

# INTERIM FINANCIAL STATEMENTS

As on Poush End, 2076

(2nd Quarter F.Y. 2019-20)



**मुक्तिनाथ विकास बैंक लि.**

**MUKTINATH BIKAS BANK LTD.**

Kathamandu Plaza, Kamaladi, Kathmandu

# Muktinath Bikas Bank Limited

## Condensed Consolidated Statement of Financial Position

As on Quarter ended 29th Poush 2076



Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
<b>Assets</b>				
Cash and Cash Equivalent	9,852,062,945	8,529,233,371	9,748,968,288	8,526,257,061
Due from Nepal Rastra Bank	2,045,827,727	1,718,104,528	2,045,827,727	1,718,104,528
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financials Instrument	-	-	-	-
Other Trading Assets	20,764,624	4,390,111	-	-
Loans and Advances to Bank and Financials Institutions	79,200,000	-	79,200,000	-
Loans and Advances to Customers	45,203,260,489	38,144,321,489	45,203,260,489	38,144,321,489
Investment Securities	1,979,303,352	2,532,353,930	1,979,303,352	2,516,853,930
Current Tax Assets	-	-	-	-
Investment in Subsidiaries	-	-	117,500,000	117,500,000
Investment in Associates	53,220,757	53,220,757	53,220,757	53,220,757
Investment Property	-	-	-	-
Property and Equipment	814,500,229	754,937,858	780,151,631	720,323,253
Goodwill and Intangible Assets	11,823,327	10,687,859	9,108,810	7,717,794
Deferred Tax Assets	40,375,713	40,454,987	40,281,185	39,066,937
Other Assets	241,645,595	151,722,321	234,907,981	148,030,538.05
<b>Total Assets</b>	<b>60,341,984,759</b>	<b>51,939,427,211</b>	<b>60,291,730,219</b>	<b>51,991,396,287</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	5,751,639,856	5,305,848,132	5,751,639,856	5,305,848,132
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financials Instrument	-	-	-	-
Deposits from Customers	48,204,104,450	41,338,200,003	48,238,715,108	41,470,704,753
Borrowings	-	-	-	-
Current Tax Liabilities	18,675,849	23,349,314	27,232,930	30,319,060
Provisions	3,732,070	7,306,213	3,732,070	6,917,913
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	720,015,184	732,201,399	714,307,865	728,103,009
Debt Securities Issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>54,698,167,409</b>	<b>47,406,905,060</b>	<b>54,735,627,829</b>	<b>47,541,892,867</b>
<b>Equity</b>				
Share Capital	4,324,989,486	3,064,760,123	4,324,989,486	3,064,760,123
Share Premium	64,012,143	-	64,012,143	-
Retained Earnings	369,989,532	705,631,064	367,300,134	705,631,064
Reserves	799,800,628	679,112,233	799,800,628	679,112,233
<b>Total Equity Attributable to Equity Shareholders</b>	<b>5,558,791,788</b>	<b>4,449,503,420</b>	<b>5,556,102,390</b>	<b>4,449,503,420</b>
<b>Non Controlling Interest</b>	<b>85,025,561</b>	<b>83,018,731</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>5,643,817,349</b>	<b>4,532,522,151</b>	<b>5,556,102,390</b>	<b>4,449,503,420</b>
<b>Total Equity and Liabilities</b>	<b>60,341,984,759</b>	<b>51,939,427,211</b>	<b>60,291,730,219</b>	<b>51,991,396,287</b>

