

**Nepal Credit & Commerce Bank Limited**  
**Condensed Statement of Financial Position**

As on Ashwin end 2077

	<b>Amount in NPR</b>	
<b>Assets</b>	<b>This Quarter Ending</b>	<b>Immediate Previous Year Ending</b>
Cash and Cash Equivalents	7,163,164,934	8,606,158,427
Due from Nepal Rastra Bank	8,583,088,976	8,472,933,064
Placement with Bank and Financial Institutions	705,000,000	-
Derivative Financial Instruments	1,492,248,653	1,192,390,828
Other Trading Assets	-	-
Loans and Advances to BFIs	3,022,409,285	2,797,812,178
Loans and Advances to Customers	67,520,952,583	65,107,489,377
Investment Securities	9,298,926,550	7,498,356,452
Current Tax Assets	-	73,811,736
Investment in Subsidiaries	-	-
Investment in Associates	54,657,126	54,657,126
Investment Property	954,111,835	956,777,405
Property and Equipment	863,196,142	867,443,342
Goodwill and Intangible Assets	11,581,983	11,777,984
Deferred Tax Assets	65,365,252	70,504,887
Other Assets	1,114,344,933	1,162,897,958
<b>Total Assets</b>	<b>100,849,048,252</b>	<b>96,873,010,764</b>
<b>Particulars</b>	<b>This Quarter Ending</b>	<b>Immediate Previous Year Ending</b>
<b>Liabilities</b>		
Due to Bank and Financial Institutions	2,877,026,676	5,830,171,796
Due to Nepal Rastra Bank	25,812,889	975,707,948
Derivative Financial Instruments	1,388,858,707	1,134,467,139
Deposits from Customers	80,893,518,149	73,786,878,603
Borrowings	-	-
Current Tax Liabilities	46,810,596	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	2,092,618,715	1,965,302,124
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
<b>Total Liabilities</b>	<b>87,324,645,732</b>	<b>83,692,527,610</b>
<b>Equity</b>		
Share Capital	9,353,916,945	9,353,916,945
Share Premium	-	-
Retained Earnings	1,008,639,986	888,725,452
Reserves	3,161,845,589	2,937,840,757
<b>Total Equity Attributable to Equity Holders</b>	<b>13,524,402,520</b>	<b>13,180,483,154</b>
Non Controlling Interest	-	-
<b>Total Equity</b>	<b>13,524,402,520</b>	<b>13,180,483,154</b>
<b>Total Liabilities and Equity</b>	<b>100,849,048,252</b>	<b>96,873,010,764</b>
Net Assets Value per share	144.59	140.91

**Nepal Credit & Commerce Bank Limited**  
**Condensed Statement of Profit or Loss**  
For the Quarter ended Ashwin end 2077

Amount in NPR

Particulars	Current Year		Previous Year	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Interest Income	2,055,591,769	2,055,591,769	2,169,377,494	2,169,377,494
Interest Expense	1,257,018,374	1,257,018,374	1,332,276,081	1,332,276,081
<b>Net Interest Income</b>	<b>798,573,395</b>	<b>798,573,395</b>	<b>837,101,413</b>	<b>837,101,413</b>
Fee and Commission Income	140,862,205	140,862,205	133,626,422	133,626,422
Fee and Commission Expense	3,992,745	3,992,745	4,670,543	4,670,543
<b>Net Fee and Commission Income</b>	<b>136,869,460</b>	<b>136,869,460</b>	<b>128,955,879</b>	<b>128,955,879</b>
<b>Net Interest, Fee and Commission Income</b>	<b>935,442,855</b>	<b>935,442,855</b>	<b>966,057,292</b>	<b>966,057,292</b>
Net Trading Income	57,385,253	57,385,253	45,090,428	45,090,428
Other Operating Income	23,098,981	23,098,981	11,111,047	11,111,047
<b>Total Operating Income</b>	<b>1,015,927,089</b>	<b>1,015,927,089</b>	<b>1,022,258,767</b>	<b>1,022,258,767</b>
Impairment Charge/ (Reversal) for Loans and Other Losses	92,334,766	92,334,766	95,169,010	95,169,010
<b>Net Operating Income</b>	<b>923,592,323</b>	<b>923,592,323</b>	<b>927,089,757</b>	<b>927,089,757</b>
<b>Operating Expense</b>				
Personnel Expenses	320,992,749	320,992,749	309,981,391	309,981,391
Other Operating Expenses	114,372,627	114,372,627	120,194,311	120,194,311
Depreciation & Amortisation	31,381,580	31,381,580	31,846,179	31,846,179
<b>Operating Profit</b>	<b>456,845,367</b>	<b>456,845,367</b>	<b>465,067,876</b>	<b>465,067,876</b>
Non Operating Income	-	-	-	-
Non Operating Expense	-	-	-	-
<b>Profit Before Income Tax</b>	<b>456,845,367</b>	<b>456,845,367</b>	<b>465,067,876</b>	<b>465,067,876</b>
Income Tax Expense				
Current Tax	122,258,166	122,258,166	124,724,918	124,724,918
Deferred Tax	-	-	-	-
<b>Profit/(Loss) for the Period</b>	<b>334,587,201</b>	<b>334,587,201</b>	<b>340,342,958</b>	<b>340,342,958</b>
<b>Condensed Statement of Other Comprehensive Income</b>				
Profit /(Loss) for the Period	334,587,201	334,587,201	340,342,958	340,342,958
Other Comprehensive Income	11,992,478	11,992,478	(7,209,634)	(7,209,634)
<b>Total Comprehensive Income</b>	<b>346,579,679</b>	<b>346,579,679</b>	<b>333,133,324</b>	<b>333,133,324</b>
Basic Earnings per Share		14.31		14.55
Diluted Earnings per Share		14.31		14.55
<b>Profit attributable to:</b>				
Equity-holders of the Bank	346,579,679	346,579,679	333,133,324	333,133,324
Non-Controlling Interest	-	-	-	-
<b>Total</b>	<b>346,579,679</b>	<b>346,579,679</b>	<b>333,133,324</b>	<b>333,133,324</b>

