



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) 2nd Quarter End of Fiscal Year 2077/078

Statement of Financial Position As on Quarter Ended 29th Poush 2077

(NRs. 000)

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	1,434,748	1,290,226
Due from Nepal Rastra Bank	179,785	199,886
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	369,850	420,000
Loans and advances to customers	3,873,400	3,481,578
Investment securities	880,068	383,883
Current tax assets	15,151	
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	715	715
Property and equipment	51,072	26,479
Goodwill and Intangible assets	3,177	1,187
Deferred tax assets	-	-
Other assets	34,232	27,839
Total Assets	6,842,197	5,831,791
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	5,581,693	4,631,705
Borrowing -	-	
Current Tax Liabilities		8,244
Provisions -	-	
Deferred tax liabilities	15,006	8,407
Other liabilities	69,993	43,697
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	5,666,692	4,692,054
Equity		
Share capital	832,416	832,416
Share premium	1,141	1,141
Retained earnings	153,980	142,127
Reserves	187,968	164,053
Total equity attributable to equity holders	1,175,505	1,139,737
Non-controlling interest	-	-
Total equity	1,175,505	1,139,737
Total Liabilities and equity	6,842,197	5,831,791

Condensed Statement of Profit or Loss
As on Quarter Ended 29th Poush 2077

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	131,916	273,556	161,203	321,824
Interest expenses	98,852	210,921	102,009	203,532
Net interest income	33,064	62,636	59,194	118,292
Fee and commission income	10,441	19,353	9,727	18,772
Fee and commission expenses	-	-	-	-
Net fee and commission income	10,441	19,353	9,727	18,772
Net interest, fee and commission income	43,506	81,989	68,922	137,064
Net trading income	-	-	-	-
Other operating income	13,184	73,878	2,441	2,654
Total operating income	56,690	155,867	71,363	139,718
Impairment charge/(reversal) for loans and other losses	39,422	69,451	(63,745)	(12,416)
Net operating income	17,267	86,417	135,108	152,134
Operating expenses	-	-	-	-
Personnel expenses	15,738	39,814	22,675	37,609
Other operating expenses	16,101	29,633	11,481	22,017
Depreciation & Amortisation	3,358	5,929	2,009	3,595
Operating Profit	(17,930)	11,040	98,943	88,912
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	(17,930)	11,040	98,943	88,912
Income tax expenses	-	-	-	-
Current Tax		3,312	26,715	26,674
Deferred Tax	-	-	-	-
Profit for the period	(17,930)	7,728	72,228	62,239

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	(17,930)	7,728	72,228	62,239
Other comprehensive income	28,403	28,403	834	834
Total comprehensive income for the period	10,474	36,131	73,062	63,073
Basic earnings per share(Annualized)		1.86		14.95
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	10,474	36,131	72,228	62,239
Non-Controlling Interest				
Total	10,474	36,131	72,228	62,239

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		23.50%		23.92%
Non-Performing Loan (NPL) to Total Loan		4.79%		1.66%
Total Loan Loss Provision to Total NPL		72.19%		158.73%
Cost of Funds		7.14%		9.44%
Credit to Deposit Ratio		64.08%		69.64%
Base Rate		10.12%		12.31%
Interest Rate Spread		4.76%		5.13%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss)as per statement of profit or loss	7,728
Appropriations:	-
a. General reserve	1,546
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	77
e. Employee' training fund	-
Profit or (loss) before regulatory adjustment	6,105
Regulatory adjustment:	31,470
Regulatory adjustment as per NRb Directive	
Distributable profit or (loss)	37,576

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 pulished in website.
- Certain parts of NFRS will be compiled on preparation of annual financial statements.
- Figures may change based on changes in opening figures after completion of statutory audit of FY 2076-77.

Annexure 14 of Securities Registration and
Issue Regulations, 2073 (Related to sub rule (1) of Rule 26)
For the Sesonnd Quarter of F.Y.2077/78)

1. Financial Statements Highlights

- Financial detail at the end of second quarter ending 29/09/2077 of the financial year 2077/78 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR. 1.86	Market Value Per Share	NPR 195
Price Earnings Ratio	105.02	Net Worth Per Share	NPR 141.22
Total Assets/No. of share	821.97	Liquidity Ratio	28.93

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 second 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 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 195	Minimum share price	NPR 162
Closing share price	NPR 195	Total no. of transactions	4,563
No. of days of transaction	58	Total traded no. of share	13,19,275

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.