



RELIANCE FINANCE LIMITED

रिलायन्स फाइनान्स लिमिटेड

(नेपाल राष्ट्र बैंकबाट “ग” वर्गको इजाजतपत्र प्राप्त राष्ट्रिय स्तरको वित्तीय संस्था)

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Unaudited Financial Result(Quarterly)Second Quarter End of Fiscal Year 2080/081

(NRs. 000)

Statement of Financial Position As on Quarter Ended 29th Poush 2080

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	270,989	415,866
Due from Nepal Rastra Bank	286,275	242,269
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	381,135	436,259
Loans and advances to customers	5,225,863	5,191,588
Investment securities	2,004,430	2,006,787
Current tax assets	27,588	28,887
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	133,970	24,571
Property and equipment	328,347	332,187
Goodwill and Intangible assets	1,292	1,748
Deferred tax assets	3,225	1,951
Other assets	39,340	34,848
Total Assets	8,702,455	8,716,960
Liabilities		
Due to Bank and Financial Institutions	490,497	187,459
Due to Nepal Rastra Bank	279,476	177,826
Derivative financial instruments	-	-
Deposits from customers	6,654,380	6,659,828
Borrowing	-	370,000
Current Tax Liabilities		
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	177,952	164,208
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	7,602,306	7,559,321
Equity		
Share capital	1,121,452	1,121,452
Share premium	1,141	1,141
Retained earnings	(312,811)	(162,066)
Reserves	290,368	197,113
Total equity attributable to equity holders	1,100,150	1,157,639
Non-controlling interest	-	-
Total equity	1,100,150	1,157,639
Total Liabilities and equity	8,702,455	8,716,960

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Capital Fund to RWA		13.21%		17.62%
Non-Performing Loan (NPL) to Total Loan		9.67%		4.89%
Total Loan Loss Provision to Total NPL		70.53%		68.92%
Cost of Funds		9.27%		10.63%
Credit to Deposit Ratio		79.45%		84.00%
Base Rate		12.49%		13.50%
Interest Rate Spread		4.59%		4.78%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	(54,765)
Appropriations:	-
a. General reserve	-
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	-
e. Employee' training fund	-
F. Other	-
Profit or (loss) before regulatory adjustment	(54,765)
Regulatory adjustment:	
Transfer to regulatory reserve	
Transfer from regulatory reserve	(96,239)
Net profit/(loss) for the quarter ended on Poush 2080 available for distribution	(151,004)
Opening Retained Earnings on Shrawan 1 2080	(162,066)
Adjustments	259
Distribution	
Total Distributable Profit/(Loss) as on Poush end 2080	(312,811)

Notes:

- The above figures are subject to review/change from regulator and/or external audit.
- Above Financial are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as per NRB Directive.
- The figures of previous periods have been regrouped/rearranged whenever necessary.
- If the statutory and supervising authority notifies to change the unaudited Financial statement may change accordingly.
- Loan loss provision and interest income are adjusted availing the facilities of NRB circular.
- Interim financial statements have been published in website.
- Certain parts of NFRS will be compiled on preparation of annual financial statements.

Annexure 14 of Securities Registration and Issue Regulations, 2073 (Related to sub rule (1) of Rule 26) For the Second Quarter of F.Y.2080/81)

1. Financial Statements Highlights

- Financial detail at the end of second quarter ending 29/09/2080 of the financial year 2080/81 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR.(9.77)	Market Value Per Share	NPR 379
Price Earnings Ratio	(38.81)	Net Worth Per Share	NPR 98.10
Total Assets/No. of share	776.00	Liquidity Ratio	31.76

2. Management Analysis

- Details relating to the change in the FI's reverse income and liquidity in the quarter (if any) and its main reason.** There has been change in the FI's reserve position, income and liquidity as stated in the financial highlight of in this quarter ending of FY 2080-81. There have been changes in the reserve position of the FI based on the profit/loss generated during the reported period. The FI continues to maintain comfortable liquidity position.
- Management's analytical details regarding future business plan:** FI's seeks to achieve sustainable growth in business and profitability as per its strategic management plan.
- Analytical details of the incidents that may have major impact on reserve, profit or cash flow (if any) based on previous experience:** There have been no incidents or conditions which may have impact on the FI's position, profits and cash flow.

