

Unaudited Financial Results (Quarterly)

As at 2nd Quarter ( 29/09/2073 ) of the Fiscal Year 2073/2074

( Rs in ' 000 )

S.N.	Particulars	This Quarter End Chaitra 2073 (13 APR, 2017)		This Quarter End Poush 2073 (13 JAN, 2017)		Corresponding Previous Year Quarter Chaitra 2072 (13 APR, 2016)	
		Group	Bank	Group	Bank	Group	Bank
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>10,750,544</b>	<b>10,609,561</b>	<b>11,981,246</b>	<b>10,940,087</b>	<b>10,186,721</b>	<b>9,878,349</b>
1.1	Paid Up Capital	1,203,023	1,203,023	1,202,984	1,202,984	1,000,402	1,000,402
1.2	Reserve and Surplus	414,003	379,305	361,104	341,535	311,115	306,509
1.3	Debenture and Bond	-	-	-	-	-	0
1.4	Borrowings	1,375,000	1,375,000	1,725,034	1,725,034	970,000	970,000
<b>1.5</b>	<b>Deposits (a+b)</b>	<b>7,427,255</b>	<b>7,517,069</b>	<b>7,498,297</b>	<b>7,539,679</b>	<b>7,412,668</b>	<b>7,440,901</b>
	a. Domestic Currency	7,412,484	7,502,297	7,469,912	7,511,294	7,398,869	7,427,102
	b. Foreign Currency	14,772	14,772	28,385	28,385	13,799	13,799
1.6	Income Tax Liability	(10,239)	(7,810)	(3,044)	7,313	(3,658)	(3,658)
1.7	Other Liabilities	341,502	142,974	1,196,870	123,542	496,194	164,195
1.8	Non- Controlling Interest	-	-	-	-	-	-
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>10,750,544</b>	<b>10,609,561</b>	<b>11,981,246</b>	<b>10,940,087</b>	<b>10,186,721</b>	<b>9,878,350</b>
2.1	Cash and Bank Balance	533,475	533,475	463,692	463,692	353,554	353,554
2.2	Money at Call and Short Notice	2,324,363	2,133,997	3,941,551	2,845,922	2,389,230	2,058,639
2.3	Investments	517,758	580,418	491,144	551,318	516,251	580,759
<b>2.4</b>	<b>Loans and Advances</b>	<b>6,975,903</b>	<b>6,975,903</b>	<b>6,761,044</b>	<b>6,761,044</b>	<b>6,535,992</b>	<b>6,535,992</b>
	<i>a. Real Estate Loan</i>	<b>530,923</b>	<b>530,923</b>	<b>563,347</b>	<b>563,347</b>	<b>468,867</b>	<b>468,867</b>
	1. Residential Real Estate Loan (except Personal Home Loan upto 10 Million)	6,803	6,803	7,583	7,583	10,908	10,908
	2. Business Complex & residential Apartment Construction Loan)	148,500	148,500	148,500	148,500	-	-
	3. Income generating Commercial Complex Loan	28,547	28,547	29,044	29,044	53,796	53,796
	4. Other Real Estate loan (Including Land purchase & Plotting)	347,073	347,073	378,220	378,220	404,164	404,164
	b. Personal Home Loan of Rs 10 Million or Less	927,759	927,759	968,276	968,276	895,625	895,625
	c. Margin Type Loan	22,124	22,124	31,722	31,722	12,591	12,591
	d. Term Loan	2,674,968	2,674,968	2,421,188	2,421,188	2,350,958	2,350,958
	e. Overdraft Loan/TR Loan/WC Loan	1,667,931	1,667,931	1,704,003	1,704,003	1,793,097	1,793,097
	f. Others	1,152,198	1,152,198	1,072,509	1,072,509	1,014,854	1,014,854
2.5	Fixed Assets Net	96,867	93,377	98,347	95,065	104,316	100,742
2.6	Non Banking Assets	-	-	-	-	-	-
2.7	Other Assets	302,178	292,391	225,446	223,045	287,378	248,664
<b>3</b>	<b>Profit and Loss Account</b>						
3.1	Interest Income	701,766	660,828	446,617	423,317	521,798	512,602
3.2	Interest Expense	307,840	313,533	174,006	175,470	219,374	220,809
<b>A.</b>	<b>Net Interest Income (3.1 - 3.2)</b>	<b>393,926</b>	<b>347,294</b>	<b>272,611</b>	<b>247,847</b>	<b>302,423</b>	<b>291,793</b>
3.3	Fees, Commission and Discount	17,311	6,345	7,939	4,826	9,661	5,355
3.4	Other Operating Income	23,266	23,266	16,939	16,939	19,225	21,760
3.5	Foreign Exchange Gain/Loss (Net)	1,827	1,827	1,369	1,369	4,935	4,935
<b>B.</b>	<b>Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>436,329</b>	<b>378,732</b>	<b>298,857</b>	<b>270,980</b>	<b>336,244</b>	<b>323,843</b>
3.6	Staff Expenses	73,470	69,942	46,292	43,797	58,850	55,943
3.7	Other Operating Expenses	65,587	58,202	43,514	38,976	56,848	51,486
<b>C.</b>	<b>Operating Profit Before Provision (B.-3.6-3.7)</b>	<b>297,272</b>	<b>250,588</b>	<b>209,051</b>	<b>188,208</b>	<b>220,547</b>	<b>216,414</b>
3.8	Provision for Possible Losses / NBA	40,115	40,115	28,110	28,110	63,658	63,658
<b>D.</b>	<b>Operating Profit (C. -3.8)</b>	<b>257,157</b>	<b>210,473</b>	<b>180,941</b>	<b>61,462</b>	<b>156,889</b>	<b>152,756</b>
3.9	Non Operating Income/Expenses (Net)	6,414	7,387	5,562	7,236	7,001	7,036
3.1	Write Back of Provision for Possible Loss	55,135	55,135	40,894	40,894	67,159	67,159

