

**RELIANCE FINANCE LIMITED****रिलायन्स फाइनेन्स लिमिटेड**

(नेपाल राष्ट्र बैंकबाट "A" वर्गको इजाजतपत्र प्राप्त राष्ट्रिय स्तरको वित्तीय संस्था)

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Unaudited Financial Result(Quarterly) 2nd Quarter End of Fiscal Year 2076/077**Statement of Financial Position As on Quarter Ended 29th Poush 2076**

(NRS. 000)

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	1,290,226	835,783
Due from Nepal Rastra Bank	199,886	149,424
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	420,000	193,000
Loans and advances to customers	3,481,578	3,161,325
Investment securities	383,883	299,424
Current tax assets	-	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	715	31,511
Property and equipment	26,479	18,686
Goodwill and Intangible assets	1,187	801
Deferred tax assets	-	-
Other assets	27,839	83,872
Total Assets	5,831,791	4,773,825
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	4,631,705	3,610,471
Borrowing -	-	-
Current Tax Liabilities	8,244	3,832
Provisions -	-	-
Deferred tax liabilities	8,407	-
Other liabilities	43,697	195,136
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	4,692,054	3,809,439
Equity		
Share capital	832,416	724,341
Share premium	1,141	1,141
Retained earnings	142,127	113,007
Reserves	164,053	125,897
Total equity attributable to equity holders	1,139,737	964,386
Non-controlling interest	-	-
Total equity	1,139,737	964,386
Total Liabilities and equity	5,831,791	4,773,825

**Condensed Statement of Profit or Loss
As on Quarter Ended 29th Poush 2076**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	161,203	321,824	149,122	264,573
Interest expenses	102,009	203,532	87,172	179,583
Net interest income	59,194	118,292	61,951	84,990
Fee and commission income	9,727	18,772	6,221	13,960
Fee and commission expenses	-	-	-	-
Net fee and commission income	9,727	18,772	6,221	13,960
Net interest, fee and commission income	68,922	137,064	68,172	98,950
Net trading income	-	-	-	-
Other operating income	2,441	2,654	628	1,179
Total operating income	71,363	139,718	68,800	100,129
Impairment charge/(reversal) for loans and other losses	(63,745)	(12,416)	25,763	54,362
Net operating income	135,108	152,134	43,037	45,767
Operating expenses				
Personnel expenses	22,675	37,609	9,726	20,877
Other operating expenses	11,481	22,017	7,677	15,394
Depreciation & Amortisation	2,009	3,595	1,652	3,282
Operating Profit	98,943	88,912	23,983	6,215
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	98,943	88,912	23,983	6,215
Income tax expenses	-	-	-	-
Current Tax	26,715	26,674	7,195	1,864
Deferred Tax	-	-	-	-
Profit for the period	72,228	62,239	16,788	4,350

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	72,228	62,239	16,788	4,350
Other comprehensive income	834	834	-	-
Total comprehensive income for the period	73,062	63,073	16,788	4,350
Basic earnings per share(Annualized)	-	14.95	-	1.20
Diluted earnings per share	-	-	-	-
Profit attributable to:				
Equity-Holders of the Bank	72,228	62,239	16,788	4,350
Non-Controlling Interest	-	-	-	-
Total	72,228	62,239	16,788	4,350

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	-	23.92%	-	24.70%
Non-Performing Loan(NPL) to Total Loan	-	1.66%	-	1.91%
Total Loan Loss Provision to Total NPL	-	158.73%	-	152.58%
Cost of Funds	-	9.44%	-	9.77%
Credit to Deposit Ratio	-	69.64%	-	73.28%
Base Rate	-	12.31%	-	13.31%
Interest Rate Spread	-	5.13%	-	5.19%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	62,239
Appropriations:	-
a. General reserve	12,448
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	622
e. Employee' training fund	-
Profit or (loss) before regulatory adjustment	49,168
Regulatory adjustment:	6,225
Regulatory adjustment as per NRB Directive	-
Distributable profit or (loss)	42,944

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. Comparative figure are without NFRS adjustment.
- If the statutory and supervising authority notifies to change the unaudited Financial statement may change accordingly.
- Interim financial statements have been pulished in website.

**Annexure 14 of Securities Registration and
Issue Regulations, 2073 (Related to sub rule (1) of Rule 26)
For the Second Quarter of F.Y.2076/77)****1. Financial Statements Highlights**

- Financial detail at the end of second quarter ending 29/09/2076 of the financial year 2076/77 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR.14.95	Market Value Per Share	NPR 121
Price Earnings Ratio	8.09	Net Worth Per Share	NPR 128.13
Total Assets/No. of share	707.62	Liquidity Ratio	32.17

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 2076-77. 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 are 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 122	Minimum share price	NPR 106
Closing share price	NPR 121	Total no. of transactions	342
No. of days of transaction	55	Total traded no. of share	92,132

5. Problem and Challenges

Internal Problems and Challenges: Bearish trend of stock market and less return on investment, 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: High competition in the BFI's industry, fluctuation of interest rate on deposit and unstable liquidity position, 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.