आइ.सि.इफ.सि. फाइनान्स लिमिटेड ICFC FINANCE LIMITED

Unaudited Financial Results (Quarterly)

Condensed Statement of Financial Position
As on Quarter ended Chaitra 2081

Amount in NPR

ASSETS	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	1,212,059,471	876,251,094
Due from Nepal Rastra Bank	1,305,900,400	982,520,311
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loans and advances to B/Fs	688,741,279	578,980,756
Loans and advances to customers	15,285,929,906	14,257,565,269
Investment securities	3,038,724,573	3,944,723,790
Current tax assets	13,709,658	30,970,815
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	33,834,809	4,271,524
Property Plant and Equipment	369,267,550	380,111,803
Goodwill and Intangible assets	2,455,949	2,652,648
Deferred tax assets	4,462,493	-
Other assets	115,687,299	123,591,895
TOTAL ASSETS	**22,070,773,387**	**21,181,639,905**
LIABILITIES	This Quarter Ending	Immediate Previous Year Ending
Due to Bank and Financial Institutions	420,555,594	285,574,168
Due to Nepal Rastra Bank	282,750,000	-
Derivative financial instruments	-	-
Deposits from customers	18,550,804,082	18,510,733,492
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	4,172,927
Other liabilities	291,514,844	275,243,344
Debt securities issued	499,861,674	199,861,674
Subordinated Liabilities	-	-
TOTAL LIABILITIES	**20,045,486,194**	**19,275,585,605**
EQUITY		
Share Capital	1,183,470,960	1,183,470,960
Share premium	-	-
Retained Earnings	91,781,223	72,117,858
Reserves	750,035,010	650,465,482
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS	**2,025,287,193**	**1,906,054,300**
NON-CONTROLLING INTEREST	-	-
TOTAL EQUITY	**2,025,287,193**	**1,906,054,300**
TOTAL LIABILITIES & EQUITY	**22,070,773,387**	**21,181,639,905**

Condensed Statement of Profit or Loss
For the Quarter ended Chaitra 2081

Amount in NPR

Particular	Current Year		Previous Year	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest income	473,616,697	1,416,377,654	583,271,940	1,789,395,329
Interest expense	304,903,076	995,096,357	433,257,650	1,402,465,882
Net interest income	**168,713,621**	**421,281,297**	**150,014,290**	**386,929,447**
Fee and commission income	19,326,705	71,326,981	22,758,328	67,194,464
Fee and commission expense	2,316,081	5,093,065	1,911,083	3,564,894
Net fee and commission income	**17,010,624**	**66,233,916**	**20,847,245**	**63,629,570**
Net interest, fee and commission income	**185,724,245**	**487,515,213**	**170,861,535**	**450,559,017**
Net trading income/(expenses)	-	-	-	-
Other operating income	4,379,846	88,617,902	4,716,946	7,029,095
Total operating income	**190,104,091**	**576,133,115**	**175,578,481**	**457,588,112**
Impairment charge/(reversal) for loans and other losses	(33,931,156)	14,698,014	121,826,975	169,159,620
Net operating income	**224,035,247**	**561,435,101**	**53,751,506**	**288,428,492**
Operating expense				
Personnel expenses	69,246,730	186,169,104	47,016,070	141,199,202
Other operating expenses	24,440,953	74,703,049	29,260,991	81,838,244
Depreciation & Amortization	4,982,797	14,897,785	5,638,332	16,870,533
Operating Profit	**125,364,767**	**285,665,163**	**(28,163,887)**	**48,520,513**
Non operating income	-	-		
Non operating expense	2,563,688	6,960,708	331,962	984,731
Profit before income tax	**122,801,079**	**278,704,455**	**(28,495,849)**	**47,535,782**
Income tax expense				
Current Tax expenses	39,817,504	86,361,956	(6,397,935)	16,411,554
Deferred Tax Expenses/(Income)	(2,977,181)	(2,750,620)	(2,150,819)	(2,150,819)
Profit for the period	**85,960,756**	**195,093,119**	**(19,947,095)**	**33,275,047**
Profit attributable to:				
Equity holders of the Finance	85,960,756	195,093,119	(19,947,095)	33,275,047
Non-controlling interest	-	-	-	-
Profit for the period	**85,960,756**	**195,093,119**	**(19,947,095)**	**33,275,047**
Other comprehensive income	(27,356,856)	(13,731,200)	4,932,204	10,636,168
Total comprehensive income for the period	**58,603,900**	**181,361,919**	**(15,014,891)**	**43,911,215**
Earnings per share				
Basic earnings per share		16.48		2.81
Annualized Basic earnings per share		21.98		3.75
Diluted earnings per share		21.98		3.75
Total comprehensive income attributable to:				
Equity holders of the Finance	58,603,900	181,361,919	(15,014,891)	43,911,215
Non-controlling interest	-	-	-	-
Total	**58,603,900**	**181,361,919**	**(15,014,891)**	**43,911,215**

