



NCC Bank

नेपाल क्रेडिट एण्ड कमर्स बैंक लि.
Nepal Credit & Commerce Bank Ltd.
Bagbazar, Kathmandu

Unaudited Financial Results (Quarterly)

As at 4th Quarter (16.07.2018) of the F.Y 2074/75

As per NRB Directive No. 4

Rs. In '000

S. No.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending (Unaudited)
1	Total Capital and Liabilities (1.1 to 1.7)	75,257,968	71,428,314	71,018,583
1.1	Paid up Capital	4,679,853	4,679,058	4,679,058
1.2	Reserve and Surplus	2,864,760	3,127,899	2,560,040
1.3	Debtenture and Bond	-	-	-
1.4	Borrowings	684,909	1,411,535	779,231
1.5	Deposits (a+b)	63,328,559	59,010,499	58,795,094
	a.Domestic Currency	62,614,167	58,335,317	58,132,336
	b.Foreign Currency	714,392	675,182	662,758
1.6	Income Tax Liability	438,308	211,643	300,073
1.7	Other Liabilities	3,261,579	2,987,680	3,905,087
2	Total Assets (2.1 to 2.7)	75,257,968	71,428,314	71,018,583
2.1	Cash and Bank Balance	7,739,538	6,837,449	13,313,896
2.2	Money at Call and Short Notice	-	898,623	581,628
2.3	Investments	9,249,178	8,651,912	5,875,001
2.4	Loans and Advances (a+b+c+d+e+f)	55,013,229	52,127,607	48,168,820
	a. Real Estate Loan	1,005,522	1,194,922	1,885,318
	1. Residential Real Estate Loan (Except Personal Home Loan Upto Rs. 1.5 crore)	451,510	459,582	596,097
	2. Business Complex & Residential Apartment Construction Loan	30,592	46,686	64,533
	3. Income Generating Commercial Complex Loan	1,432	16,957	18,685
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	521,987	671,697	1,206,003
	b. Personal Home Loan of Rs. 1.5 crore or Less	4,030,457	3,878,290	3,626,270
	c. Margin Type Loan	918,216	727,032	635,554
	d. Term Loan	7,282,138	6,706,335	5,385,183
	e. Overdraft Loan / TR Loan / WC Loan	23,508,810	23,066,748	20,464,622
	f. Others	18,268,087	16,554,280	16,171,873
2.5	Fixed Assets	718,939	704,304	721,089
2.6	Non Banking Assets	-	-	630,021
2.7	Other Assets	2,537,083	2,208,420	1,728,128
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter (Unaudited)
3.1	Interest Income	6,740,395	4,795,099	4,412,674
3.2	Interest Expense	5,119,960	3,784,224	2,690,493
	A. Net Interest Income (3.1 - 3.2)	1,620,435	1,010,875	1,722,181
3.3	Fees, Commission and Discount	218,694	158,517	213,274
3.4	Other Operating Income	288,148	185,238	147,722
3.5	Foreign Exchange Gain/Loss (Net)	64,766	48,070	37,038
	B. Total Operating Income (A+3.3+3.4+3.5)	2,192,043	1,402,700	2,120,215
3.6	Staff Expenses	800,781	479,840	474,306
3.7	Other Operating Expenses	538,472	342,980	418,106
	C. Operating Profit Before Provision (B-3.6-3.7)	852,791	579,880	1,227,803
3.8	Provision for Possible Losses	648,582	233,485	821,283
	D. Operating Profit (C-3.8)	204,209	346,396	406,520
3.9	Non Operating Income/Expenses (Net)	41,996	38,799	30,550
3.10	Write Back of Provision for Possible Loss	1,409,469	440,021	1,333,217
	E. Profit From Regular Activities (D+3.9+3.10)	1,655,674	825,215	1,770,287
3.11	Extraordinary Income/Expenses (Net)	5,704	5,059	3,048
	F. Profit Before Bonus and Taxes (E.+3.11)	1,661,378	830,275	1,773,335
3.12	Provision for Staff Bonus	151,034	75,480	161,212
3.13	Provision for Tax	438,308	211,643	286,306
	G. Net Profit/Loss (F-3.12-3.13)	1,072,036	543,152	1,325,817
4	Ratios	At the End of this Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter (Unaudited)
4.1	Capital Fund to RWA	11.38%	11.54%	12.30%
4.2	Non Performing Loan (NPL) to Total Loan	3.89%	3.97%	4.80%
4.3	Total Loan Loss Provision to Total NPL	117.61%	93.31%	102.91%
4.4	Cost of Funds (As per NRB directives)	8.27%	8.52%	5.99%
4.5	Credit to Deposit Ratio (As per NRB directives)	76.76%	75.60%	71.48%
4.6	Base Rate (As per NRB directives)	11.92%	12.03%	9.32%
5	Additional Information			
5.1	Average Yield (As per NRB directives)	12.37%	11.66%	9.74%
5.2	Interest Rate Spread (As per NRB directives)	4.12%	3.14%	3.75%
5.3	Return on Equity (ROE)	13.95%	9.83%	23.16%
5.4	Earning per Share (NRs.)	22.91	15.48	28.34
5.5	Return on Assets (ROA)	1.45%	0.99%	2.39%

