



NCC Bank

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

Head Office: Siddharthanagar
Corporate Office: Bagbazar, Kathmandu

Unaudited Financial Results (Quarterly)

As at 2nd Quarter (14.01.2018) of the F.Y 2074/75

Rs. In '000

S. No.	Particulars	This Quarter Ending (14.01.2018)	Previous Quarter Ending (17.10.2017)	Corresponding Previous Year Quarter Ending (13.01.2017)
1	Total Capital and Liabilities (1.1 to 1.7)	71,083,815	72,480,550	65,312,387
1.1	Paid up Capital	4,679,058	4,679,058	4,679,058
1.2	Reserve and Surplus	2,914,562	2,724,624	2,303,938
1.3	Debenture and Bond	-	-	-
1.4	Borrowings	1,100,866	484,312	2,500
1.5	Deposits (a+b)	58,913,520	61,381,218	55,468,025
	a.Domestic Currency	58,075,707	60,545,038	54,532,905
	b.Foreign Currency	837,813	836,180	935,120
1.6	Income Tax Liability	151,937	70,535	33,266
1.7	Other Liabilities	3,323,872	3,140,803	2,825,600
2	Total Assets (2.1 to 2.7)	71,083,815	72,480,550	65,312,387
2.1	Cash and Bank Balance	5,690,339	11,664,127	7,478,968
2.2	Money at Call and Short Notice	897,249	861,722	2,500,518
2.3	Investments	10,169,616	8,584,585	4,923,016
2.4	Loans and Advances (a+b+c+d+e+f)	51,418,552	48,876,156	48,422,669
	a. Real Estate Loan	1,495,048	1,233,002	1,673,788
	1. Residential Real Estate Loan (Except Personal Home Loan Upto Rs. 1.5 crore)	663,612	342,270	185,574
	2. Business Complex & Residential Apartment Construction Loan	79,956	79,067	70,867
	3. Income Generating Commercial Complex Loan	18,491	18,600	19,475
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	732,989	793,065	1,397,872
	b. Personal Home Loan of Rs. 1.5 crore or Less	3,640,866	3,863,725	4,262,331
	c. Margin Type Loan	822,759	627,371	924,767
	d. Term Loan	6,174,850	5,675,019	4,946,937
	e. Overdraft Loan / TR Loan / WC Loan	22,573,935	21,168,169	20,283,104
	f. Others	16,711,094	16,308,870	16,331,742
2.5	Fixed Assets	684,947	686,440	796,284
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	2,223,112	1,807,520	1,190,932
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
3.1	Interest Income	3,099,233	1,494,446	2,411,027
3.2	Interest Expense	2,511,805	1,281,447	1,379,843
	A. Net Interest Income (3.1 - 3.2)	587,428	212,999	1,031,184
3.3	Fees, Commission and Discount	106,585	42,519	76,585
3.4	Other Operating Income	117,020	42,779	108,436
3.5	Foreign Exchange Gain/Loss (Net)	26,503	13,539	21,465
	B. Total Operating Income (A+3.3+3.4+3.5)	837,536	311,836	1,237,670
3.6	Staff Expenses	288,424	154,030	251,269
3.7	Other Operating Expenses	226,793	109,584	255,903
	C. Operating Profit Before Provision (B-3.6-3.7)	322,319	48,222	730,498
3.8	Provision for Possible Losses	148,200	35,701	653,756
	D. Operating Profit (C-3.8)	174,119	12,521	76,742
3.9	Non Operating Income/Expenses (Net)	31,041	14,698	11,906
3.10	Write Back of Provision for Possible Loss	346,962	231,411	41,752
	E. Profit From Regular Activities (D+3.9+3.10)	552,122	258,630	130,400
3.11	Extraordinary Income/Expenses (Net)	4,981	-	(8,427)
	F. Profit Before Bonus and Taxes (E.+3.11)	557,103	258,630	121,973
3.12	Provision for Staff Bonus	50,646	23,512	11,088
3.13	Provision for Tax	151,937	70,535	33,266
	G. Net Profit/Loss (F-3.12-3.13)	354,520	164,583	77,619
4	Ratios	At the End of this Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	11.24%	11.68%	12.05%
4.2	Non Performing Loan (NPL) to Total Loan	4.04%	4.29%	4.84%
4.3	Total Loan Loss Provision to Total NPL	95.49%	104.42%	99.71%
4.4	Cost of Funds	8.19%	8.21%	5.28%
4.5	Credit to Deposit Ratio (As per NRB directives)	76.48%	70.83%	78.68%
4.6	Base Rate	11.45%	11.43%	8.27%
5	Additional Information			
5.1	Average Yield	11.11%	11.18%	8.60%
5.2	Net Interest Spread	2.92%	2.97%	3.32%
5.3	Return on Equity (ROE)	9.99%	9.46%	9.93%
5.4	Return on Assets (ROA)	0.97%	0.90%	1.10%

Notes: 1. Figures have been regrouped/ rearranged wherever necessary.
2. Above figures may change subject to any instruction of statutory auditor and/or supervisory body.
3. Loan & Advances has been presented gross of Loan Loss Provision and NBA (Rs. 839,451 Thousand) as on Poush end 2074 has been shown in net off Provision.

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

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

Earnings per share(Annualized)	NRs.10.24	Price earnings ratio(Annualized)	32.32
Net worth per share	NRs.162.29	Liquid assets to total deposit(Liquidity ratio)	28.23%
Assets value per share	NRs.1519.19		
- Management Analysis:**
 - Details relating to change in the bank's reserve, income and liquidity in the quarter and its main reason:**
The bank achieved operating profit of NPR. 174,119 ('000), operating profit before provision loss provision of NPR. 322,319 ('000) and net profit of NPR 354,520 ('000) by the end of second quarter of FY 2074/75.
 - Management's analytical details regarding future business plan:**
NPA management shall continue to be the top priority of the management of the bank. Further, the bank has adopted strategy to increase business growth and to provide the latest technology based services to the customers.
 - 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.
- Legal Proceedings:**
 - Lawsuits filed by /against the bank:**
There have been no legal cases except the cases filed in DRT for recovery of loans.
 - Lawsuits filed by / against the promoters /directors relating to disobedience of prevailing law or criminal offense:**
There have been no such legal cases filed.
 - Lawsuits filed against promoters /directors for financial offense:**
There have been no such legal cases filed.
- Analysis of stock performance:**
 - 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.
 - 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.380/-
Minimum share price: NPR.328/-
Closing share price: NPR.331/-
Total no. of transaction days: 57 days
Total no. of transacted shares: 1,448,137 shares
Total no. of transactions: 3,553
- Problems, Challenges and Strategies:**

Internal

 - Pressure in interest spread
 - Managing increasing operation costs
 - Challenges on recovery of non-performing accounts
 - Management of personnel
 - Challenge of improving non-interest revenue

External

 - Increased price competition thereby decreasing margin
 - Limited market
 - Changing liquidity conditions
 - Unstable socio-political environment
 - Volatile foreign exchange market

Bank's Strategies to mitigate problem and challenges:

 - Selective business growth via diversification of loan portfolio
 - Cost rationalization for managing the cost of operation
 - Effective risk management on operational, market, and credit risk
 - Provide quality and latest technology based services to the customers
 - Regular training to the staff to enhance work performance
- 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 and Asset and Liability Committee (ALCO), AML committee, Research & Development Committee and other subcommittees to ensure high level of corporate governance. There are number of policies and clear procedures in place to ensure high level of governance within the bank.
- 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, notes and information to the investors to take informed decision.