



Agricultural Development Bank Limited

Ramshahpath, Kathmandu

Unaudited Financial Results (Quarterly) Provisional

As at First Quarter of the Fiscal Year 2067/68

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)	51,742,695	52,587,800	50,854,019
1.1	Paid Up Capital	9,437,500	9,437,500	10,777,500
1.2	Reserve and Surplus	1,260,700	988,791	(392,196)
1.3	Debenture and Bond	2,300,000	2,300,000	-
1.4	Borrowings	399,125	250,553	346,822
1.5	Deposits (A+B)	30,964,110	32,462,960	33,668,081
	A. Domestic Currency	30,964,110	32,462,960	33,668,081
	B. Foreign Currency	-	-	-
1.6	Income Tax Liability	988,324	920,347	697,434
1.7	Other Liabilities	6,392,936	6,227,649	5,756,378
2	Total Assets (2.1 to 2.7)	51,742,695	52,587,800	50,854,019
2.1	Cash and Bank Balance	3,192,468	4,147,143	3,655,065
2.2	Money at Call and Short Notice	318,099	1,653,048	2,431,256
2.3	Investment	4,910,388	4,541,864	4,677,906
2.4	Loans and Advances (Net of Provision)	33,501,037	33,638,297	32,688,645
	a. Real Estate Loan	8,752	8,457	11,814
	b. Home/Housing Loan	1,232,837	1,575,011	1,203,660
	c. Margin Type Loan	-	-	-
	d. Term Loan	8,724,972	8,429,570	8,515,210
	e. Overdraft Loan/ TR Loan/WC Loan	18,817,300	19,242,068	18,371,571
	f. Others	4,717,176	4,383,191	4,586,390
2.5	Fixed Assets	965,341	967,164	839,333
2.6	Non Banking Assets (Net of Provision)	-	-	-
	Non Banking Assets (Gross)	225,925	231,781	451,053
	Provision for Non Banking Assets	(225,925)	(231,781)	(451,053)
2.7	Other Assets	8,855,362	7,640,284	6,561,814
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter
3.1	Interest Income	1,067,456	5,464,033	885,251
3.2	Interest Expense	399,874	1,508,002	174,582
A.	Net Interest Income (3.1-3.2)	667,582	3,956,031	710,669
3.3	Fees, Commission and Discount	22,350	102,366	32,599
3.4	Other Operating Income	77,559	291,495	75,761
3.5	Foreign Exchange Gain/Loss (Net)	5,414	2,158	12
B.	Total Operating Income(A+3.3+3.4+3.5)	772,905	4,352,050	819,041
3.6	Staff Expenses	399,576	2,682,607	390,002
3.7	Other Operating Expenses	70,340	327,341	61,225
C.	Operating Profit before Provision (B-3.6-3.7)	302,989	1,342,102	367,814
3.8	Provision for Possible Losses	591,801	2,682,234	286,425
D.	Operating Profit (C-3.8)	(288,812)	(1,340,132)	81,389
3.9	Non Operating Income/Expenses (Net)	6,293	18,031	7,095
3.10	Write Back of Provision for Possible Loss	555,981	2,555,087	210,010
E.	Profit from Regular Activities (D+3.9+3.10)	273,462	1,232,986	298,494
3.11	Extraordinary Income/Expense (Net)	93,616	681,513	50,423
F.	Profit before Bonus and Taxes (E+3.11)	367,078	1,914,499	348,917
3.12	Provision for Staff Bonus	27,191	141,815	27,913
3.13	Provision for Income Tax	67,977	322,629	64,201
G.	Net Profit/Loss (F-3.12-3.13)	271,910	1,450,055	256,803
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	19.28%	19.19%	15.64%
4.2	Non Performing Loan to Total Loan	8.54%	8.22%	9.29%
4.3	Total Loan Loss Provision to Total NPL	187.78%	177.29%	155.99%
4.4	Cost of Fund	5.21%	5.78%	6.57%
4.5	C/D Ratio (As per NRB Directives)	96.69%	92.18%	91.96%

Disclosure as required by Securities Registration and Issuance Regulation 2065 (Related to Rule 22(2) for the first quarter of 2067/68)

1. Financial Highlights (Unaudited figures of 2067.06.31)

Earning Per share	Market Value per share	Price Earning Ratio	Net worth per ordinary share	Return on total Assets	Liquidity Ratio
Rs.33.86	Rs. 134	3.96	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 and reserves 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 loan assets and treasury businesses. Liquidity position was satisfactory during the period.
- b. **Management's analytical details regarding future business Plan:** The bank will primarily focus on effective and efficient credit and investment operations and augmenting income from non-fund business. To have the efficiency and effectiveness in business, the state of the art technologies will be embedded within its systems and processes, which it is in the process of installation. Disclosure controls and procedures over the financial reporting will be further strengthened.
- 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 filed by the institution during the period:**
Four cases have been filed by the bank. All of these are related to loan assets amounting Rs. 943 thousand.
- 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

a. Management View

Market price of the bank's shares is largely determined by the market forces, and thus, the bank management believes it is neutral on this regard. However, the bank aims to eliminate the information asymmetry and timely discloses any information that is material

- b. **Maximum, Minimum, Last transaction price, total traded days and volume during the quarter:** Maximum price Rs. 255, Minimum price Rs. 113, Closing price Rs. 134, No. of trading 2204, Days of trading 33 days.

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 adverse 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.