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

Unaudited Financial Results (Quarterly)

Condensed Statement of Financial Position

As on Quarter ended Asoj 2082

Amount in NPR

ASSETS	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	1,041,717,840	1,183,686,629
Due from Nepal Rastra Bank	2,306,715,929	1,356,967,829
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loans and advances to B/Fs	627,179,908	624,536,796
Loans and advances to customers	17,053,647,358	16,859,157,292
Investment securities	2,792,945,935	3,091,101,979
Current tax assets	4,585,869	11,259,065
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	50,856,686	17,995,287
Property Plant and Equipment	350,554,126	354,231,917
Goodwill and Intangible assets	5,127,863	5,572,595
Deferred tax assets	8,610,742	-
Other assets	155,623,534	124,947,284
Total Assets	**24,397,565,790**	**23,629,456,673**
LIABILITIES	**This Quarter Ending**	**Immediate Previous Year Ending**
Due to Bank and Financial Institutions	389,405,775	266,654,173
Due to Nepal Rastra Bank	409,789,260	404,250,000
Derivative financial instruments	-	-
Deposits from customers	20,648,811,043	19,990,292,732
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	2,134,382
Other liabilities	289,609,178	292,286,071
Debt securities issued	486,740,423	498,831,491
Subordinated Liabilities	-	-
Total Liabilities	**22,224,355,679**	**21,454,448,849**
EQUITY		
Share Capital	1,183,470,960	1,183,470,960
Share premium	-	-
Retained Earnings	157,298,412	218,670,200
Reserves	832,440,739	772,866,664
Total Equity Attributable to Equity Holders	**2,173,210,111**	**2,175,007,824**
Non-Controlling Interest	**-**	**-**
Total Equity	**2,173,210,111**	**2,175,007,824**
Total Liabilities & Equity	**24,397,565,790**	**23,629,456,673**

Condensed Statement of Profit or Loss

For the Quarter ended Asoj 2082

Amount in NPR

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	479,750,189	479,750,189	507,662,435	507,662,435
Interest expense	320,389,069	320,389,069	364,399,144	364,399,144
Net interest income	**159,361,120**	**159,361,120**	**143,263,291**	**143,263,291**
Fee and commission income	17,356,352	17,356,352	28,038,273	28,038,273
Fee and commission expense	1,255,241	1,255,241	1,304,740	1,304,740
Net fee and commission income	**16,101,111**	**16,101,111**	**26,733,533**	**26,733,533**
Net interest, fee and commission income	**175,462,231**	**175,462,231**	**169,996,824**	**169,996,824**
Net trading income/(expenses)	-	-		
Other operating income	19,783,276	19,783,276	79,258,834	79,258,834
Total operating income	**195,245,507**	**195,245,507**	**249,255,659**	**249,255,659**
Impairment charge/(reversal) for loans and other losses	66,854,005	66,854,005	58,620,478	58,620,478
Net operating income	**128,391,502**	**128,391,502**	**190,635,180**	**190,635,180**
Operating expense				
Personnel expenses	64,542,266	64,542,266	56,836,309	56,836,309
Other operating expenses	26,370,785	26,370,785	28,104,865	28,104,865
Depreciation & Amortization	4,766,735	4,766,735	4,976,749	4,976,749
Operating Profit	**32,711,716**	**32,711,716**	**100,717,258**	**100,717,258**
Non operating income	-	-		
Non operating expense	632,556	632,556	2,430,566	2,430,566
Profit before income tax	**32,079,160**	**32,079,160**	**98,286,692**	**98,286,692**
Income tax expense				
Current Tax expenses	9,623,748	9,623,748	26,320,663	26,320,663
Deferred Tax Expenses/(Income)	-	-	3,165,345	3,165,345
Profit for the period	**22,455,412**	**22,455,412**	**68,800,684**	**68,800,684**
Profit attributable to:				
Equity holders of the finance	22,455,412	22,455,412	68,800,684	68,800,684
Non-controlling interest	-	-	-	-
Profit for the period	**22,455,412**	**22,455,412**	**68,800,684**	**68,800,684**
Other comprehensive income	**(25,071,954)**	**(25,071,954)**	**20,449,460**	**20,449,460**
Total comprehensive income for the period	**(2,616,542)**	**(2,616,542)**	**89,250,144**	**89,250,144**
Earnings per share				
Basic earnings per share		1.90		5.81
Annualized Basic earnings per share		7.59		23.25
Diluted earnings per share		7.59		23.25
Total comprehensive income attributable to:				
Equity holders of the finance	(2,616,542)	(2,616,542)	89,250,144	89,250,144
Non-controlling interest	-	-	-	-
Total	**(2,616,542)**	**(2,616,542)**	**89,250,144**	**89,250,144**

