

**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) Second Quarter End of Fiscal Year 2081/082

(NRs. 000)

Statement of Financial Position As on Quarter Ended 29th Poush 2081

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	566,531	326,199
Due from Nepal Rastra Bank	396,092	313,221
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	209,277	353,071
Loans and advances to customers	6,176,795	5,923,519
Investment securities	1,646,201	2,339,336
Current tax assets	47,344	34,949
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	195,205	210,406
Property and equipment	300,429	309,813
Goodwill and Intangible assets	1,177	1,645
Deferred tax assets	1,269	5,658
Other assets	38,621	54,314
Total Assets	9,578,941	9,872,131
Liabilities		
Due to Bank and Financial Institutions	226,925	324,999
Due to Nepal Rastra Bank	115,500	324,350
Derivative financial instruments	-	-
Deposits from customers	8,040,448	7,901,226
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	2,512
Other liabilities	106,146	165,840
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	8,489,019	8,718,927
Equity		
Share capital	1,121,452	1,121,452
Share premium	1,141	1,141
Retained earnings	(425,590)	(308,098)
Reserves	392,919	338,709
Total equity attributable to equity holders	1,089,921	1,153,203
Non-controlling interest	-	-
Total equity	1,089,921	1,153,203
Total Liabilities and equity	9,578,941	9,872,131

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		10.88%		14.90%
Non-Performing Loan (NPL) to Total Loan		14.31%		4.96%
Total Loan Loss Provision to Total NPL		54.36%		94.68%
Cost of Funds		6.77%		10.45%
Credit to Deposit Ratio		80.41%		80.38%
Base Rate		9.45%		13.28%
Interest Rate Spread		4.56%		4.54%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	(119,739)
Appropriations:	-
a. General reserve	-
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	-
e. Employee training fund	(1,689)
F. Other	-
Profit or (loss) before regulatory adjustment	(121,428)
Regulatory adjustment:	
Transfer to regulatory reserve	
Transfer from regulatory reserve	1,261
Net profit/(loss) for the quarter ended on Asoj 2081 available for distribution	(120,167)
Opening Retained Earnings on Shrawan 1 2081	(308,098)
Adjustments	2,676
Distribution	
Total Distributable Profit/(Loss) as on Asoj end 2081	(425,590)

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 Second Quarter of F.Y.2081/82**1. Financial Statements Highlights**

- Financial detail at the end of Second quarter ending 29/09/2081 of the financial year 2081/82 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR. (21.35)	Market Value Per Share	NPR 580.20
Price Earnings Ratio	(27.54)	Net Worth Per Share	NPR 97.19
Total Assets/No. of share	854.16	Liquidity Ratio	28.58

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 in this quarter ending of FY 2081-82. 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 721	Minimum share price	NPR 529
Closing share price	NPR 580.20	Total no. of transactions	25,791
No. of days of transaction	54 days	Total traded no. of share	39,67,508

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: High competition in the BFI's industry, volatile 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.

Condensed Statement of Profit or Loss As on Quarter Ended 29th Poush 2081

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	179,339	380,724	206,155	442,054
Interest expenses	146,298	313,200	170,850	356,248
Net interest income	33,041	67,524	35,305	85,805
Fee and commission income	14,289	24,568	9,713	16,474
Fee and commission expenses	-	-	-	-
Net fee and commission income	14,289	24,568	9,713	16,474
Net interest, fee and commission income	47,330	92,092	45,018	102,280
Net trading income	-	-	-	-
Other operating income	2,004	4,882	1,492	3,608
Total operating income	49,335	96,974	46,510	105,888
Impairment charge/(reversal) for loans and other losses	65,393	120,054	137,638	59,596
Net operating income	(16,058)	(23,080)	(91,128)	46,292
Operating expenses				
Personnel expenses	25,526	57,424	19,224	56,563
Other operating expenses	16,992	31,974	17,420	36,778
Depreciation & Amortisation	3,607	7,261	4,054	7,715
Operating Profit	(62,184)	(119,739)	(131,826)	(54,765)
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	(62,184)	(119,739)	(131,826)	(54,765)
Income tax expenses	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
Profit for the period	(62,184)	(119,739)	(131,826)	(54,765)

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	(62,184)	(119,739)	(131,826)	(54,765)
Other comprehensive income	(2,893)	1,435	9,257	(4,705)
Total comprehensive income for the period	(65,077)	(118,304)	(122,569)	(59,470)
Basic earnings per share(Annualized)		(21.35)		(9.77)
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	(62,184)	(119,739)	(131,826)	(54,765)
Non-Controlling Interest				
Total	(62,184)	(119,739)	(131,826)	(54,765)