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		Group	Bank	Group	Bank	Group	Bank
	<b>E. Profit from Regular Activities (D.+3.9+3.10)</b>	<b>318,707</b>	<b>272,995</b>	<b>227,397</b>	<b>104,132</b>	<b>231,049</b>	<b>226,951</b>
3.11	Extraordinary Income/Expenses (Net)	(9,618)	(9,618)	(4,203)	(4,203)	(1,314)	(1,314)
	<b>F. Profit before Bonus and Taxes (E.-3.11)</b>	<b>309,089</b>	<b>263,377</b>	<b>223,194</b>	<b>99,929</b>	<b>229,735</b>	<b>225,637</b>
3.12	Provision for Staff Bonus	23,943	23,943	18,548	18,548	20,512	20,512
3.13	Provision for Tax	83,243	71,830	55,643	55,643	61,537	61,537
	Deffered Tax	0	0	0	0	0	0
	<b>G. Net Profit/Loss (F. -3.12-3.13)</b>	<b>201,902</b>	<b>167,604</b>	<b>149,004</b>	<b>129,834</b>	<b>147,685</b>	<b>143,587</b>
3.14	Share of Non-controlling Interest in profit of Subsidiary			-	-	-	-
	<b>H. Net Profit/Loss (G. -3.14)</b>	<b>201,902</b>	<b>167,604</b>	<b>149,004</b>	<b>129,834</b>	<b>147,685</b>	<b>143,587</b>
<b>4</b>	<b>Ratios</b>						
4.1	Capital Fund to RWA	17.07%	17.07%	16.73%	16.73%	15.05%	15.05%
4.2	Non Performing Loan (NPL) to Total Loan	1.60%	1.60%	1.12%	1.12%	3.32%	3.32%
4.3	Total Loan Loss Provision to Total NPL	127.13%	127.13%	188.80%	188.80%	97.69%	97.69%
4.4	Cost Of Funds	6.67%	6.67%	4.74%	4.74%	4.81%	4.81%
4.5	CD Ratio (Calculated as per NRB Directives)	79.09%	79.09%	76.97%	76.97%	78.09%	78.09%
4.6	Base Rate	9.67%	9.67%	7.44%	7.44%	7.51%	7.51%
4.7	Spread Rate (Calculated as per NRB Directives)	4.18%	4.18%	4.93%	4.93%	5.99%	5.99%

\* Figures regrouped wherever necessary.

\* Loans & Advances are disclosed net of loan loss provision

\* Above figures may change if amended by Statutory auditors and/or regulators.

\* Group Financial Statements include ACE Development Bank Limited and ACE Capital limited ( Fully owned Subsidiary of ACE Dev. Bank)

\* All inter-company transactions and outstanding balances are excluded in Group Financial Statements.