**Nepal Credit & Commerce Bank Limited**  
**Statement of Distributable Profit/(Loss)**  
As on Ashwin end 2077

<b>Particulars</b>	<b>Amount in NPR Current Year</b>
<b>Net profit or (loss) for the period end first quarter</b>	<b>334,587,201</b>
<b>1. Appropriations:</b>	
<b>1.1 Profit required to be appropriated to statutory reserve</b>	<b>(69,168,788)</b>
a. General reserve	(66,917,440)
b. Capital redemption reserve	-
c. Exchange fluctuation fund	-
d. Corporate social responsibility fund	(2,251,348)
e. Investment Adjustment Reserve	-
f. Others	-
<b>1.2 Profit required to be transfer to Regulatory Reserve</b>	<b>(142,843,566)</b>
a. Transfer to Regulatory Reserve	(144,522,874)
b. Transfer from Regulatory Reserve	1,679,309
<b>Net Profit for the period end first quarter available for distribution</b>	<b>122,574,847</b>

## Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital fund to RWA		13.43%		13.20%
Non-performing loan (NPL) to total loan		2.83%		2.87%
Total loan loss provision to Total NPL		138.04%		126.44%
Cost of Funds		6.16%		7.53%
Credit to Deposit Ratio		74.83%		77.86%
Base Rate		8.63%		10.77%
Interest Rate Spread		4.38%		5.07%

### Notes:

1. Above financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) and certain Carve-outs issued by the Institute of Chartered Accountants of Nepal (ICAN). These figures may vary at the instance of external auditors and regulators.
2. Personnel Expenses include employee's bonus provision and amortization of prepaid benefit of subsidized staff loans provided as per Employee Bylaws of the Bank.
3. Interest income on loan and advances have been recognized on accrual basis subject to the Interest Income Recognition Guidelines issued by NRB. Loan and Advances include accrued interest receivables and staff loan provided as per Employee Bylaws of the Bank; and are presented net of impairment charges. Impairment loss on loan and advances has been measured at the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of Nepal Accounting Standard (NAS) 39.
4. Immediate previous year end figures have been restated/regrouped/rearranged wherever necessary.
5. Detail interim report is also available in the Bank's website. ([www.nccbank.com.np](http://www.nccbank.com.np))

**“Schedule 14 Disclosure as per Rule 26(1) of Securities Registration & Issuance Regulation, 2073”**

**First Quarter Report- 2077/78**

**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	NPR14.31
Price earnings ratio	15.73 times
Net worth per share	NPR144.59
Net Liquid assets to total deposit(Liquidity ratio)	28.71%
Assets value per share	NPR 1,078.15

**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 first quarter financial statement ending on Ashwin end 2077. The liquidity position of the Bank is at comfortable level throughout the quarter.

**b. Management’s analytical details regarding future business plan:**

The Bank has adopted long term and short term strategies to increase overall business growth in terms of both loan and deposit; to provide the innovative and diversified products and services to customers; to make advancement in digital technology; and to expand branch networks/extension counters in new virgin areas. 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:**

COVID – 19 has caused an unprecedented interruption in the economic activities thereby creating stress in the banking sector as well. Mainly due to slowdown of the major economic activities, the credit growth of the Bank has been limited. Besides this, there have been no any other incidents /conditions which may have impact on the Bank’s financial position, profit and cash flow.

### **3. Legal Proceedings:**

#### **a. Lawsuits filed by/against the Bank:**

No such information has been received except for 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:**

No such information has been received yet.

#### **c. Lawsuits filed against promoters/directors for financial offense:**

No such information has been received yet.

### **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.234/-

Minimum share price: NPR. 185/-

Closing share price: NPR. 225/-

Total no. of transaction days: 64 days

Total no. of transacted shares: 7,193,595 shares

Total no. of transactions: 15,058

### **5. Problems, Challenges and Strategies:**

#### **Internal**

- Increase in operational risk
- Challenges on management of non-banking assets and non performing accounts
- Challenges in increasing non interest based revenues and attracting low cost deposit.
- Reduction in the efficiency of human resources due to pandemic situation.

#### **External**

- Maintain the asset quality operating in pandemic situation.
- Competitive environment between financial institutions.
- Management of excess liquidity due to slower credit growth.
- Changes in the policies and regulations by central bank having impact on the financial performance of the Bank.

**Bank's Strategies to mitigate problem and challenges:**

- Smooth operation of business maintaining safety measures.
- Prudent asset and liability management.
- Effective management of liquidity.
- Effective risk management policies and practices.
- Stringent loan recovery process.
- Explore and focus on increasing non funded business as well as other avenues for increasing non interest based income.
- Introduce the new, diversified and innovative deposit and loan products

**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.