3. Legal Proceedings

- Case filed by or against the FI in this quarter:** Except in the regular course of business, there is no law suits filed against the FI in this quarter.
- Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or Director of the FI:** No such information has been received.
- Case relating to commission of financial crime filed against any promoter or Director of the FI:** No such information has been received.

4. Analysis of Stock Performance

- Management view on the transaction of the shares to the FI in the Share Market:** Movements in the share price are determined by the open market principal. Hence, management has neutral opinion regarding the share price movement.
- Maximum, minimum and last share price of organized institution including total transacted number of share and transacted day during the quarter. (As per Nepalstock.com)**

Maximum share price	NPR 385	Minimum share price	NPR 292
Closing share price	NPR 379	Total no. of transactions	6,103
No. of days of transaction	49	Total traded no. of share	14,37,682

5. Problem and Challenges

- Internal Problems and Challenges:** Increasing operational risk due to increase in branch network and transactions, increasing operational cost, turnover of staffs are the major internal problems and challenges faced by the FI.
- External Problems and Challenges:** High competition in the BFI's industry, volatile interest rate on deposit, lack of favorable environment for the investment are the major external problems and challenges faced by the FI.
- Strategy to overcome the problems and challenges:** Expanding business activities with caution observing the changes in internal and external environment, effective risk management, monitoring and controlling on operational risk, market risk and interest rate risk, focus on development of staffs by training, counseling and monitoring them, innovative product for expanding customer base.

6. Corporate Governance

Board of Directors, Audit Committee and Management team are committed to strengthening good corporate governance within the FI. Reliance Finance Ltd has written policies, rules and guidelines to perform banking with good governance.

7. CEO's declaration regarding truth and fairness

I am responsible for the truth and fairness of the information and statements in this report till date. Besides, I declare that, to the extent of my knowledge, the statements are true and fair and any information necessary for investors to decisions has not been suppressed.

Condensed Statement of Profit or Loss As on Quarter Ended 29th Poush 2080

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	206,155	442,054	248,430	472,259
Interest expenses	170,850	356,248	195,292	385,691
Net interest income	35,305	85,805	53,139	86,567
Fee and commission income	9,713	16,474	6,917	15,473
Fee and commission expenses	-	-	-	-
Net fee and commission income	9,713	16,474	6,917	15,473
Net interest, fee and commission income	45,018	102,280	60,055	102,040
Net trading income	-	-	-	-
Other operating income	1,492	3,608	700	1,849
Total operating income	46,510	105,888	60,755	103,890
Impairment charge/(reversal) for loans and other losses	137,638	59,596	14,772	49,952
Net operating income	(91,128)	46,292	45,984	53,938
Operating expenses	-	-	-	-
Personnel expenses	19,224	56,563	22,133	50,497
Other operating expenses	17,420	36,778	16,473	35,251
Depreciation & Amortisation	4,054	7,715	3,336	6,686
Operating Profit	(131,826)	(54,765)	4,042	(38,496)
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	(131,826)	(54,765)	4,042	(38,496)
Income tax expenses	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
Profit for the period	(131,826)	(54,765)	4,042	(38,496)

Condensed Statement of comprehensive income

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Profit for the year	(131,826)	(54,765)	4,042	(38,496)
Other comprehensive income	9,257	(4,705)	9,774	(48,869)
Total comprehensive income for the period	(122,569)	(59,470)	13,816	(87,365)
Basic earnings per share(Annualized)		(9.77)		(7.31)
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	(131,826)	(54,765)	4,042	(38,496)
Non-Controlling Interest				
Total	(131,826)	(54,765)	4,042	(38,496)