# Muktinath Bikas Bank Ltd.

## Condensed Consolidated Statement of Profit or Loss

For the Quarter ended 29th Poush 2076



Particular	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	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	1,637,334,659	3,183,264,894	1,215,894,366	2,310,799,426	1,632,399,637	3,177,420,536	1,215,894,366	2,310,799,426
Interest Expenses	1,057,257,265	2,078,670,926	763,564,856	1,391,694,641	1,057,257,265	2,078,670,926	763,564,856	1,391,694,641
<b>Net Interest Income</b>	<b>580,077,395</b>	<b>1,104,593,968</b>	<b>452,329,510</b>	<b>919,104,785</b>	<b>575,142,372</b>	<b>1,098,749,610</b>	<b>452,329,510</b>	<b>919,104,785</b>
Fee and Commission Income	158,574,439	310,753,758	157,557,467	312,538,660	161,539,231	310,753,758	157,557,467	312,538,660
Fee and Commission Expenses	6,358,762	9,479,213	9,383,488	11,241,332	6,368,911	9,479,213	9,383,488	11,241,332
<b>Net Fee and Commission Income</b>	<b>152,215,676</b>	<b>301,274,545</b>	<b>148,173,979</b>	<b>301,297,328</b>	<b>155,170,320</b>	<b>301,274,545</b>	<b>148,173,979</b>	<b>301,297,328</b>
<b>Net Interest, Fee and Commission Income</b>	<b>732,293,071</b>	<b>1,405,868,513</b>	<b>600,503,489</b>	<b>1,220,402,114</b>	<b>730,312,692</b>	<b>1,400,024,155</b>	<b>600,503,489</b>	<b>1,220,402,114</b>
Net Trading Income	5,794,162	10,468,686	117,505	163,193	871,189	5,545,713	117,505	163,193
Other Operating Income	2,742,983	14,981,829	1,337,017	4,697,163	836,364	13,049,141	1,337,017	4,697,163
<b>Total Operating Income</b>	<b>740,830,217</b>	<b>1,431,319,028</b>	<b>601,958,010</b>	<b>1,225,262,469</b>	<b>732,020,246</b>	<b>1,418,619,010</b>	<b>601,958,010</b>	<b>1,225,262,469</b>
Impairment Charge/(reversal) for loans and other losses	24,186,484	89,123,677	46,633,883	97,150,178	24,292,806	89,229,999	46,633,883	97,150,178
<b>Net Operating Income</b>	<b>716,643,733</b>	<b>1,342,195,351</b>	<b>555,324,128</b>	<b>1,128,112,291</b>	<b>707,727,440</b>	<b>1,329,389,011</b>	<b>555,324,128</b>	<b>1,128,112,291</b>
<b>Operating Expenses</b>	-	-	-	-	-	-	-	-
Personnel Expenses	197,965,580	387,460,145	157,520,371	323,127,703	196,341,170	384,355,897	157,520,371	323,127,703
Other Operating Expenses	121,863,524	212,096,228	72,452,415	146,684,577	120,612,612	208,959,400	72,452,415	146,684,577
Depreciation & Amortization	41,874,178	61,595,644	19,785,525	37,164,406	41,625,137	61,133,980	19,785,525	37,164,406
<b>Operating Profit</b>	<b>354,940,451</b>	<b>681,043,334</b>	<b>305,565,817</b>	<b>621,135,604</b>	<b>349,148,522</b>	<b>674,939,735</b>	<b>305,565,817</b>	<b>621,135,604</b>
Non Operating Income	-	77,490	270,070	270,070	-	77,490	270,070	270,070
Non Operating Expenses	-	-	-	-	-	-	-	-
<b>Profit before Income Tax</b>	<b>354,940,451</b>	<b>681,120,824</b>	<b>305,835,887</b>	<b>621,405,674</b>	<b>349,148,522</b>	<b>675,017,225</b>	<b>305,835,887</b>	<b>621,405,674</b>
Income Tax Expenses	-	-	-	-	-	-	-	-
Current Tax	103,724,810	199,943,689	87,622,483	173,498,686	103,724,810	199,943,689	87,622,483	173,498,686
Deferred Tax	3,108,592	4,087,378	5,798,067	18,097,835	1,676,194	2,561,478	5,798,067	18,097,835
<b>Profit for the Period</b>	<b>248,107,049</b>	<b>477,089,757</b>	<b>212,415,336</b>	<b>429,809,153</b>	<b>243,747,518</b>	<b>472,512,057</b>	<b>212,415,336</b>	<b>429,809,153</b>