Ratios as per NRB Directives

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA	-	13.10%	-	13.08%
Tier 1 Capital To RWA	-	9.88%	-	10.30%
Non-performing loan (NPL) to total loan	-	2.77%	-	3.69%
Total loan loss provision to Total NPL	-	89.38%	-	83.54%
Cost of Funds	-	5.88%	-	7.44%
Credit to Deposit Ratio	-	82.65%	-	83.27%
Base Rate	-	7.67%	-	9.70%
Interest Rate Spread	-	4.34%	-	4.40%
Return on Equity	-	4.13%	-	13.74%
Return on Asset	-	0.37%	-	1.30%

Statement of Distributable Profit or Loss

For the Quarter ended Asoj 2082

(As per NRB Regulation)

Amount in NPR

Particulars	Asoj end 2082
Net profit or (loss) as per statement of profit or loss	**22,455,412**
Appropriations:	
a. General reserve	(4,491,082)
b. Foreign exchange fluctuation fund	-
c. Debenture redemption reserve	(23,250,000)
d. Corporate social responsibility fund	(224,554)
e. Employees' training fund	-
f. Other	
Transfer to investment adjustment reserve	-
Transfer from contingency reserve and deferred tax reserve	-
Transfer from CSR fund	609,841
Profit or (loss) before regulatory adjustment	**(4,900,383)**
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	(40,935,116)
b. Short loan loss provision in accounts (-)/reversal (+)	-
c. Short provision for possible losses on investment (-)/reversal (+)	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(16,355,118)
e. Deferred tax assets recognised (-)/ reversal (+)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-
g. Bargain purchase gain recognised (-)/reversal (+)	-
h. Actuarial loss recognised (-)/reversal (+)	-
i. Other (+/-)	-
Net Profit for the year ended Asoj 2082	**(62,190,617)**
Opening retained earning	**218,670,200**
Less: Dividend distributed	-
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	818,830
Remaining balance of Retained Earnings	**219,489,029**
Distributable Profit or (Loss)	**157,298,412**
Distributable Profit or (Loss) per share	**13.29**

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 standards (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 Standards (NFRS 9).
4. Interest Income on Loan & Advances has been recognized as per Guidance Note on Interest Income Recognition, 2025 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 First Quarter of F.Y. 2082/83)

1. Financial Statements as per unaudited figures of 2082.06.31

i. Financial details as of the end of the First Quarter (2082.06.31) of FY 2082/83 have been published along with this disclosure.

ii. Major Financial Indicators

Earnings per share (Rs.)	7.59	Market Value Per Share (Rs.)	606
Price Earnings Ratio (times)	79.85	Net Worth Per Share (Rs.)	183.63
Total Assets/No. of Shares (Rs.)	2,061.53	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.

The income for the current period has marginally declined compared to the corresponding period of the previous year, primarily due to lower business momentum, reduced yields, and the non-recognition of interest income from Stage 3 (non-performing) loans. Furthermore, returns from non-interest income and investments have decreased, influenced by ongoing political instability and various economic movements affecting the overall national economy. Despite these challenges, the company remains focused on enhancing portfolio quality and optimizing overall returns. However, the Non-Performing Loan (NPL) ratio has increased compared to the previous quarter.

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:

Transaction 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.)	730.9	Minimum share price (Rs.)	605
Closing share price (Rs.)	606	Total no. of transactions	10,846
No. of days of the transaction	51	Total traded no. of shares	1,699,367

5. Problem and Challenges

Internal

1. Rising operational Costs
2. Dependence on interest income
3. Retention of skilled and experienced human resources.
4. Maintaining adequacy Capital Adequacy.
5. Significant challenges in recovery

External

1. Economic Slowdowns
2. Low credit demand
3. Intense market competition
4. Rising digital risks with increased online banking.
5. Compliance with evolving regulations

Strategy to overcome the problems and challenges

1. Development and introduction of customer-oriented products/services.
2. Strong risk management approach and portfolio diversification.
3. Identification of new business opportunities.
4. Focus on the development of staff by training, counseling, and monitoring them.
5. Strengthen IT security and conduct regular audits
6. 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.