

Condensed Consolidated Statement of Financial Position

As on Quarter Ended 30th Asoj 2076

(NRs. 000)

Particulars	This Quarter Ending	Immediate Previous Year Ending
<b>Assets</b>		
Cash and cash equivalent	957,998	919,604
Due from Nepal Rastra Bank	182,248	149,543
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	-	-
Loans and advances to customers	3,754,594	3,266,275
Investment securities	394,414	286,401
Current tax assets	-	10,899
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	715	13,055
Property and equipment	27,592	19,456
Goodwill and Intangible assets	1,324	9,486
Deferred tax assets	7,169	-
Other assets	11,449	24,738
<b>Total Assets</b>	<b>5,337,504</b>	<b>4,699,455</b>
<b>Liabilities</b>		
Due to Bank and Financial Instituions	-	-
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	-	-
Deposits from customers	4,249,500	3,538,619
Borrowing	-	-
Current Tax Liabilities	3,144	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	45,753	247,643
Debt securities issued	-	-
Subordinated Liabilities	-	-
<b>Total Liabilities</b>	<b>4,298,396</b>	<b>3,786,262</b>
<b>Equity</b>		
Share capital	830,145	724,341
Share premium	1,141	1,141
Retained earnings	56,038	58,671
Reserves	151,785	129,041
<b>Total equity attributable to equity holders</b>	<b>1,039,108</b>	<b>913,193</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>1,039,108</b>	<b>913,193</b>
<b>Total Liabilities and equity</b>	<b>5,337,504</b>	<b>4,699,455</b>

Condensed Statement of Profit or Loss

As on Quarter Ended 30th Asoj 2076

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	160,620	160,620	115,451	115,451
Interest expenses	101,523	101,523	92,411	92,411
<b>Net interest income</b>	<b>59,098</b>	<b>59,098</b>	<b>23,039</b>	<b>23,039</b>
Fee and commission income	9,045	9,045	7,739	7,739
Fee and commission expenses	-	-	-	-
<b>Net fee and commission income</b>	<b>9,045</b>	<b>9,045</b>	<b>7,739</b>	<b>7,739</b>
<b>Net interest, fee and commission income</b>	<b>68,142</b>	<b>68,142</b>	<b>30,778</b>	<b>30,778</b>
Net trading income	-	-	-	-
Other operating income	212	212	551	551
<b>Total operating income</b>	<b>68,355</b>	<b>68,355</b>	<b>31,329</b>	<b>31,329</b>
Impairment charge/(reversal) for loans and other losses	51,329	51,329	25,763	25,763
<b>Net operating income</b>	<b>17,026</b>	<b>17,026</b>	<b>5,567</b>	<b>5,567</b>
<b>Operating expenses</b>				
Personnel expenses	14,934	14,934	11,151	11,151
Other operating expenses	10,536	10,536	7,717	7,717
Depreciation & Amortisation	1,586	1,586	1,630	1,630
<b>Operating Profit</b>	<b>(10,031)</b>	<b>(10,031)</b>	<b>(14,931)</b>	<b>(14,931)</b>
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
<b>Profit before income tax</b>	<b>(10,031)</b>	<b>(10,031)</b>	<b>(14,931)</b>	<b>(14,931)</b>
Income tax expenses	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
<b>Profit for the period</b>	<b>(10,031)</b>	<b>(10,031)</b>	<b>(14,931)</b>	<b>(14,931)</b>

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	(10,031)	(10,031)	(14,931)	(14,931)
Other comprehensive income	(12,830)	(12,830)	-	-
<b>Total comprehensive income for the period</b>	<b>(22,860)</b>	<b>(22,860)</b>	<b>(14,931)</b>	<b>(14,931)</b>
Basic earnings per share(Annualized)		(4.83)		(8.25)
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	(10,031)	(10,031)	(14,931)	(14,931)
Non-Controlling Interest				
<b>Total</b>	<b>(10,031)</b>	<b>(10,031)</b>	<b>(14,931)</b>	<b>(14,931)</b>

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		23.14%		24.70%
Non-Performing Loan(NPL) to Total Loan		3.60%		1.91%
Total Loan Loss Provision to Total NPL		118.75%		152.58%
Cost of Funds		9.60%		9.77%
Credit to Deposit Ratio		73.31%		73.28%
Base Rate		12.70%		13.31%
Interest Rate Spread		5.08%		5.19%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss)as per statement of profit or loss	(10,031)
Appropriations:	-
a.General reserve	-
b.Foreign exchange fluctuation fund	-
c.Capital redemption reserve	-
d.Corporate social responsibility fund	-
e.Employee' training fund	-
Profit or (loss) before regulatory adjustment	(10,031)
Regulatory adjustment:	-
Regulatory adjustment as per NRB Directive	(26,235)
<b>Distributable profit or (loss)</b>	<b>(36,266)</b>

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.
- 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 First Quarter of F.Y.2076/77)

1. Financial Statements Highlights

- Financial detail at the end of first quarter ending 30/06/2076 of the financial year 2076/77 has been shown above.
- Major Financial Indicators:

Earnings per share	NPR.(4.83)	Market Value Per Share	NPR 115
Price Earnings Ratio	(23.59)	Net Worth Per Share	NPR 122.85
Total Assets/No. of share	658.04	Liquidity Ratio	26.83

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 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 suit 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 127	Minimum share price	NPR 108
Closing share price	NPR 115	Total no. of transactions	231
No. of days of transaction	54	Total traded no. of share	48,002

5. Problem and Challenges

**Internal Problems and Challenges:** Loss on share 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, 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.