

Unaudited Financial Result(Quarterly) First Quarter End of Fiscal Year 2078/079

(NRS. 000)

Statement of Financial Position As on Quarter Ended 31st Asoj 2078

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	539,665	392,651
Due from Nepal Rastra Bank	209,883	270,889
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	132,919	425,799
Loans and advances to customers	4,658,816	4,395,083
Investment securities	1,601,968	1,622,737
Current tax assets	17,391	24,969
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	3,690	2,347
Property and equipment	57,056	57,635
Goodwill and Intangible assets	3,227	3,024
Deferred tax assets	-	-
Other assets	17,550	19,922
Total Assets	7,242,167	7,215,055
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	5,723,812	5,839,924
Borrowing	150,000	-
Current Tax Liabilities		
Provisions	-	-
Deferred tax liabilities	7,372	13,580
Other liabilities	73,347	81,355
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	5,954,531	5,934,858
Equity		
Share capital	915,658	915,658
Share premium	1,141	1,141
Retained earnings	181,814	173,316
Reserves	189,023	190,082
Total equity attributable to equity holders	1,287,635	1,280,196
Non-controlling interest	-	-
Total equity	1,287,635	1,280,196
Total Liabilities and equity	7,242,167	7,215,055

**Condensed Statement of Profit or Loss
As on Quarter Ended 31st Asoj 2078**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	165,402	165,402	141,641	141,641
Interest expenses	96,513	96,513	112,069	112,069
Net interest income	68,888	68,888	29,572	29,572
Fee and commission income	11,108	11,108	8,912	8,912
Fee and commission expenses	-	-	-	-
Net fee and commission income	11,108	11,108	8,912	8,912
Net interest, fee and commission income	79,996	79,996	38,484	38,484
Net trading income	-	-	-	-
Other operating income	4,804	4,804	60,694	60,694
Total operating income	84,800	84,800	99,178	99,178
Impairment charge/(reversal) for loans and other losses	5,645	5,645	30,028	30,028
Net operating income	79,155	79,155	69,149	69,149
Operating expenses	-	-	-	-
Personnel expenses	27,893	27,893	24,076	24,076
Other operating expenses	16,675	16,675	13,532	13,532
Depreciation & Amortisation	3,268	3,268	2,571	2,571
Operating Profit	31,320	31,320	28,970	28,970
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	31,320	31,320	28,970	28,970
Income tax expenses	-	-	-	-
Current Tax	9,396	9,396	8,691	8,691
Deferred Tax	-	-	-	-
Profit for the period	21,924	21,924	20,279	20,279

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	21,924	21,924	20,279	20,279
Other comprehensive income	21,887	21,887	(25,645)	(25,645)
Total comprehensive income for the period	43,811	43,811	(5,366)	(5,366)
Basic earnings per share(Annualized)	9.58	9.58	9.74	9.74
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	43,811	43,811	(5,366)	(5,366)
Non-Controlling Interest				
Total	43,811	43,811	(5,366)	(5,366)

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		21.38%		21.93%
Non-Performing Loan (NPL) to Total Loan		4.56%		3.31%
Total Loan Loss Provision to Total NPL		74.48%		97.51%
Cost of Funds		6.60%		7.58%
Credit to Deposit Ratio		84.24%		62.17%
Base Rate		9.45%		10.58%
Interest Rate Spread		4.89%		4.70%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	21,924
Appropriations:	-
a. General reserve	4,385
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	219
e. Employee' training fund	-
Profit or (loss) before regulatory adjustment	17,320
Regulatory adjustment:	(9,462)
Regulatory adjustment as per NRB Directive	
Distributable profit or (loss)	7,858

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 First Quarter of F.Y.2078/79)**

1. Financial Statements Highlights

- Financial detail at the end of first quarter ending 31/06/2078 of the financial year 2078/79 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR 9.58	Market Value Per Share	NPR 525.50
Price Earnings Ratio	54.87	Net Worth Per Share	NPR 140.62
Total Assets/No. of share	790.93	Liquidity Ratio	37.39

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 first quarter ending of FY 2078-79. 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 777	Minimum share price	NPR 477
Closing share price	NPR 525.50	Total no. of transactions	42,096
No. of days of transaction	57	Total traded no. of share	78,75,548

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: Effect of the Covid-19, high competition in the BFI's industry, growing excess 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.