



RELIANCE FINANCE LIMITED

रिलायन्स फाइनेन्स लिमिटेड

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

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Unaudited Financial Result(Quarterly) 1st Quarter End of Fiscal Year 2077/078

Statement of Financial Position As on Quarter Ended 30th Asoj 2077

(NRs. 000)

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	1,967,821	957,998
Due from Nepal Rastra Bank	400,269	182,248
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	369,850	340,000
Loans and advances to customers	3,728,430	3,414,594
Investment securities	246,991	394,414
Current tax assets	-	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	715	715
Property and equipment	45,675	27,592
Goodwill and Intangible assets	2,461	1,324
Deferred tax assets	8,157	7,169
Other assets	28,317	11,449
Total Assets	6,798,684	5,337,504
Liabilities		
Due to Bank and Financial Instituions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	5,600,056	4,249,500
Borrowing -	-	-
Current Tax Liabilities	9,194	3,144
Provisions -	-	-
Deferred tax liabilities	-	-
Other liabilities	80,275	45,753
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	5,689,526	4,298,396
Equity		
Share capital	832,416	832,416
Share premium	1,141	1,141
Retained earnings	78,284	53,766
Reserves	197,318	151,785
Total equity attributable to equity holders	1,109,159	1,039,108
Non-controlling interest	-	-
Total equity	1,109,159	1,039,108
Total Liabilities and equity	6,798,684	5,337,504

Condensed Statement of Profit or Loss
As on Quarter Ended 30th Asoj 2077

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	141,641	141,641	160,620	160,620
Interest expenses	112,069	112,069	101,523	101,523
Net interest income	29,572	29,572	59,098	59,098
Fee and commission income	8,912	8,912	9,045	9,045
Fee and commission expenses	-	-	-	-
Net fee and commission income	8,912	8,912	9,045	9,045
Net interest, fee and commission income	38,484	38,484	68,142	68,142
Net trading income	-	-	-	-
Other operating income	60,694	60,694	212	212
Total operating income	99,178	99,178	68,355	68,355
Impairment charge/(reversal) for loans and other losses	30,028	30,028	51,329	51,329
Net operating income	69,149	69,149	17,026	17,026
Operating expenses	-	-	-	-
Personnel expenses	24,076	24,076	14,934	14,934
Other operating expenses	13,532	13,532	10,536	10,536
Depreciation & Amortisation	2,571	2,571	1,586	1,586
Operating Profit	28,970	28,970	(10,031)	(10,031)
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	28,970	28,970	(10,031)	(10,031)
Income tax expenses	-	-	-	-
Current Tax	8,691	8,691	-	-
Deferred Tax	-	-	-	-
Profit for the period	20,279	20,279	(10,031)	(10,031)

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	20,279	20,279	(10,031)	(10,031)
Other comprehensive income	(25,645)	(25,645)	(12,830)	(12,830)
Total comprehensive income for the period	(5,366)	(5,366)	(22,860)	(22,860)
Basic earnings per share(Annualized)	9.74	9.74	(4.83)	(4.83)
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	(5,366)	(5,366)	(22,860)	(22,860)
Non-Controlling Interest				
Total	(5,366)	(5,366)	(22,860)	(22,860)

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		21.93%		23.14%
Non-Performing Loan(NPL) to Total Loan		3.31%		3.60%
Total Loan Loss Provision to Total NPL		97.51%		118.75%
Cost of Funds		7.58%		9.46%
Credit to Deposit Ratio		62.17%		73.49%
Base Rate		10.58%		12.70%
Interest Rate Spread		4.70%		5.21%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss)as per statement of profit or loss	20,279
Appropriations:	-
a.General reserve	4,056
b.Foreign exchange fluctuation fund	-
c.Capital redemption reserve	-
d.Corporate social responsibility fund	203
e.Employee' training fund	-
Profit or (loss) before regulatory adjustment	16,020
Regulatory adjustment:	(29,292)
Regulatory adjustment as per NRb Directive	
Distributable profit or (loss)	(13,271)

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 pushed 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.2077/78)

1. Financial Statements Highlights

- Financial detail at the end of first quarter ending 30/06/2077 of the financial year 2077/78 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR. 9.74	Market Value Per Share	NPR 170
Price Earnings Ratio	17.45	Net Worth Per Share	NPR 133.25
Total Assets/No. of share	816.74	Liquidity Ratio	42.29

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 2077-78. 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 196	Minimum share price	NPR 120
Closing share price	NPR 170	Total no. of transactions	4,589
No. of days of transaction	63	Total traded no. of share	11,80,435

5. Problem and Challenges

Internal Problems and Challenges: Increasing operational risk due to increase in branch network and transactions, increasing operational cost, high 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.