Notes :
1. Loan and advances are presented gross of provision and provision on loan & advances are presented in other liabilities.
2. Non banking assets are presented net of provision.
3. Above financials have been prepared as per NRB Directive No.4 and not in full compliance with NFRS.
4. Unaudited figures are subject to change by statutory auditor and/or supervisory body. Accordingly, the impact of possible changes have also not been reinstated in the previous quarter and corresponding quarter of previous year.

"Schedule 14 Disclosure as per Rule 26(1) of Securities Registration & Issuance Regulation, 2073" Fourth Quarter Report- 2074/75

1. Financial Statements:

- a. Quarterly Financial Report including Balance Sheet and Profit & Loss Account: published along with this report.
b. Transactions held between related parties:
There is no transaction held between related parties during this quarter.
c. Major Financial Indicators:

Earnings per share	NPR 22.91	Net Liquid assets to total deposit(Liquidity ratio)	25.66%
Price earnings ratio	10.91	Assets value per share	NPR 1667.51
Net worth per share	NPR 161.21		

2. Management Analysis:

- a. Details relating to change in the Bank's reserve, income and liquidity in the quarter and its main reason:
The change in the Bank's reserve, income and liquidity are as presented in the fourth quarter financial statement ending on Ashad end 2075. The liquidity position of the Bank is at comfortable level throughout fourth quarter period.
b. Management's analytical details regarding future business plan:
The Bank has adopted strategy to increase overall business growth; to provide the innovative products and services to customers through existing branch networks; and expansion of branch networks/extension counters in virgin areas to grab the first mover's opportunity. In addition, NPA and NBA management shall continue to be the top priority of the management of the Bank.
c. Analytical details of the incidents that may have major impact on reserves, profit or cash flow (if any) based on previous experience:
There have been no incidents /conditions which may have impact on the bank's position, profit and cash flow.
3. Legal Proceedings:
a. Lawsuits filed by /against the Bank:
There have been no legal cases except the cases filed in DRT for recovery of loans and cases related to the income tax.
b. Lawsuits filed by / against the promoters /directors relating to disobedience of prevailing law or criminal offense:
There have been no such legal cases filed.
c. Lawsuits filed against promoters /directors for financial offense:
There have been no such legal cases filed except the case that has been filed at the Patan High Court by the Central Investigation Bureau, Nepal against director Mr. Bishnu Prasad Dhital.
4. Analysis of stock performance:
a. Management view on securities transactions of the bank at securities market:
Since the share prices are determined by open market operations at Nepal Stock Exchange under the supervision of Securities Board of Nepal, management has no comment on the same.
b. Maximum, minimum and closing share price of the bank including total transacted number of shares and transacted day during the quarter are as follows: (as published in the Nepal Stock Exchange website)
Maximum share price: NPR. 302 /- Minimum share price: NPR. 226 /- Closing share price: NPR. 250 /-
Total no. of transaction days: 63 days Total no. of transacted shares: 929,414 shares Total no. of transactions: 2,723

