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

Unaudited Financial Results (Quarterly)

Condensed Statement of Financial Position

As on the Quarter ended Poush 2082

Amount in NPR

ASSETS	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	916,290,156	1,183,686,629
Due from Nepal Rastra Bank	2,092,042,378	1,356,967,829
Placement with Bank and Financial Institutions	-	-
Derivative financial instruments	-	-
Other trading assets	-	-
Loans and advances to B/Fs	669,764,578	624,536,796
Loans and advances to customers	16,702,166,258	16,859,157,292
Investment securities	4,303,711,702	3,091,101,979
Current tax assets	38,694,818	11,259,065
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	50,856,686	17,995,287
Property Plant and Equipment	347,882,003	354,231,917
Goodwill and Intangible assets	4,690,630	5,572,595
Deferred tax assets	1,736,262	-
Other assets	120,999,286	124,947,284
Total Assets	**25,248,834,757**	**23,629,456,673**
LIABILITIES	**This Quarter Ending**	**Immediate Previous Year Ending**
Due to Bank and Financial Institutions	740,922,091	266,654,173
Due to Nepal Rastra Bank	273,500,000	404,250,000
Derivative financial instruments	-	-
Deposits from customers	21,464,593,324	19,990,292,732
Borrowing	-	-
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	2,134,382
Other liabilities	256,803,466	292,286,071
Debt securities issued	498,831,492	498,831,491
Subordinated Liabilities	-	-
Total Liabilities	**23,234,650,373**	**21,454,448,849**
EQUITY		
Share Capital	1,183,470,960	1,183,470,960
Share premium	-	-
Retained Earnings	(28,304,123)	218,670,200
Reserves	859,017,547	772,866,664
Total Equity Attributable to Equity Holders	**2,014,184,384**	**2,175,007,824**
Non-Controlling Interest	**-**	**-**
Total Equity	**2,014,184,384**	**2,175,007,824**
Total Liabilities & Equity	**25,248,834,757**	**23,629,456,673**

Condensed Statement of Profit or Loss

For the Quarter ended Poush 2082

Amount in NPR

Particulars	Current Year		Previous Year	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest income	433,096,208	912,846,397	435,098,522	942,760,957
Interest expense	291,073,208	611,462,277	325,794,137	690,193,281
Net interest income	**142,023,000**	**301,384,120**	**109,304,385**	**252,567,676**
Fee and commission income	26,821,051	44,177,403	23,962,003	52,000,275
Fee and commission expense	2,154,950	3,410,191	1,472,243	2,776,983
Net fee and commission income	**24,666,101**	**40,767,212**	**22,489,761**	**49,223,293**
Net interest, fee and commission income	**166,689,101**	**342,151,332**	**131,794,146**	**301,790,969**
Net trading income/(expenses)	-	-	-	-
Other operating income	12,759,847	32,543,123	4,979,223	84,238,057
Total operating income	**179,448,948**	**374,694,455**	**136,773,368**	**386,029,026**
Impairment charge/(reversal) for loans and other losses	73,034,382	139,888,387	(9,991,308)	48,629,170
Net operating income	**106,414,566**	**234,806,068**	**146,764,676**	**337,399,855**
Operating expense				
Personnel expenses	62,325,855	126,868,121	60,086,066	116,922,375
Other operating expenses	25,383,678	51,754,463	22,157,231	50,262,096
Depreciation & Amortization	4,804,090	9,570,825	4,938,239	9,914,988
Operating Profit	**13,900,943**	**46,612,659**	**59,583,140**	**160,300,397**
Non operating income	94,990	94,990	-	-
Non operating expense	317,732	950,288	1,966,454	4,397,020
Profit before income tax	**13,678,201**	**45,757,361**	**57,616,686**	**155,903,377**
Income tax expense				
Current Tax expenses	5,375,742	14,999,490	20,223,788	46,544,452
Deferred Tax Expenses/(Income)	(1,272,282)	(1,272,282)	(2,938,783)	226,561
Profit for the period	**9,574,741**	**32,030,153**	**40,331,681**	**109,132,364**
Profit attributable to:				
Equity holders of the finance	9,574,741	32,030,153	40,331,681	109,132,364
Non-controlling interest	-	-	-	-
Profit for the period	**9,574,741**	**32,030,153**	**40,331,681**	**109,132,364**
Other comprehensive income	**19,009,109**	**(6,062,845)**	**(6,823,804)**	**13,625,656**
Total comprehensive income for the period	**28,583,850**	**25,967,307**	**33,507,877**	**122,758,020**
Earnings per share				
Basic earnings per share		2.71		9.22
Annualized Basic earnings per share		5.41		18.44
Diluted earnings per share		5.41		18.44
Total comprehensive income attributable to:				
Equity holders of the finance	28,583,850	25,967,307	33,507,877	122,758,020
Non-controlling interest	-	-	-	-
Total	**28,583,850**	**25,967,307**	**33,507,877**	**122,758,020**

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	-	12.21%	-	12.99%
Tier 1 Capital To RWA	-	9.10%	-	10.35%
Non-performing loan (NPL) to total loan	-	3.51%	-	3.07%
Total loan loss provision to Total NPL	-	83.11%	-	99.30%
Cost of Funds	-	5.15%	-	6.77%
Credit to Deposit Ratio	-	80.06%	-	81.29%
Base Rate	-	6.83%	-	8.78%
Interest Rate Spread	-	4.48%	-	4.56%
Return on Equity	-	3.18%	-	11.10%
Return on Asset	-	0.25%	-	1.00%

Statement of Distributable Profit or Loss

For the Quarter ended Poush 2082

(As per NRB Regulation)

Amount in NPR

Particulars	Poush End 2082
Net profit or (loss) as per statement of profit or loss	**32,030,153**
Appropriations:	
a. General reserve	(6,406,031)
b. Foreign exchange fluctuation fund	-
c. Debenture redemption reserve	(41,500,000)
d. Corporate social responsibility fund	(320,302)
e. Employees' training fund	-
f. Other	
Transfer to investment adjustment reserve	-
Transfer from contingency reserve and deferred tax reserve	-
Transfer from CSR fund	863,079
Profit or (loss) before regulatory adjustment	**(15,333,101)**
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	(28,495,356)
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 Poush 2082	**(60,183,576)**
Opening retained earning	**218,670,200**
Less: Dividend distributed	186,864,147
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	73,400
Remaining balance of Retained Earnings	**31,879,452**
Distributable Profit or (Loss)	**(28,304,123)**

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 2082, 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 Second Quarter of F.Y. 2082/83

1. Financial Statements as per unaudited figures of 2082.09.30

i. Financial details as of the end of the Second Quarter (2082.09.30) of FY 2082/83 have been published along with this disclosure

ii. Major Financial Indicators

Earnings per share (Rs.)	5.41	Market Value Per Share (Rs.)	660
Price Earnings Ratio (times)	121.93	Net Worth Per Share (Rs.)	170.19
Total Assets/No. of Shares (Rs.)	2,133.46	Liquidity Ratio (%)	29.99

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:

Transactions 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.)	675	Minimum share price (Rs.)	595
Closing share price (Rs.)	660	Total no. of transactions	6,038
No. of days of the transaction	55	Total traded no. of shares	1,091,889

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. Increasing trend of cyber frauds and operational risks
2. Economic Slowdowns
3. Low credit demand
4. Intense market competition
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.