



Agricultural Development Bank Limited

Ramshahpath, Kathmandu

Unaudited Financial Results (Quarterly)

As at Fourth Quarter of the Fiscal Year 2066/67

Rs in '000

S. No.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	52,587,800	50,078,751	51,818,739
1.1	Paid Up Capital	9,437,500	10,777,500	10,777,500
1.2	Reserve and Surplus	988,791	353,271	(452,327)
1.3	Debenture and Bond	2,300,000	-	-
1.4	Borrowings	250,553	1,110,951	198,250
1.5	Deposits (A+B)	32,462,960	30,897,748	35,159,610
	A. Domestic Currency	32,462,960	30,897,748	35,159,610
	B. Foreign Currency	-	-	-
1.6	Income Tax Liability	920,347	763,590	597,719
1.7	Other Liabilities	6,227,649	6,175,691	5,537,987
2	Total Assets (2.1 to 2.7)	52,587,800	50,078,751	51,818,739
2.1	Cash and Bank Balance	4,147,143	3,646,774	5,207,652
2.2	Money at Call and Short Notice	1,653,048	967,048	2,244,198
2.3	Investment	4,541,864	2,569,253	4,896,062
2.4	Loans and Advances (Net of Provision)	33,638,297	34,311,849	32,603,096
	a. Real Estate Loan	8,457	8,457	-
	b. Home/Housing Loan	1,575,011	1,812,660	-
	c. Margin Type Loan	-	-	-
	d. Term Loan	8,429,570	8,429,570	-
	e. Overdraft Loan/ TR Loan/WC Loan	19,242,068	19,677,971	-
	f. Others	4,383,191	4,383,191	-
2.5	Fixed Assets	967,164	872,269	803,333
2.6	Non Banking Assets (Net of Provision)	-	-	-
	Non Banking Assets (Gross)	231,781	394,364	464,129
	Provision for Non Banking Assets	(231,781)	(394,364)	(464,129)
2.7	Other Assets	7,640,284	7,711,558	6,064,398
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter
3.1	Interest Income	5,464,033	3,418,974	4,231,143
3.2	Interest Expense	1,508,002	994,550	1,157,071
A.	Net Interest Income (3.1-3.2)	3,956,031	2,424,424	3,074,072
3.3	Fees, Commission and Discount	102,366	97,205	90,045
3.4	Other Operating Income	291,495	218,747	382,246
3.5	Foreign Exchange Gain/Loss (Net)	2,158	382	22,096
B.	Total Operating Income(A+3.3+3.4+3.5)	4,352,050	2,740,758	3,568,459
3.6	Staff Expenses	2,682,607	1,465,589	2,486,716
3.7	Other Operating Expenses	327,341	176,460	300,691
C.	Operating Profit before Provision (B-3.6-3.7)	1,342,102	1,098,709	781,052
3.8	Provision for Possible Losses	2,682,234	1,569,296	2,184,688
D.	Operating Profit (C-3.8)	(1,340,132)	(470,587)	(1,403,636)
3.9	Non Operating Income/Expenses (Net)	18,031	40,329	634,989
3.10	Write Back of Provision for Possible Loss	2,555,087	1,251,066	1,381,931
E.	Profit from Regular Activities (D+3.9+3.10)	1,232,986	820,808	613,284
3.11	Extraordinary Income/Expense (Net)	681,513	232,970	1,106,749
F.	Profit before Bonus and Taxes (E+3.11)	1,914,499	1,053,778	1,720,033
3.12	Provision for Staff Bonus	141,815	78,058	127,410
3.13	Provision for Income Tax	322,629	165,872	535,023
G.	Net Profit/Loss (F-3.12-3.13)	1,450,055	809,848	1,057,600
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 RWE	19.19%	16.95%	15.69%
4.2	Non Performing Loan to Total Loan	8.22%	8.97%	9.71%
4.3	Total Loan Loss Provision to Total NPL	177.29%	164.65%	153.14%
4.4	Cost of Fund	5.78%	4.94%	3.81%
4.5	C/D Ratio (As per NRB Directives)	92.18%	101.86%	87.77%