Ratios as per NRB Directive

Particulars	Current year		Previous year	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA	-	14.38%	-	12.15%
Non-performing loan (NPL) to total loan	-	2.05%	-	3.91%
Total loan loss provision to Total NPL	-	135.05%	-	80.20%
Cost of Funds	-	6.32%	-	8.99%
Credit to Deposit Ratio	-	83.23%	-	77.77%
Base Rate	-	8.26%	-	11.09%
Interest Rate Spread	-	4.44%	-	4.59%

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS
For the Quarter ended Chaitra 2081
(As per NRB Regulation)

Amount in NPR

Particular	Chaitra End 2081
Net profit or (loss) as per statement of profit or loss	**195,093,119**
Appropriations:	
a. General reserve	(39,018,624)
b. Foreign exchange fluctuation fund	-
c. Debenture redemption reserve	(24,750,000)
d. Corporate social responsibility fund	(1,950,931)
e. Employees' training fund	-
f. Other	
Transfer to investment adjustment reserve	-
Transfer from contingency reserve and deferred tax reserve	-
Transfer from CSR fund	2,336,236
Profit or (loss) before regulatory adjustment	**131,709,800**
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	(35,768,885)
b. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(14,148,524)
Net Profit for the year ended Chaitra 2081	**81,792,391**
Opening retained earning	72,117,858
Less: Dividend distributed	62,287,945
Less: Bonus Share issued	-
Less: Share issue expenses	-
Add: Gain from sale of investment securities measured at fair value through OCI	-
Add/(Less) : Profit and Loss Adjustment	158,920
Remaining balance of Retained Earnings	**9,988,832**
Distributable Profit or (Loss)	**91,781,223**

Notes:

1. Figures presented above may vary with the audited figures as per the instruction or requirement of the banking regulator and/or statutory auditor.
2. Above financial have been prepared in according with NRB Directive No 4 and applicable Nepal Financial Reporting standard (NFRS) by applying certain carve-out in NFRS as issued by The institution of Nepal Chartered accountants of Nepal (ICAN).
3. Impairement on credit exposures has been recognized in accordance with Nepal Rastra Bank existing regulatory provisions outlined in the Unified Directives 2081, as these provisions resulted in a higher impairement amount compared to the Expected Credit Loss(ECL) calculated under Nepal Financial Reporting Standard (NFRS 9)
4. Interest Income on financial assets measured at amortised cost of exposures classified under stage 3 has been recognized on actual basis , in compliance with the NFRS 9- Expected Credit Loss Related Guidelines, 2024 issued by Nepal Rastra Bank.
5. Loans and advances are presented along with staff loans and net of impairment charges
6. Investments are recognized at their fair value i.e. after charging impairment charge or fair value gain as per their classification.
7. Personnel expenses includes provision for staff bonus which has been calculated as per provision of Bonus Act.
8. A detailed interim financial report has been published in the financial institution's website www.icfc.com.np
9. Figures are regrouped and reclassified wherever appropriate for fair presentation.