# Muktinath Bikas Bank Ltd.

## Statement of Comprehensive Income

For the Quarter ended 29th Poush 2076



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	248,107,049	477,089,757	212,415,336	429,809,153	243,747,518	472,512,057	212,415,336	429,809,153
<b>Other Comprehensive Income, Net of Income Tax</b>								
<b>a) Items that will not be reclassified to profit or loss</b>								
Gains/(losses) from investment in equity instruments measured at fair value	25,786,019	(12,585,753)	(1,986,744)	(3,973,487)	25,786,019	(12,585,753)	(1,986,744)	(3,973,487)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	(637,593)	(1,275,187)	-	-	(637,593)	(1,275,187)
Income tax relating to above items	(7,735,806)	3,775,726	787,301	1,574,602	(7,735,806)	3,775,726	787,301	1,574,602
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>18,050,213</b>	<b>(8,810,027)</b>	<b>(1,837,036)</b>	<b>(3,674,072)</b>	<b>18,050,213</b>	<b>(8,810,027)</b>	<b>(1,837,036)</b>	<b>(3,674,072)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>								
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	-	-	-	-	-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income for the year, Net of Income Tax</b>	<b>18,050,213</b>	<b>(8,810,027)</b>	<b>(1,837,036)</b>	<b>(3,674,072)</b>	<b>18,050,213</b>	<b>(8,810,027)</b>	<b>(1,837,036)</b>	<b>(3,674,072)</b>
<b>Total Comprehensive Income for the Year</b>	<b>266,157,262</b>	<b>468,279,730</b>	<b>210,578,300</b>	<b>426,135,081</b>	<b>261,797,731</b>	<b>463,702,031</b>	<b>210,578,300</b>	<b>426,135,081</b>
Total Comprehensive Income attributable to:								
Equity-Holders of the Bank	273,168,982	475,201,456	210,578,300	426,135,081	261,797,731	463,702,031	210,578,300	426,135,081
Non-Controlling Interest	1,798,306	1,888,301	-	-	-	-	-	-
<b>Total Comprehensive Income for the Year</b>	<b>274,967,289</b>	<b>477,089,757</b>	<b>210,578,300</b>	<b>426,135,081</b>	<b>261,797,731</b>	<b>463,702,031</b>	<b>210,578,300</b>	<b>426,135,081</b>
<b>Earning per share</b>								
Basic earnings per share	-	22.34	-	20.92 (Restated)	-	22.13	-	20.92 (Restated)
Diluted earnings per share	-	22.34	-	20.92 (Restated)	-	22.13	-	20.92 (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	-	14.15%	-	13.78%	-	14.15%	-	13.78%
Non-performing loan (NPL) to total loan	-	0.11%	-	0.05%	-	0.11%	-	0.05%
Total loan loss provision to Total NPL	-	961.22%	-	2100.21%	-	961.22%	-	2100.21%
Cost of Funds	-	8.61%	-	8.67%	-	8.61%	-	8.67%
Credit to Deposit Ratio	-	77.93%	-	78.77%	-	77.93%	-	78.77%
Base Rate	-	11.18%	-	11.25%	-	11.18%	-	11.25%
Gross Interest Rate Spread	-	5.66%	-	6.06%	-	5.66%	-	6.06%

# Muktinath Bikas Bank Limited

## Condensed Consolidated Statement of Changes in Equity

For the period from Shrawan 1st 2076 to Poush 29th 2076



Particulars	Group											Non-Controlling Interest	Total Equity
	Attributable to Equity-Holders of the Bank										Total		
	Share	Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve			
<b>Balance at Shrawan 01, 2075</b>	2,591,763,317		65,036,203	411,250,993	38,602	-	(28,297,271)	-	569,234,704	16,553,106	3,625,579,654	-	3,625,579,654
Profit for the year	-	-	-	-	-	-	-	-	856,166,479	-	856,166,479	-	856,166,479
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	(5,562,882)	-	-	-	(5,562,882)	-	(5,562,882)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	(5,562,882)	-	856,166,479	(1,785,261)	848,818,335	-	848,818,335
Transfer to Reserves during the year	-	-	-	171,233,296	-	114,810,622	-	-	(294,605,583)	8,561,665	-	-	-
Transfer from Reserves during the year	-	-	-	-	-	-	3,220,757	-	7,690,636	(10,911,393)	-	-	-
<b>Contributions from and distribution to owners</b>													
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-
• Bonus Shares Issued	472,996,806	(65,036,203)	-	-	-	-	-	-	(407,960,603)	-	-	-	-
• Cash Dividend Paid	-	-	-	-	-	-	-	-	(24,894,569)	-	(24,894,569)	-	(24,894,569)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	472,996,806	(65,036,203)	171,233,296	-	114,810,622	(2,342,126)	-	-	136,396,360	(4,134,989)	823,923,766	-	823,923,766
<b>Balance at Asar 31, 2076</b>	3,064,760,123	-	582,484,289	38,602	114,810,622	(30,639,397)	-	-	705,631,064	12,418,117	4,449,503,420	-	4,449,503,420
<b>Balance at Shrawan 01, 2076</b>	3,064,760,123	-	582,484,289	38,602	114,810,622	(30,639,397)	-	-	705,631,064	12,418,117	4,449,503,420	83,018,731	4,532,522,151
Profit for the year	-	-	-	-	-	-	-	-	475,201,456	-	475,201,456	2,006,830	477,208,286
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	(8,810,027)	-	-	-	(8,810,027)	-	(8,810,027)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	(8,810,027)	-	475,201,456	-	466,391,429	2,006,830	468,398,259
Transfer to Reserves during the year	-	-	94,502,411	632,519	29,638,371	-	-	-	-	4,725,121	129,498,421	-	129,498,421
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	(129,498,421)	-	(129,498,421)	-	(129,498,421)
<b>Contributions from and distribution to owners</b>	1,260,229,363	64,012,143	-	-	-	-	-	-	(681,344,566)	-	642,896,939	-	642,896,939
Share Issued	612,952,025	64,012,143	-	-	-	-	-	-	-	-	676,964,168	-	676,964,168
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-
• Bonus Shares Issued	647,277,338	-	-	-	-	-	-	-	(647,277,338)	-	-	-	-
• Cash Dividend Paid	-	-	-	-	-	-	-	-	(34,067,228)	-	(34,067,228)	-	(34,067,228)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	1,260,229,363	64,012,143	94,502,411	632,519	29,638,371	(8,810,027)	-	-	(335,641,532)	4,725,121	1,109,288,368	2,006,830	1,111,295,198
<b>Balance at Ashwin 30, 2076</b>	4,324,989,486	64,012,143	676,986,700	671,121	144,448,993	(39,449,424)	-	-	369,989,532	17,143,237	5,558,791,788	85,025,561	5,643,817,349

