follows:

Particulars	Nature of Relationship	Nature of Transaction	Amount
Muktinath Capital Limited	Subsidiary	Deposits Outstanding	23,097,169
Muktinath Capital Limited	Subsidiary	Interest Paid	668,122
Muktinath Krishi Company Limited	Associate	Deposits Outstanding	15,322,367
Muktinath Krishi Company Limited	Associate	Interest Paid	1,970,636

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

No dividends have been paid during the reporting period.

8. 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.

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

There were no changes in the composition of the Bank for the reporting period ended 31st Poush 2078.

Muktinath Bikas Bank Limited

Notes to Interim Financial Statements



10. Additional Disclosures - Concentration of Borrowings and deposits

A. Concentration of Borrowings

Particulars	Current Year	Previous year
Borrowings from 10 largest lenders	1,824,100,602	828,735,570
% of borrowings from ten largest lenders to total deposits	1.79%	0.90%

B. Concentration of Credit Exposures

Particulars	Current Year	Previous year
Total exposures to twenty largest borrowers		
a. As per group(related party)	4,991,484,235	4,636,753,052
b. As per individual customer	3,891,800,309	3,720,424,615
Percentage of exposures to twenty largest borrowers to total loans and advances		
a. As per group(related party)	5.54%	6.05%
b. As per individual customer	4.32%	4.85%

C. Concentration of Deposits

Particulars	Current Year	Previous year
Total deposits from twenty largest depositors		
a. Group-wise	13,267,974,330	14,615,343,839
b. As per individual customers	4,306,489,917	4,838,072,698
Percentage of deposits from twenty largest depositors to total deposits		
a. Group-wise	13.01%	15.91%
b. As per individual customers	4.22%	5.27%

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Disclosure Pursuant to Securities Registration and
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1. Financial Statement

a) The Nepal Financial Reporting Standard (NFRS) compliant financial statement of the second 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 transaction with related parties is as follows:

Particulars	Muktinath Capital Limited	Muktinath Krishi Company Limited
Deposits	23,097,169	15,322,367
Interest on Deposits	668,122	1,970,636

c) Key Financial Indicators

Earnings Per Share	21.30	Liquidity Ratio	21.39%
Price Earnings Ratio	27.20	Return on Equity	16.96%
Net Worth Per Share	130.45	Total Assets Value Per Share	2017.75

2. Management Analysis

Amidst the ongoing novel coronavirus pandemic, both regulators and financial institutions are steering through uncharted waters. Despite the current situation, Bank's management is committed towards the growth and expansion of its banking service through effective internal control measures and resource management.

Quarterly analysis of Bank's incomes and liquidity:

The Bank has registered NPR 602.41 million in net profit and its liquidity ratio stands at 21.39%. However, due to adverse liquidity conditions the growth of the bank has been slightly affected.

3. Details Related to Legal Proceedings

- a) No information regarding the lawsuit by or against the Bank has been filed during the Quarterly period under review.
- 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:

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Maximum Price	752	Total Shares Transacted	3,895,295
Minimum Price	447	Total No. of Transaction	32,167
Closing Price	579.2	Total Amount Traded	2,403,408,909
Total Days Transacted	59		

(Source: - www.nepalstock.com.np)

5. Problems and Challenges

The adverse impact of COVID 19 pandemic on various sectors of the economy (like travel and tourism, manufacturing, transportation, small and medium industries etc.) has resulted in a downturn of economy. As a result of which, the recovery of the dues of the Bank has been affected and is expected to be affected till the situation gets normalized.

The Bank has been continuously involved in providing quality banking services to its customers by ensuring the safety of its employees as well as its customers during the times of ongoing pandemic (COVID-19). The total cost of operations has been increased in recent times due to recruitment, retention of quality human resource and addition of new branches.

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

a) Internal Challenges:

- Challenges in the timely recovery of loans.
- Challenges in managing liquidity.
- Challenges in increasing non-interest income.
- Challenges in retaining the skilled manpower.

b) External Challenges:

- Stiff competition among Banks & Financial Institutions.
- Changes in regulatory provisions.
- Fluctuation in lending and deposits interest rates.
- Uncertainty regarding the possible adverse socio-economic impact of the COVID-19 pandemic in the days to come.
- Adverse liquidity condition.

c) Strategy

The Bank with its strong brand name emphasizes to preserve & strengthen the relationship with its valued customers & stakeholders by,

- Analyzing the overall impact of COVID-19 in the banking industry and developing the strategies accordingly.
- Optimizing utilization of assets and resources of the Bank.
- Developing a comprehensive risk management framework and its effective implementation.
- Maintaining the assets quality.
- Embracing digital banking in every service area possible.
- Developing quality human resource through online training and development.

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- Expansion of the branches in an untapped market & facilitate the banking service to the unreached population.

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.

Chief Executive Officer
Pradyuman Pokharel