

**RELIANCE FINANCE LIMITED****रिलायन्स फाइनान्स लिमिटेड**

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

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

(NRs. 000)

Statement of Financial Position As on Quarter Ended 30th Chaitra 2078

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	449,294	392,651
Due from Nepal Rastra Bank	185,199	270,889
Placement with Bank and Financial Institutions	-	100,031
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	280,251	321,563
Loans and advances to customers	5,118,021	4,403,867
Investment securities	1,956,624	1,622,816
Current tax assets	14,352	17,287
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	3,690	2,347
Property and equipment	55,278	61,002
Goodwill and Intangible assets	2,745	3,024
Deferred tax assets	1,818	-
Other assets	22,991	19,718
Total Assets	8,090,262	7,215,194
Liabilities		
Due to Bank and Financial Institutions	153,173	175,405
Due to Nepal Rastra Bank	13,500	-
Derivative financial instruments	-	-
Deposits from customers	6,255,607	5,664,519
Borrowing	310,000	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	11,134
Other liabilities	76,487	84,535
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	6,808,767	5,935,593
Equity		
Share capital	1,053,006	915,658
Share premium	1,141	1,141
Retained earnings	26,035	161,622
Reserves	201,314	201,180
Total equity attributable to equity holders	1,281,496	1,279,601
Non-controlling interest	-	-
Total equity	1,281,496	1,279,601
Total Liabilities and equity	8,090,262	7,215,194

Condensed Statement of Profit or Loss As on Quarter Ended 30th Chaitra 2078

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	202,826	536,608	141,365	414,921
Interest expenses	136,754	350,445	96,818	307,738
Net interest income	66,073	186,163	44,547	107,183
Fee and commission income	8,245	31,006	12,875	32,228
Fee and commission expenses	-	-	-	-
Net fee and commission income	8,245	31,006	12,875	32,228
Net interest, fee and commission income	74,318	217,169	57,421	139,411
Net trading income	-	-	-	-
Other operating income	-	5,900	63,011	136,889
Total operating income	74,318	223,068	120,432	276,300
Impairment charge/(reversal) for loans and other losses	10,987	32,961	(43,701)	25,750
Net operating income	63,331	190,107	164,134	250,550
Operating expenses	-	-	-	-
Personnel expenses	22,328	72,513	31,316	71,131
Other operating expenses	18,265	52,810	15,877	45,510
Depreciation & Amortisation	3,445	10,089	3,932	9,861
Operating Profit	19,292	54,695	113,008	124,049
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	19,292	54,695	113,008	124,049
Income tax expenses	-	-	-	-
Current Tax	-	16,408	33,903	37,215
Deferred Tax	-	-	-	-
Profit for the period	19,292	38,286	79,106	86,834

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	19,292	38,286	79,106	86,834
Other comprehensive income	(15,834)	(30,221)	84,422	112,825
Total comprehensive income for the period	3,458	8,065	163,528	199,659
Basic earnings per share(Annualized)		4.85		13.91
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	8,065	8,065	163,528	199,659
Non-Controlling Interest				
Total	8,065	8,065	163,528	199,659

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		21.10%		25.33%
Non-Performing Loan (NPL) to Total Loan		3.69%		1.88%
Total Loan Loss Provision to Total NPL		87.73%		122.98%
Cost of Funds		9.14%		6.96%
Credit to Deposit Ratio		84.60%		64.97%
Base Rate		12.15%		9.90%
Interest Rate Spread		4.05%		4.67%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	38,286
Appropriations:	-
a. General reserve	7,657
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	383
e. Employee' training fund	-
Profit or (loss) before regulatory adjustment	30,246
Regulatory adjustment:	(22,315)
Regulatory adjustment as per NRB Directive	
Distributable profit or (loss)	7,931

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 Third Quarter of F.Y.2078/79)**1. Financial Statements Highlights**

- Financial detail at the end of third quarter ending 30/12/2078 of the financial year 2078/79 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR.4.85	Market Value Per Share	NPR 382
Price Earnings Ratio	78.80	Net Worth Per Share	NPR 121.70
Total Assets/No. of share	768.30	Liquidity Ratio	38.33

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 third 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 564	Minimum share price	NPR 375
Closing share price	NPR 382	Total no. of transactions	12,364
No. of days of transaction	58	Total traded no. of share	18,29,963

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.