# Muktinath Bikas Bank Limited

## Condensed Consolidated Statement of Changes in Equity

For the period from Shrawan 1st 2076 to Poush 29th 2076



Particulars	Bank											Non-Controlling Interest	Total Equity
	Attributable to Equity-Holders of the Bank										Total		
	Share	Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve			
<b>Balance at Shrawan 01, 2075</b>	2,591,763,317		65,036,203	411,250,993	38,602	-	(28,297,271)	-	569,234,704	16,553,106	3,625,579,654	-	3,625,579,654
Profit for the year	-	-	-	-	-	-	-	-	856,166,479	-	856,166,479	-	856,166,479
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	(5,562,882)	-	-	(1,785,261)	(7,348,144)	-	(7,348,144)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	(5,562,882)	-	856,166,479	(1,785,261)	848,818,335	-	848,818,335
Transfer to Reserves during the year	-	-	-	171,233,296	-	114,810,622	-	-	(294,605,583)	8,561,665	-	-	-
Transfer from Reserves during the year	-	-	-	-	-	-	3,220,757	-	7,690,636	(10,911,393)	-	-	-
<b>Contributions from and distribution to owners</b>	472,996,806	(65,036,203)	-	-	-	-	-	-	(432,855,172)	-	(24,894,569)	-	(24,894,569)
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-
• Bonus Shares Issued	472,996,806	(65,036,203)	-	-	-	-	-	-	(407,960,603)	-	-	-	-
• Cash Dividend Paid	-	-	-	-	-	-	-	-	(24,894,569)	-	(24,894,569)	-	(24,894,569)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	472,996,806	(65,036,203)	171,233,296	-	114,810,622	(2,342,126)	-	-	136,396,360	(4,134,989)	823,923,766	-	823,923,766
<b>Balance at Asar 31, 2076</b>	3,064,760,123	-	582,484,289	38,602	114,810,622	(30,639,397)	-	-	705,631,064	12,418,117	4,449,503,420	-	4,449,503,420
<b>Balance at Shrawan 01, 2076</b>													
Profit for the year	-	-	-	-	-	-	-	-	472,512,057	-	472,512,057	-	472,512,057
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	(8,810,027)	-	-	-	(8,810,027)	-	(8,810,027)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	(8,810,027)	-	472,512,057	-	463,702,031	-	463,702,031
Transfer to Reserves during the year	-	-	94,502,411	632,519	29,638,371	-	-	-	-	4,725,121	129,498,421	-	129,498,421
Transfer from Reserves during the year	-	-	-	-	-	-	-	-	(129,498,421)	-	(129,498,421)	-	(129,498,421)
<b>Contributions from and distribution to owners</b>	1,260,229,363	64,012,143	-	-	-	-	-	-	(681,344,566)	-	642,896,939	-	642,896,939
Share Issued	612,952,025	64,012,143	-	-	-	-	-	-	-	-	676,964,168	-	676,964,168
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-	-
• Bonus Shares Issued	647,277,338	-	-	-	-	-	-	-	(647,277,338)	-	-	-	-
• Cash Dividend Paid	-	-	-	-	-	-	-	-	(34,067,228)	-	(34,067,228)	-	(34,067,228)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	1,260,229,363	64,012,143	94,502,411	632,519	29,638,371	(8,810,027)	-	-	(338,330,931)	4,725,121	1,106,598,970	-	1,106,598,970
<b>Balance at Ashwin 30, 2076</b>	4,324,989,486	64,012,143	676,986,700	671,121	144,448,993	(39,449,424)	-	-	367,300,134	17,143,237	5,556,102,390	-	5,556,102,390

# Muktinath Bikas Bank Limited

## Consolidated Statement of Cash Flows

For the Quarter ended 29th Poush 2076



मुक्तिनाथ विकास बैंक लि.  
MUKTINATH BIKAS BANK LTD.