Securities Registration and Issue Regulation, 2073
Related to (Rule 26(1), Annexure 14), for the Third Quarter of F.Y. 2081/82

1. Financial Statements as per un-audited figures of 2081.12.31

i. Financial details as of the end of Third Quarter (2081.12.31) of FY 2081/82 have been published along with this disclosure.

ii. Major Financial Indicators

Earnings per share (Rs.)	**21.98**	**Market Value Per Share (Rs.)**	**594.34**
Price Earnings Ratio (times)	**27.04**	**Net Worth Per Share (Rs.)**	**171.13**
Total Assets/No. of Shares (Rs.)	**1,864.54**	**Liquidity Ratio (%)**	**26.33**

2. Management Analysis

a) Details relating to the change in the FI's reserve, income, and liquidity in the quarter (if any) and its main reason.
Despite facing challenges such as low credit demand and a continued decline in interest rates and non-recognition of interest income of exposures classified under stage 3, the finance has managed to improve its profitability during the quarter. This improvement is mainly driven by strategic balance sheet management, cost control measures, and focus on increasing non-interest income. Additionally, the finance has strengthened its assets quality, resulting in lower loan loss provisions, which has further supported profitability.
In terms of liquidity, the finance remains well-positioned with ample funds available for lending's. The market continues to have high liquidity levels and overall lending rates are gradually declining in line with reduced base rates. The AlCO is actively managing its interest rate and liquidity risks through prudent practices and aims to maintain stable and sustainable performance moving forward.

b) Management's analytical details regarding future business plan:
ICFC Finance Ltd has laid out a strategic business plan aimed at achieving sustainable and balance growth. The company aims to improve financial performance, deliver value to shareholders, and support inclusive financial access across its service areas.

c) Analytical details of the incidents that may have a major impact on reserve, profit, or cash flow (if any) based on previous experience:
No specific incident occurred during the period that could have an impact on reserve, profit, or cash flow.

3. Legal Proceedings

a) Case filed by or against the FI in this quarter.
Except in the regular course of business, there are no lawsuits filed against the FI in this quarter.

b) Case relating to disobedience of prevailing law or commission of criminal offense filed by or against the promoter or Director of the FI:
No such information has been received.

c) Case relating to the commission of financial crime filed against any promoter or Director of the FI:
No such information has been received.

4. Analysis of Stock Performance of the FI

a) Management view on the transaction of the shares to the FI in the Share Market:
Tractions of the shares and share price are determined by the open market at Nepal Stock Exchange Ltd.

b) Maximum, minimum, and last share price, total transaction days, and total transacted number of shares in the quarter (as per nepalstock.com)

Maximum share price (Rs.)	700	**Minimum share price (Rs.)**	587
Closing share price (Rs.)	594.34	**Total no. of transactions**	12,586
No. of days of the transaction	56	**Total traded no. of shares**	1,473,858

5. Problem and Challenges

Internal

a) Rising operational Costs
b) Dependence on interest income
c) Retention of skilled and experienced human resources.
d) Maintaining adequacy Capital Adequacy.
e) Significant challenges in recovery

External

a) Economic Slowdowns
b) Low credit demand
c) Intense market competition
d) Rising digital risks with increased online banking.
e) Compliance with evolving regulations

Strategy to overcome the problems and challenges

a) Development and introduction of customer-oriented products/services.
b) Strong risk management approach and portfolio diversification.
c) Identification of new business opportunities.
d) Focus on the development of staff by training, counseling, and monitoring them.
e) Strengthen IT security and conduct regular audits
f) Improve service quality and leverage digital platforms to stay competitive.

6. Corporate Governance

The FI's has been complying with the directives, and guidelines issued by Nepal Rastra Bank regarding corporate governance. To ensure that the prevalent laws and rules are followed, the FI has developed policies and working procedures. Clear authorities have been developed to guide the function of management, to ensure the same complies with the corporate governance requirement. The board of directors, audit committee, risk management committee, recruitment committee, and management committee are committed to strengthening good corporate governance within the FI.

7. Declaration

I, CEO of the FI, hereby declare that all the information provided in this document is true, complete, and factual and that I take personal responsibility for any deviation thereof. I also declare that the FI's information or data that assists investors make their investment decisions have not been concealed in any way.