**Publication of information as required by Securities Regulation and Issuance  
Rules 2065 (Related to Sub Rule (2) of Rule 22), Annex 14**

**3<sup>rd</sup> Quarter of Financial Year 2073/74**

**1. Financial Statements**

a. Unaudited balance sheet and Profit & loss of 3<sup>rd</sup> Quarter of FY 2073/74 have been published

b. **Key Financial Indicators**

Earnings Per Share (Annualized)	NRs.18.58	Market Value Per Share	Transaction Withheld due to acquisition process
Price Earnings Ratio (PE Ratio)	23.96	Liquidity	22.64%
Net Worth Per Share	NRs. 131.53		

**2. Management Analysis:**

- a. There have been changes in the reserves, profitability and liquidity situation during the period
- b. Ace's focus will be to recover from the defaulting borrowers as well as to increase loan portfolio and the clientele base substantially.

**3. Related Party Disclosure**

The Development Bank invested Rs.70 million in equity share capital of Ace Capital Ltd in FY 2067/68. The Development Bank entered into a management contract with Ace Capital Ltd. for looking after the entire management of the subsidiary for a monthly fee of Rs.400 thousand. Employees from the Development Bank are deputed in various positions of Ace Capital Ltd. Ace Capital Ltd has rented space at Ace development bank, Naxal with monthly rent of Rs.15 thousand from Baishakh 01, 2072. The outstanding balance of deposits of Ace Capital with the Development Bank was Rs.89.81 million as on the end of Chaitra, 2073 and interest on these deposits, amounting to Rs.7.16 million was paid to it by third quarter end of this F.Y. Ace Capital Ltd is appointed as registrar to share (RTS) of Ace Development Bank Ltd with an annual fee of Rs.120 thousand. All transactions between the Development Bank and Ace Capital Ltd. are done in arm's length price.

**4. Details of Legal Action:**

**During the review period:**

a. **Case filed by or against the Development Bank during the period:**

The Development Bank has no legal case filed by the bank or against the bank except the case related to loan recovery and /or normal course of business.

- b. Case relating to disobedience of the prevailing laws or commission of the criminal offence filed by or against the promoters or directors of the Institution.**

No such information has been received by the development bank.

- c. Case relating to the commission of financial crime filed against any promoter or director.**

No such information has been received by the development bank.

## **5. Details of the Share Transaction**

- a. Management view:**

Market price of the institution's shares listed in the Nepal Stock Exchange Limited is determined by the market factors. Therefore, management is neutral on ruling the share price of the institution. However, the institution discloses the material information relevant to the market as per the prevailing regulations and as and when required.

- b. Maximum, minimum and last share price of the institution including total number of the shares traded and transaction day:**

Maximum Price :	Rs. 0
Minimum Price :	Rs. 0
Closing Price :	Rs. 0
No. of Trades :	0
Days of Trading :	0 Days

**Transaction Withheld due to acquisition process**

## **6. Problems and Challenges:**

- a. Internal Problems & Challenges**

- i. Pressure on cost of operation due to the high inflation in the economy.
- ii. Retention of human resources in a highly competitive market.

**Strategy to manage the internal problems and challenges:**

- i. Institution has adopted a practice for optimum & more economical use of resources.
- ii. Human resource management trainings as well as motivational programs are in place to enhance the productivity of employees and to retain best talents.

- b. External Problems & Challenges:**

- i. Worsening political situation of the country.
- ii. Economic crisis to the majority of customers in the business.

**Strategy to manage the external problems and challenges:**

- i. Management is closely monitoring the existing political economic situation of the country and reshaping the strategy accordingly.
- ii. We monitor sector wise Exposure diversification.

## **7. Corporate Governance:**

Corporate governance is the focal point of the institution. The institution has taken the following steps to strengthen the corporate governance:

- a. The Board of directors of the institution is responsible and accountable to the shareholders of the institution. The board formulates the policy and guides the management to execute those policies.
- b. The Audit Committee headed by the non-executive director meets quarterly or as and when required and reviews the reports from external and internal auditors and provides the feedback to the board of directors as required.
- c. The Risk Management Committee headed by the non- executive director meets regularly and evaluates the quality of the risk assets portfolio of the institution and suggests board of directors as required.
- d. The institution has Asset and Liability Committee (ALCO), HR management & services committee and others sub-committees as required. These setups meet regularly on the respective issues and suggest/recommend the designated authority accordingly.
- e. The Annual General Meeting is the annual forum when all the stakeholders meet and communicate with each other regarding the various aspects of the institution.

## **8. Disclosure of the Chief Executive Officer:**

I am personally responsible for the correctness of the facts and figures disclosed in this report. Also, to the extent of my knowledge, facts and figures disclosed in this report are correct and comprehensive and all the material information relevant to take proper investment decision for the investors are disclosed properly in this statement.