Particulars	Group		Bank	
	Upto This Quarter	Immediate Previous Year Ending	Upto This Quarter	Immediate Previous Year Ending
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest Received	2,899,903,990	4,986,709,694	2,899,903,990	4,986,709,694
Fee and Other Income Received	310,753,758	615,635,927	310,753,758	615,635,927
Dividend Received	-	-	-	-
Receipts from Other Operating Activities	10,844,527	14,508,114	10,844,527	14,508,114
Interest Paid	(2,078,670,926)	(3,223,828,556)	(2,078,670,926)	(3,223,828,556)
Commissions and Fees Paid	(9,479,213)	(13,739,797)	(9,479,213)	(13,739,797)
Cash Payment to Employees	(252,456,700)	(646,171,476)	(249,352,452)	(646,171,476)
Other Expenses Paid	(212,096,228)	(363,156,413)	(208,959,400)	(363,156,413)
<b>Operating Cash Flows before Changes in Operating Assets and Liabilities</b>	<b>668,799,208</b>	<b>1,369,957,493</b>	<b>675,040,284</b>	<b>1,369,957,493</b>
<b>(Increase)/Decrease in Operating Assets</b>				
Due from Nepal Rastra Bank	(327,723,199)	(278,303,250)	(327,723,199)	(278,303,250)
Placement with Banks and Financial Institutions	-	-	-	-
Other Trading Assets	(16,898,576)	(4,390,111)	-	-
Loans and Advances to Bank and Financials Institutions	(80,000,000)	-	(80,000,000)	-
Loans and Advances to Customers	(7,122,307,815)	(13,125,315,051)	(7,122,307,815)	(13,125,315,051)
Other Assets	(89,923,274)	9,772,241	(86,877,443)	14,852,074
<b>Increase/(Decrease) in Operating Liabilities</b>				
Due to Banks and Financials Institutions	445,791,724	1,729,687,023	445,791,724	1,729,687,023
Due to Nepal Rastra Bank	-	-	-	-
Deposit from Customers	6,865,904,447	14,245,447,340	6,768,010,355	14,377,952,090
Borrowings	-	-	-	-
Other Liabilities	(147,189,659)	394,834,776	(148,798,589)	314,299,103
<b>Net Cash Flow from Operating Activities before Tax Paid</b>	<b>196,452,856</b>	<b>4,341,690,461</b>	<b>123,135,317</b>	<b>4,403,129,481</b>
Income Tax Paid	(204,617,153)	(417,620,767)	(203,029,818)	(417,620,767)
<b>Net Cash Flow from Operating Activities</b>	<b>(8,164,298)</b>	<b>3,924,069,694</b>	<b>(79,894,502)</b>	<b>3,985,508,714</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Investment Securities	-	(1,917,588,119)	-	(2,019,588,119)
Receipts from Sale of Investment Securities	553,050,578	-	526,661,917	-
Purchase of Property and Equipment	(121,158,016)	(383,991,729)	(120,962,357)	(349,377,125)
Receipts from Sale of Property and Equipment	-	-	9,634	-
Purchase of Intangible Assets	(1,135,468)	(6,115,979)	(1,391,015)	(3,145,914)
Purchase of Investment Properties	-	-	-	-
Receipts from Sale of Investment Properties	-	-	-	-
Interest Received	255,113,876	53,077,952	249,269,518	53,077,952
Dividend Received	6,121,093	6,250,016	6,121,093	6,250,016
<b>Net Cash Used in Investing Activities</b>	<b>691,992,063</b>	<b>(2,248,367,858)</b>	<b>659,708,789</b>	<b>(2,312,783,189)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from Issue of Debt Securities	-	-	-	-
Repayments of Debt Securities	-	-	-	-
Receipts from Issue of Subordinated Liabilities	-	-	-	-
Repayments of Subordinated Liabilities	-	-	-	-
Receipt from Issue of Shares	1,324,241,506	407,960,603	1,324,241,506	407,960,603
Dividends Paid	(34,067,228)	-	(34,067,228)	-
Interest Paid	-	-	-	-
Other Receipts/Payments	(651,172,469)	(440,203,316)	(647,277,338)	(440,203,316)
<b>Net Cash from Financing Activities</b>	<b>639,001,808</b>	<b>(32,242,712)</b>	<b>642,896,939</b>	<b>(32,242,713)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	1,322,829,574	1,643,459,123	1,222,711,227	1,640,482,812
Cash and cash equivalents at Shrawan 1, 2076	8,529,233,372	6,885,774,249	8,526,257,061	6,885,774,249
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
<b>Cash and cash equivalents at Ashwin end 2076</b>	<b>9,852,062,945</b>	<b>8,529,233,372</b>	<b>9,748,968,288</b>	<b>8,526,257,061</b>

# Muktinath Bikas Bank Ltd.

## Statement of Distributable Profit

As on Quarter ended 29th Poush 2076



मुक्तिनाथ विकास बैंक लि.  
MUKTINATH BIKAS BANK LTD.