Disclosure as required by Securities Registration and Issuance Regulation 2065 (Related to Rule 22(2) for the fourth quarter of 2066/67)

1. Financial Highlights (Unaudited figures of 2067.03.32)

Earning Per share	Market Value per share	Price Earning Ratio	Net worth per ordinary share	Return on total Assets	Liquidity Ratio
47.74	-	-	132.55	2.76%	28.45%

2. Management Analysis:

- a. **Details relating to the change in the Bank's reserve, income, liquidity in the quarter (if any) and its main reasons:** Positive changes in profitability, reserves and quality of loan portfolios have been observed during the period. Reserve has increased due to the increment in profitability. Growth in income is mainly contributed by the income from risk assets and treasury businesses. Liquidity position was satisfactory during the period. During the period, redeemable preference shares of NRs. 2.3 billion has been converted into 6% debenture. The bank also raised NRs. 960 million through Initial Public Offerings.
- b. **Management's analytical details regarding future business Plan:** The bank will primarily focus on effective and efficient credit as well as investment operations and augment income from non fund business.
- c. **Analytical details of the incidents that may have major impact on reserve, profit or cash flow:** During the period under review, there were no such extra-ordinary incidents/events which have had impact on the reserve, profit or cash flow position of the institution.

3. Details of Legal Action:

During the review period:

- a. **Case filled by the institution during the period:**
Six cases have been filed against or by the bank. Of these cases, two cases amounting NRs. 5000 thousand are related with loan.
- 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 Institution
- c. **Case relating to the commission of financial crime filed against any promoter or director.**
No such information has been received by the institution

4. Details of the Share Transaction

Not applicable. ADBL shares have not been traded during the period.

5. Problems and Challenges:

a. Internal Problems & Challenges

- i. Increment in cost of fund.
- ii. Managing non-performing and written-off loans.
- iii Increment in employee related expenses.

Strategy to manage the internal problems and challenges:

- i. Adoption of competitive pricing and effective marketing measures as well as enhancing the quality of service delivery mechanisms to augment low cost deposits.
- ii. Extensive monitoring and follow-up activities are being launched to enhance quality of loan portfolio and to recover written of loans.

- iii. Enhance employees' productivity through providing training and developments in various technical areas including computer literacy. Moreover, the bank is adopting a policy to consistently reduce the number of employees through normal as well as voluntary retirement.
- iv. Under the Rural Finance Sector Development Cluster Program financed by Asian Development Bank, the bank is in the process of installing Core Banking System for enhancing its overall efficiency and productivity.

b. External Problems & Challenges:

- i Changes in political-economic situation
- ii Increasing competition in the banking industry.

Strategy to manage the external problems and challenges:

- i The bank is consistently monitoring the existing political economic situation of the country and reshaping strategies to minimize its negative effects on business.
- ii. To manage the increasing competition, the management is adopting various measures related to competitive pricing, effective marketing, manpower development and conversion of lending branches into commercial banking branches.

6. Corporate Governance:

Corporate governance is the focal point of the institution. The bank aims to balance the varying interests of different stakeholders. It has taken the following steps to strengthen the corporate governance:

- a. The bank is complying with corporate governance provisions of both the NRB directives and the Company Act 2063. The Corporate Governance Committee consisting non-executive directors oversees overall corporate governance aspects of the bank.
- b. The Audit Committee headed by the non-executive directors review management reports and reports from external as well as internal auditors, and provides the feedback to the board of directors as required.
- c. The Asset and Liability Committee (ALCO) and Loan Portfolio Management Committee (LPMC) at head office and regional offices deal with related issues concerning credit and other risk management.

7. 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, the 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.