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**Unaudited Financial Result(Quarterly)Second Quarter End of Fiscal Year 2079/080**

**Statement of Financial Position As on Quarter Ended 30th Poush 2079**

Particulars	This Quarter Ending	Immediate Previous Year Ending
<b>Assets</b>		
Cash and cash equivalent	365,428	605,812
Due from Nepal Rastra Bank	276,249	221,570
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loan and advances to B/FIs	394,041	360,692
Loans and advances to customers	5,275,057	5,171,798
Investment securities	2,480,288	2,479,377
Current tax assets	18,062	14,623
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	25,914	6,456
Property and equipment	262,955	270,317
Goodwill and Intangible assets	2,223	2,786
Deferred tax assets	9,810	1,147
Other assets	20,960	16,792
<b>Total Assets</b>	<b>9,130,987</b>	<b>9,151,370</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	171,121	206,357
Due to Nepal Rastra Bank	1,004,600	863,500
Derivative financial instruments	-	-
Deposits from customers	6,583,025	6,670,273
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	96,347	92,582
Debt securities issued	-	-
Subordinated Liabilities	-	-
<b>Total Liabilities</b>	<b>7,855,093</b>	<b>7,832,712</b>
<b>Equity</b>		
Share capital	1,053,006	1,053,006
Share premium	1,141	1,141
Retained earnings	20,714	42,671
Reserves	201,033	221,839
<b>Total equity attributable to equity holders</b>	<b>1,275,894</b>	<b>1,318,658</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>1,275,894</b>	<b>1,318,658</b>
<b>Total Liabilities and equity</b>	<b>9,130,987</b>	<b>9,151,370</b>

**Condensed Statement of Profit or Loss As on Quarter Ended 30th Poush 2079**

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Interest income	248,430	472,259	168,379	333,781
Interest expenses	195,292	385,691	117,178	213,691
<b>Net interest income</b>	<b>53,139</b>	<b>86,567</b>	<b>51,201</b>	<b>120,090</b>
Fee and commission income	6,917	15,473	11,653	22,761
Fee and commission expenses	-	-	-	-
<b>Net fee and commission income</b>	<b>6,917</b>	<b>15,473</b>	<b>11,653</b>	<b>22,761</b>
<b>Net interest, fee and commission income</b>	<b>60,055</b>	<b>102,040</b>	<b>62,855</b>	<b>142,851</b>
Net trading income	-	-	-	-
Other operating income	700	1,849	1,095	5,900
<b>Total operating income</b>	<b>60,755</b>	<b>103,890</b>	<b>63,950</b>	<b>148,750</b>
Impairment charge/(reversal) for loans and other losses	14,772	49,952	16,329	21,974
<b>Net operating income</b>	<b>45,984</b>	<b>53,938</b>	<b>47,621</b>	<b>126,776</b>
<b>Operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Personnel expenses	22,133	50,497	22,292	50,185
Other operating expenses	16,473	35,251	17,870	34,545
Depreciation & Amortisation	3,336	6,686	3,376	6,644
<b>Operating Profit</b>	<b>4,042</b>	<b>(38,496)</b>	<b>4,083</b>	<b>35,402</b>
Non operating income	-	-	-	-
Non operating expenses	-	-	-	-
<b>Profit before income tax</b>	<b>4,042</b>	<b>(38,496)</b>	<b>4,083</b>	<b>35,402</b>
Income tax expenses	-	-	-	-
Current Tax	-	-	-	10,621
Deferred Tax	-	-	-	-
<b>Profit for the period</b>	<b>4,042</b>	<b>(38,496)</b>	<b>4,083</b>	<b>24,782</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	4,042	(38,496)	4,083	24,782
Other comprehensive income	9,774	(48,869)	(36,274)	(14,387)
<b>Total comprehensive income for the period</b>	<b>13,816</b>	<b>(87,365)</b>	<b>(32,191)</b>	<b>10,395</b>
Basic earnings per share(Annualized)		(7.31)	5.41	5.41
Diluted earnings per share				
<b>Profit attributable to:</b>				
Equity-Holders of the Bank	(87,365)	(87,365)	10,395	10,395
Non-Controlling Interest				
<b>Total</b>	<b>(87,365)</b>	<b>(87,365)</b>	<b>10,395</b>	<b>10,395</b>

**Ratios as per NRB Directive**

(NRs. 000)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter Ending	Upto This Quarter (YTD)	This Quarter Ending	Upto This Quarter (YTD)
Capital Fund to RWA		17.62%		18.71%
Non-Performing Loan (NPL) to Total Loan		4.89%		3.19%
Total Loan Loss Provision to Total NPL		68.92%		98.36%
Cost of Funds		10.63%		8.19%
Credit to Deposit Ratio		84.00%		84.60%
Base Rate		13.50%		11.42%
Interest Rate Spread		4.78%		3.58%

**Statement of Distributable Profit or Loss**

Particulars	Current Year
Net profit or (loss) as per statement of profit or loss	(38,496)
Appropriations:	-
a. General reserve	-
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	1,353
e. Employee' training fund	-
F. Other	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>(37,143)</b>
Regulatory adjustment:	
Transfer to regulatory reserve	(35,534)
Transfer from regulatory reserve	
<b>Distributable profit or (loss)</b>	<b>(72,677)</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.
- 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.2079/80)**

**1. Financial Statements Highlights**

- Financial detail at the end of second quarter ending 30/09/2079 of the financial year 2079/80 has been shown above.
- Major Financial Indicators

Earnings per share (Annualized)	NPR. (7.31)	Market Value Per Share	NPR 342.40
Price Earnings Ratio	(46.83)	Net Worth Per Share	NPR 121.17
Total Assets/No. of share	867.14	Liquidity Ratio	44.30

**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 2079-80. 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 342.40	Minimum share price	NPR 272.50
Closing share price	NPR 342.40	Total no. of transactions	5,936
No. of days of transaction	51	Total traded no. of share	10,92,253

**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.