Particulars	Amount
<b>Net profit or (loss) as per statement of profit or loss</b>	472,512,057
<b><u>Appropriations:</u></b>	
a. General reserve	94,502,411
b. Foreign exchange fluctuation fund	632,519
c. Capital redemption reserve	-
d. Corporate social responsibility fund	4,725,121
e. Other	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>372,652,007</b>
Profit required to be transferred to Regulatory Reserve	29,638,371
<b>Distributable profit or (loss)</b>	<b>343,013,636</b>

# 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, 2075 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

### 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 accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS compliant Statement of Financial Position as at 1st Shrawan, 2074 being the date of transition to NFRS.

### 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.

# Muktinath Bikas Bank Limited

## Notes to Interim Financial Statements



### 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.

# Muktinath Bikas Bank Limited

## Notes to Interim Financial Statements



### Measured at fair value through profit or loss:

The bank classifies the financial 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.

#### 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 bank 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 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.

### 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.

# Muktinath Bikas Bank Limited

## Notes to Interim Financial Statements



### 5.13 Employee Benefits

#### a. Short term employee benefits

The Bank's short term employee benefits mainly include wages, salaries, allowances, social 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.

Any unpaid contribution are recorded as a liability under 'Other Liabilities' in Notes 4.23.

##### 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.

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 right to use the asset.

#### 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 Company.

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

# Muktinath Bikas Bank Limited

## Notes to Interim Financial Statements



### 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.

### 6 Segmental Information

#### a. Information about reportable segments

Particulars	Modern Banking		Small & Micro Banking		Total	
	This Quarter	Corresponding Previous Quarter	This Quarter	Corresponding Previous Quarter	This Quarter	Corresponding Previous Quarter
Revenues from external customers	553,570,230	485,790,376	874,527,993	750,713,425	1,428,098,223	1,236,503,801
Inter Segment Expenses/revenues	431,495,757	343,772,947	(431,495,757)	(343,772,947)	-	-
<b>Segment profit/(loss)</b>	<b>260,536,078</b>	<b>372,474,313</b>	<b>414,481,147</b>	<b>248,931,362</b>	<b>675,017,225</b>	<b>621,405,674</b>
<b>Segment assets</b>	46,396,001,709	34,804,563,827	13,895,728,510	10,070,177,549	60,291,730,219	44,874,741,376
<b>Segment liabilities</b>	41,254,380,466	31,133,830,844	13,481,247,363	9,821,246,187	54,735,627,829	40,955,077,031

#### b. Reconciliation of reportable segment profit or loss

	This Quarter	Corresponding Previous Quarter
Total profit before tax for reportable segments	1,106,512,982	965,178,621
Profit before tax for other segments	-	-
Elimination of inter-segment profit	(431,495,757)	(343,772,947)
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
- Other corporate expenses	-	-
<b>Profit before tax</b>	<b>675,017,225</b>	<b>621,405,674</b>

### 7. 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) the key management personnel 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:

# Muktinath Bikas Bank Limited

## Notes to Interim Financial Statements



### Board of Directors Allowances and Facilities

Particulars	No of Meetings	Sitting Fees
Board Meeting	10	152,000
Audit Committee Meeting	4	38,000
Risk Management Committee	2	19,000
Assets Money Laundering Prevention Committee	2	10,000
Employees Facilities Committee	-	-
<b>Total</b>		<b>219,000</b>

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 reimbursment of the Newspaper and Internet facilities.

### Executives's Emoluments and Facilities

Particulars	Salary, Allowances & PF	Statutory Bonus	Others	Total
Salary and Benefits paid to Executives	9,832,666.89	3,766,501.70	-	13,599,168.59

Executives are also provided with the accidental and medical insurance and mobile facilities as per Bank's Norms.

### 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 (in Mn)
Muktinath Capital Limited	Subsidiary	Deposits Outstanding	34.6
Muktinath Capital Limited	Subsidiary	Interest Paid	8.61
Muktinath Capital Limited	Subsidiary	Share Registrar Fees	0.11
Muktinath Krishi Company Limited	Associate	Deposits Outstanding	141.5
Muktinath Krishi Company Limited	Associate	Interest Paid	6.20

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

The Bank has paid dividend 17.60% bonus and 0.93% cash dividend on ordinary shares for FY 2075-76 which was approved by the 14th AGM.

**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 changes in the composition of the Bank for the reporting period ended 29th Poush 2076.

