

**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) First Quarter End of Fiscal Year 2080/081

(NRs. 000)

Statement of Financial Position As on Quarter Ended 30th Asoj 2080

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	335,815	415,866
Due from Nepal Rastra Bank	299,736	242,269
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	393,214	436,259
Loans and advances to customers	5,087,065	5,191,588
Investment securities	1,990,204	2,006,787
Current tax assets	4,363	28,887
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	138,481	24,571
Property and equipment	326,058	332,187
Goodwill and Intangible assets	1,510	1,748
Deferred tax assets	7,192	1,951
Other assets	42,714	34,848
Total Assets	8,626,353	8,716,960
Liabilities		
Due to Bank and Financial Institutions	285,052	187,459
Due to Nepal Rastra Bank	194,326	177,826
Derivative financial instruments	-	-
Deposits from customers	6,517,818	6,659,828
Borrowing	250,000	370,000
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	179,556	164,208
Debt securities issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	7,426,752	7,559,321
Equity		
Share capital	1,121,452	1,121,452
Share premium	1,141	1,141
Retained earnings	(248,721)	(162,066)
Reserves	325,729	197,113
Total equity attributable to equity holders	1,199,600	1,157,639
Non-controlling interest	-	-
Total equity	1,199,600	1,157,639
Total Liabilities and equity	8,626,353	8,716,960

Condensed Statement of Profit or Loss As on Quarter Ended 30th Asoj 2080

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	235,898	235,898	223,829	223,829
Interest expenses	185,398	185,398	190,400	190,400
Net interest income	50,500	50,500	33,429	33,429
Fee and commission income	6,761	6,761	8,556	8,556
Fee and commission expenses	-	-	-	-
Net fee and commission income	6,761	6,761	8,556	8,556
Net interest, fee and commission income	57,261	57,261	41,985	41,985
Net trading income	-	-	-	-
Other operating income	2,116	2,116	1,149	1,149
Total operating income	59,377	59,377	43,134	43,134
Impairment charge/(reversal) for loans and other losses	(78,042)	(78,042)	35,180	35,180
Net operating income	137,419	137,419	7,954	7,954
Operating expenses	-	-	-	-
Personnel expenses	37,339	37,339	28,365	28,365
Other operating expenses	19,358	19,358	18,778	18,778
Depreciation & Amortisation	3,661	3,661	3,350	3,350
Operating Profit	77,062	77,062	(42,538)	(42,538)
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
Profit before income tax	77,062	77,062	(42,538)	(42,538)
Income tax expenses	-	-	-	-
Current Tax	23,119	23,119	-	-
Deferred Tax	-	-	-	-
Profit for the period	53,943	53,943	(42,538)	(42,538)

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	53,943	53,943	(42,538)	(42,538)
Other comprehensive income	(13,963)	(13,963)	(58,643)	(58,643)
Total comprehensive income for the period	39,980	39,980	(101,181)	(101,181)
Basic earnings per share(Annualized)		19.24		(16.16)
Diluted earnings per share				
Profit attributable to:				
Equity-Holders of the Bank	53,943	53,943	(42,538)	(42,538)
Non-Controlling Interest	-	-	-	-
Total	53,943	53,943	(42,538)	(42,538)

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		14.90%		18.59%
Non-Performing Loan (NPL) to Total Loan		4.96%		3.67%
Total Loan Loss Provision to Total NPL		94.68%		84.52%
Cost of Funds		10.45%		10.23%
Credit to Deposit Ratio		80.38%		85.12%
Base Rate		13.28%		13.29%
Interest Rate Spread		4.54%		4.42%

Statement of Distributable Profit or Loss

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	53,943
Appropriations:	-
a.General reserve	(10,789)
b.Foreign exchange fluctuation fund	-
c.Capital redemption reserve	-
d.Corporate social responsibility fund	(539)
e.Employee' training fund	(1,618)
F.Other	-
Profit or (loss) before regulatory adjustment	40,997
Regulatory adjustment:	
Transfer to regulatory reserve	
Transfer from regulatory reserve	(126,197)
Net profit/(loss) for the quarter ended on Asoj 2080 available for distribution	(85,200)
Opening Retained Earnings on Shrawan 1 2080	(162,066)
Adjustments	(1,454)
Distribution	
Total Distributable Profit/(Loss) as on Asoj end 2080	(248,720)

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 First Quarter of F.Y.2080/81)**1. Financial Statements Highlights**

- Financial detail at the end of first quarter ending 30/06/2080 of the financial year 2080/81 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR.19.24	Market Value Per Share	NPR 305
Price Earnings Ratio	15.85	Net Worth Per Share	NPR 106.97
Total Assets/No. of share	769.21	Liquidity Ratio	34.84

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 2080-81. 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 396.50	Minimum share price	NPR 300.20
Closing share price	NPR 305	Total no. of transactions	5,219
No. of days of transaction	61	Total traded no. of share	10,49,475

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, 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.