5. Problems, Challenges and Strategies:

- Internal**
• Increase in operational risk and operating costs with increase in number of branches
• Challenges on recovery of non-performing accounts • Challenge of improving non-interest revenue
- External**
• Increased price competition in limited market, thereby decreasing margin
• Trade deficit and unfavorable balance of payment • Changing liquidity conditions • Volatile foreign exchange rate
- Bank's Strategies to mitigate problem and challenges:**
• Effective asset and liability management • Cost rationalization approach to manage the cost
• Prudent risk management policies and practices • Provide quality and latest technology based services to customers
• Regular employee training and management development

6. Corporate Governance:

The Bank is committed to upholding good corporate governance practices with strict compliance with laws, rules and regulations. Risk Management, compliance, control and audit functions are accorded due priority in the bank. The bank has Audit Committee, Risk Management Committee, Asset and Liability Committee (ALCO), AML Committee, Research & Development Committee and other Sub-Committees to ensure high level of corporate governance. There are number of policies and clear procedures in place to ensure high level of governance and transparency within the bank.

7. Declaration by CEO about the Truthfulness of Financials/Information:

I, CEO of the bank, take responsibility on the truthfulness of information and particulars disclosed in this report. Further I declare that the particulars mentioned in this report, to the best of my knowledge, are true, fair and complete and have not knowingly concealed any particulars, notices and information to the investors to take informed decision.

As per NRB Circular No. Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/10/074/75 and Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75

As per NFRS

Rs. In '000

Statement of Financial Position	This Quarter Ending	Previous Quarter Ending	Corresponding Year Previous Quarter Ending (Unaudited)
Assets			
Cash And Cash Equivalent	3,461,984	3,445,242	3,414,103
Due From NRB And Placements with BFIs	4,826,763	4,292,425	10,482,208
Loan And Advances	55,318,629	52,562,280	48,257,316
Investment Securities	8,812,265	8,787,437	5,982,016
Investment in Subsidiaries	-	-	-
Property, Plant and Equipment	716,779	701,783	718,757
Goodwill And Intangible Assets	2,160	2,520	2,332
Other Assets	3,606,831	2,620,569	1,873,187
Total Assets	76,745,411	72,412,257	70,729,920
Capital And Liabilities			
Paid Up Capital	4,679,853	4,679,058	4,679,058
Reserves And Surplus	5,161,519	5,301,726	4,468,024
Deposits	63,519,763	59,258,097	58,875,501
Borrowings	684,909	1,411,535	779,231
Bond And Debtenture	-	-	-
Other Liabilities And Provisions	2,699,367	1,761,841	1,928,106
Total Capital And Liabilities	76,745,411	72,412,257	70,729,920

Statement of Profit or Loss	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter Ending
Interest Income	7,010,289	5,189,198	5,538,530
Interest Expense	5,119,960	3,784,224	2,690,494
Net Interest Income	1,890,329	1,404,974	2,848,036
Fees and Commission Income	475,166	330,319	347,324
Fees and Commission Expense	21,651	11,709	23,638
Net Fees and Commission Income	453,515	318,610	323,686
Other Operating Income	144,142	105,365	84,308
Total Operating Income	2,487,986	1,828,948	3,256,031
Impairment (Charge)/Reversal for Loans and Other Losses	747,096	(245,562)	1,545,667
Net Operating Income	3,235,082	1,583,387	4,801,698
Personnel Expenses	967,099	685,001	944,494
Other Operating Expenses	516,821	331,270	394,467
Operating Profit	1,751,162	567,115	3,462,736
Non-Operating Income/Expenses	-	-	-
Profit Before Tax	1,751,162	567,115	3,462,736
Income Tax	510,553	155,339	841,490
Profit/(Loss) For the Period	1,240,609	411,776	2,621,246
Other Comprehensive Income	226,158	173,299	(112,576)
Total Comprehensive Income	1,466,768	585,075	2,508,670
Share of Non-Controlling Interest on Profit of Subsidiary	-	-	-
Total Comprehensive Income after Share of NCI	1,466,768	585,075	2,508,670
Distributable Profit			
Net Profit/ (Loss) as per Profit or Loss	1,240,609	411,776	2,621,246
Add/Less: Regulatory Adjustment as per NRB Directive	(168,573)	131,376	(1,295,430)
Free Profit/ (Loss) after Regulatory Adjustments	1,072,036	543,152	1,325,817