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

**आ.व. २०७६/०७७ को दोस्रो त्रैमासिक प्रतिवेदन**

१) वित्तीय विवरण :

क) यस विकास बैंकको वासलात, नाफा नोक्सान हिसाब सम्बन्धी विवरण :

अ) यस विकास बैंकको दोस्रो त्रैमासको NFRS बमोजिम तयार पारिएको वासलात तथा नाफा नोक्सान विवरण यसै साथ प्रकाशित गरिएको छ ।

आ) सम्बन्धित पक्ष (Related Party) बीच भएको कारोबार सम्बन्धी विवरण:

- १) मुक्तिनाथ क्यापिटल लिमिटेड को यस बैंकमा रहेको विभिन्न खाताहरूमा पौष मसान्तमा रकम रु. ३.४६ करोड निक्षेप रहेको छ । सो अवधिमा बैंकले ब्याज बापत रकम रु. ८७.१५ लाख भुक्तानी गरेको छ ।
- २) बैंकले उक्त कम्पनीलाई आफ्नो शेयर रजिष्ट्रार नियुक्त गरेको छ । सो सेवा बापत बैंकले वार्षिक रूपमा रु. १.१० लाख सेवा शुल्क भुक्तानी गर्ने गरेको छ ।
- ३) मुक्तिनाथ कृषि कम्पनी लिमिटेड को यस बैंकमा रहेको विभिन्न खाताहरूमा पौष मसान्तमा रु. १४.१५ करोड निक्षेप रहेको छ । सो अवधिमा बैंकले ब्याज बापत रकम रु. ६२.०२ लाख भुक्तानी गरेको छ ।

ख) प्रमुख वित्तीय अनुपातहरू :

प्रति सेयर आम्दानी	रु. २२.१३ (वार्षिक)	प्रति सेयर कुल सम्पत्तिको मूल्य	रु. १,३९४.०३
मूल्य आम्दानी अनुपात	१३.९२ (वार्षिक)	तरलता अनुपात	२५.१५ प्रतिशत
प्रति सेयर नेटवर्थ	रु. १२८.४७	पूँजीकोष अनुपात	१४.१५ प्रतिशत

२) व्यवस्थापकीय विश्लेषण :

क) त्रैमासिक अवधिमा संस्थाको मौज्जात, आम्दानी र तरलतामा कुनै परिवर्तन भएको भए सोको प्रमुख कारण सम्बन्धी विवरण :

चालु आ.व. को दोस्रो त्रैमासमा विकास बैंकको मौज्जात र आम्दानी विगतमा भैं निरन्तर बृद्धि भईरहेको छ । सम्पत्तिको गुणस्तरीय व्यवस्थापन, संस्थागत सुशासनको पूर्ण पालना, समय सापेक्ष गुणस्तरीय सेवामा विविधिकरण, कार्यक्षेत्रहरूमा सेवा विस्तार, ठूलो ग्राहक संख्याको आधार, कर्मचारी वर्गको प्रयास एवं विकास बैंकको ख्यातीले गर्दा व्यवसायमा बृद्धि भएको छ ।

ख) आगामी अवधिको व्यावसायिक योजना सम्बन्धमा व्यवस्थापकको विश्लेषणात्मक विवरण :

१. ने.रा.बैंकको निर्देशन अनुसार कृषि क्षेत्रलाई विशेष प्राथमिकता दिदै उत्पादनशील क्षेत्रहरूमा व्यवसाय बृद्धि गर्दै जाने योजना रहेको छ ।
  २. बैंकिङ्ग सम्भावना बोकेका स्थानहरूमा सम्भाव्यता अध्ययन गरी शाखा सञ्जाल विस्तार गर्ने योजना रहेको छ ।
  ३. देशको समग्र दिगो आर्थिक विकासको लागि विकास बैंकले विश्वसनीय तवरबाट बैंकिङ्ग सेवा सुविधा प्रदान गर्दै सदा भैं सम्पूर्ण सरोकारवालाहरूको हितको पनि संरक्षण गरिरहनेछ ।
- ग) विगतको अनुभवबाट संगठित संस्थाको मौज्जात, नाफा वा नगद प्रवाहमा तात्त्विक असर पार्न सक्ने घटना, अवस्था आदि भएको छैन । तथापि, अर्थव्यवस्थाका समग्र गतिविधिहरूबाट वित्तीय संस्था पनि प्रभावित हुने भएकाले सोही अनुरूप वित्तीय कारोबार प्रभावित भईरहेको छ ।

३. कानुनी कारवाही सम्बन्धी :

क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए : कुनै जानकारी प्राप्त नभएको ।

ख) संगठित संस्थाको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए : यस सम्बन्धमा कुनै जानकारी प्राप्त नभएको ।

ग) कुनै संचालक वा संस्थापक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए : यस सम्बन्धमा कुनै जानकारी प्राप्त नभएको ।

#### ४. संगठित संस्थाको सेयर कारोबार सम्बन्धी विश्लेषण :

क) धितोपत्र बजारमा भएको संगठित संस्थाको सेयर कारोबार सम्बन्धमा व्यवस्थापनको धारणा : यस विकास बैंकको सम्पूर्ण सेयरहरु नेपाल स्टक एक्सचेन्जमा सूचिकृत भै धितोपत्र विनिमय बजारमा खुल्ला बजारले निर्धारण गरे बमोजिम सेयरको कारोबार भईरहेको छ ।

ख) त्रैमासिक अवधिको सेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार भएको कुल दिन तथा कारोबार संख्या : यस अवधिको सेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार भएको कुल दिन तथा कारोबार संख्याको विवरण देहाय बमोजिम रहेको छ ।

अधिकतम मूल्य	रु. ३२२	कुल कारोबार भएको दिन	५८ दिन
न्यूनतम मूल्य	रु. २६९	कुल कारोबार सेयर संख्या	७०६,५५९ (किता)
२०७६ पौष मसान्तको अन्तिम मूल्य	रु. ३०८	कुल कारोबार संख्या	३३४६

(स्रोत : नेपाल स्टक एक्सचेन्जको वेबसाईट [www.nepalstock.com.np](http://www.nepalstock.com.np) अनुसार)

५) समस्या तथा चुनौती : यस विकास बैंकले वहन गरेको आन्तरिक तथा बाह्य समस्या तथा चुनौतीहरु निम्न बमोजिम रहेका छन् ।

क) आन्तरिक समस्या तथा चुनौती : नयाँ शाखा विस्तारको लागि दक्ष जनशक्तिको अभाव, दुर्गम स्थानमा रहेका शाखाहरुमा कोष व्यवस्थापनमा समस्या तथा सोको बढ्दो लागतले गर्दा संस्थाको मुनाफा वृद्धिदर कायम राखी राख्नु थप चुनौतीपूर्ण रहेको छ ।

ख) बाह्य समस्या तथा चुनौती : देशको संक्रमणकालिन राजनैतिक अवस्था, न्यून आर्थिक वृद्धिदर, लगानी मैत्री वातावरणको अभाव, बैंकिङ क्षेत्रमा देखिएको तीव्र प्रतिस्पर्धा, तरलतामा देखिने उतार चढाव, साथै निक्षेप, कर्जा तथा लगानी सम्बन्धी नीतिगत व्यवस्थामा भईरहने परिवर्तनलाई बाह्य समस्या तथा चुनौतीको रूपमा लिइएको छ ।

#### ग) रणनीति :

उल्लेखित समस्या तथा चुनौतीहरु सामना गर्न उत्पादनशील क्षेत्रहरुमा लगानी बढाउने, वित्तीय जागरण अभियान मार्फत बैंकिङ शिक्षा अभिवृद्धि गर्ने, नियमक निकायको निर्देशन बमोजिम बैंकिङ कारोबारहरुलाई परिस्कृत गर्दै लैजाने, समानुपातिक रूपमा प्रत्येक वर्ष चुक्ता पूँजी वृद्धि गर्ने र ग्राहकमुखी वित्तीय सेवाहरु उपलब्ध गराउनु नै संस्थाको रणनीति रहेको छ ।

#### ६) संस्थागत सुशासन :

संस्थागत सुशासन अभिवृद्धिका लागि व्यवस्थापनद्वारा चालिएका कदम सम्बन्धी विवरण :

क) संस्थागत सुशासनलाई बैंकले अति महत्वका साथ मनन गरी सो सम्बन्धी निर्देशनहरुको पूर्ण रूपमा पालना गरिएको छ । साथै आन्तरिक नियन्त्रण प्रणालीलाई मजबुत बनाउन कर्मचारीको क्षमता अभिवृद्धि गर्दै आईरहेको छ ।

ख) संचालन जोखिम कम गर्न नियमित अनुगमन र निरीक्षणलाई विशेष प्राथमिकताका दिइएको छ ।

#### ७) सत्य तथ्यता सम्बन्धमा कार्यकारी प्रमुखको उद्घोषण :

आजका मिति सम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरुको शुद्धता सम्बन्धमा म व्यक्तिगत रूपमा उत्तरदायित्व लिन्छु । साथै, म यो उद्घोषण गर्दछु की मैले जाने बुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरु सत्य, तथ्य र पूर्ण छन् र लगानीकर्ताहरुलाई सुसूचित निर्णय लिन आवश्यक कुनै विवरण, सूचना तथा जानकारीहरु लुकाइएको छैन ।