Ratios	This Quarter	Previous Quarter	Corresponding Year
Capital Fund to RWA (As per NRB Directive)	11.38%	11.54%	12.30%
Non-Performing Loan (NPL) to Total Loan (As per NRB Directive)	3.89%	3.97%	4.80%
Total Loss Loan Provision to Total NPL (As per NRB Directive)	117.61%	93.31%	102.91%
Cost of Funds(As per NRB directive)	8.27%	8.52%	5.99%
Credit to Deposit Ratio (As per NRB directive)	76.76%	75.60%	71.48%
Base Rate (As per NRB directive)	11.92%	12.03%	9.32%
Basic Earning Per Share as per NFRS	26.51	11.73	72.63
Diluted Earning Per Share as per NFRS	26.51	11.73	72.63

Notes to NFRS Compliant Financials as per NRB circular no Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75

- Above financials have been prepared as per NRB Circular no. Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75 and are NFRS compliant. While complying NFRS, the Bank has applied appropriate accounting judgements and estimates as having material impact on the financial statements.
- Loan and Advances include interest receivables and are presented net of impairment charges.
- Personnel Expenses include employee's bonus provision calculated at 10 percent of net profit after bonus and before tax calculated as per NRB Directive No.4. and amortization of prepaid benefit of subsidized staff loans provided as per Employee Bylaws of the Bank.
- Income Tax Expenses includes provision for tax calculated on the basis of net profit before tax as per NRB Directive No. 4 and the effect of deferred tax on NFRS adjustments.
- Interest Income on Loans and Advances are shown on accrual basis.
- Provision for gratuity and leave have been provided as per Employee Bylaws of the Bank and hence, actuarial gain /loss has not been separately disclosed and it may change as per Actuary Valuation Report
- Property, Plant and Equipment item has been inserted and disclosed separately in above financials. Goodwill And Intangible Assets includes the book value of software purchased by the Bank.
- The distributable free profit as per NFRS after regulatory adjustments is NPR 1,072 million.
- Investment in shares and mutual funds are classified as Available For Sale and has been measured at Fair Value through Other Comprehensive Income.
- EPS has been calculated using weighted average number of shares for the period as per NFRS.
- All the NFRS adjustments have been presented under regulatory adjustments.
- Above figures are subject to change upon otherwise instructions of Statutory Auditor and/or Regulatory Authorities.

Segment Reporting

The Bank has identified segment on the basis of each geographical business presence in seven Provinces of the country that assist the Executive Committee of the bank in the decision making process as to allocation of resources and assessment of performance of the operating segment and has been identified as the chief operating decision maker. The segment identified are seven Segments and each segment's total deposit, Loans and Advances, Property, Plant and Equipment & Intangible Assets, Total Revenue & Segment Results have been disclosed. The disclosure on segmental reporting has been prepared in accordance with the requirement of NFRS. The uses of funds between segments are conducted on pre-determined transfer price amongst segments with intra segment revenues and costs being nullified at Corporate Office. The bank evaluates the performance of its segment on the basis of segment result before tax. The summarized performance of the Segment is as follows:

Segment Assets / Liabilities and Results as of July 16 2018

Particulars	Provinces							Total
	Province 1	Province 2	Province 3	Gandaki Province	Province 5	Karnali Province	Province 7	
Deposit	2,125,825	3,429,363	48,129,545	6,575,142	245,630	1,277,583	1,736,676	63,519,763
Loan & Advances	5,413,854	6,034,777	32,821,972	5,843,954	446,031	603,156	4,154,885	55,318,629
Property, Plant and Equipment ; and Intangible Assets	23,227	122,307	491,970	51,562	7,828	5,144	16,901	718,939
Interest Income	677,394	689,126	4,226,364	758,953	70,193	88,035	500,225	7,010,289
Interest Expenses	150,628	199,067	4,182,238	397,091	12,800	77,643	100,494	5,119,960
Net Interest Income	526,767	490,059	44,125	361,862	57,393	10,392	399,731	1,890,329
Fees And Commission Income	38,552	39,789	287,626	58,623	2,231	4,413	43,932	475,166
Fees And Commission Expenses	203	499	19,863	360	44	157	524	21,651
Net Fees And Commission Income	38,349	39,290	267,763	58,263	2,187	4,255	43,408	453,515
Net Interest, Fees And Commission Income	565,116	529,349	311,888	420,125				