



Agricultural Development Bank Limited

Ramshahpath, Kathmandu

Unaudited Financial Results (Quarterly)

As at First Quarter of the Fiscal Year 2071/2072

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)	91,053,441	91,376,535	84,393,290
1.1	Paid Up Capital	9,636,800	9,636,800	9,636,800
1.1.1	Ordinary Shares	3,200,000	3,200,000	3,200,000
1.1.2	Irredeemable Non-cumulative Preference Shares	6,436,800	6,436,800	6,436,800
1.2	Reserve and Surplus	6,310,638	6,095,575	4,823,185
1.3	Debenture and Bond	2,300,000	2,300,000	2,300,000
1.4	Borrowings	692,776	694,385	1,010,940
1.5	Deposits (A+B)	65,477,138	65,828,329	60,686,130
	A. Domestic Currency	65,461,716	65,810,279	60,666,240
	B. Foreign Currency	15,422	18,050	19,890
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	6,636,089	6,821,446	5,936,235
2	Total Assets (2.1 to 2.7)	91,053,441	91,376,535	84,393,290
2.1	Cash and Bank Balance	9,028,021	8,648,194	14,463,230
2.2	Money at Call and Short Notice	88,878	134,637	135,210
2.3	Investment (Net of Provision)	12,661,061	13,338,543	11,579,200
2.4	Loans and Advances (Net of Provision)	58,122,176	57,505,271	50,724,890
	a. Real Estate Loan	557,492	544,208	496,972
	1. Residential Home Loan	557,492	544,208	496,972
	2. Commercial Buildings and Residential Apartments	-	-	-
	3. Business Complex	-	-	-
	4. Other Real Estate Loans	-	-	-
	b. Home/Housing Loan (upto Rs. 10 Million)	2,561,059	2,470,441	1,990,016
	c. Margin Type Loan	-	-	-
	d. Term Loan	20,125,589	19,343,825	16,277,392
	e. Overdraft Loan/ TR Loan/WC Loan	28,451,684	28,644,644	25,559,141
	f. Others	6,426,353	6,502,153	6,401,369
2.5	Fixed Assets	1,448,503	1,454,111	1,462,140
2.6	Non Banking Assets (Net of Provision)	-	-	-
	Non Banking Assets (Gross)	74,758	74,130	77,820
	Provision for Non Banking Assets	(74,758)	(74,130)	(77,820)
2.7	Other Assets	9,704,802	10,295,778	6,028,620
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter
3.1	Interest Income	1,837,448	8,438,021	1,863,701
3.2	Interest Expense	756,144	3,845,720	805,608
A.	Net Interest Income (3.1-3.2)	1,081,304	4,592,301	1,058,093
3.3	Fees, Commission and Discount	71,502	280,070	51,121
3.4	Other Operating Income	106,557	423,282	126,798
3.5	Foreign Exchange Gain/(Loss)	35,215	131,118	8,972
B.	Total Operating Income(A+3.3+3.4+3.5)	1,294,577	5,426,771	1,244,984
3.6	Staff Expenses	752,502	3,350,959	594,052
3.7	Other Operating Expenses	89,386	639,850	70,744
C.	Operating Profit before Provision (B-3.6-3.7)	452,689	1,435,963	580,188
3.8	Provision for Possible Losses	316,491	619,951	480,438
D.	Operating Profit (C-3.8)	136,198	816,012	99,750
3.9	Non Operating Income/(Expenses)	2,545	151,051	7,881
3.10	Write Back of Provision for Possible Losses	154,151	615,260	235,153
E.	Profit from Regular Activities (D+3.9+3.10)	292,894	1,582,323	342,784
3.11	Extraordinary Income/(Expense)	93,166	576,455	112,212
F.	Profit before Bonus and Taxes (E+3.11)	386,060	2,158,778	454,996
3.12	Provision for Staff Bonus	28,597	159,909	33,703
3.13	Provision for Income Tax	142,400	489,407	184,222
G.	Net Profit/Loss (F-3.12-3.13)	215,063	1,509,462	237,071
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	15.38%	15.17%	16.75%
4.2	Non Performing Loan to Total Loan	5.62%	5.34%	5.57%
4.3	Total Loan Loss Provision to Total NPL	146.94%	148.53%	169.00%
4.4	Cost of Fund	4.99%	6.08%	5.29%
4.5	C/D Ratio (As per NRB Directive)	75.15%	73.97%	71.60%
4.6	Base Interest Rate	9.43%	11.40%	9.51%
4.7	Average Interest Rate Spread (As per NRB Directive)	7.28%	6.07%	-

Figures have been regrouped wherever necessary and are subject to change in accordance with the supervisory authorities' and/or statutory auditor's direction.

Disclosure as per the requirement of Securities Registration and Issue Regulations, 2065 (Related to Sub-regulation (2) of Regulation 22)

1. Key Financial Ratios:

(a.)*Earning Per Share: Rs. 14.81 (b.) Price Earnings Ratio: 34.56 times (c.)*Net Worth Per Share: Rs. 294.19 (d.)Liquidity Ratio: 30.26% (e.)*Return on Equity: 5.04 % (f.) Return on Assets: 0.52%

** Ordinary Shares Only. Annualized.*

2. Management's Analysis:

a. **Principal reasons for the changes in balances, income, and the liquidity during the quarter:** The bank attained notable growth in loans and advances and operating income during the period. The increment in loans and advances is attributed to the implementation of bank's policy on achieving business growth. Reserve and surplus has increased due to the profit contributed mainly by income from loans and treasury transactions. Liquidity was satisfactory during the period.

b. **Plan for the business activities in the future periods:** The bank will primarily focus on effectiveness of credit and investment operations while minimizing its cost of funds and other operations. The Bank aims to attain both efficiency and effectiveness in its business operation through implementation of modern Core Banking System (CBS). Further, the bank is undertaking foreign exchange and trade finance businesses through its selected branches.

c. **Events and Transactions that have material impact on balances, profit or cash flow:** No such extra-ordinary incidents or events occurred which would have material impact on bank's reserve, profit and/or cash flow position.

3. Details relating to Legal Proceedings:

a. **Law-suit filed by or against the bank:**

One case amounting Rs. 241,393,000.00 has been filed by the bank during the quarter.

b. **Law-suit filed by or against the promoter(s) or director(s) involving violation of statutory regulations or criminal offences:**

No such information has come into the knowledge of the management.

c. **Law-suit filed against any promoter(s) or director(s) for economic offences:**

No such information has come into the knowledge of the management.

4. Share Performance:

a. **Management's View**

Market price of the bank's shares is largely determined by the market forces. During the period, there has been satisfactory trading of ADBL's shares in the capital market.

b. **Maximum, Minimum and Closing Share Price, Total Volume of Traded Shares and Number of Days Traded during the Quarter:** Maximum Price Rs. 770, Minimum Price Rs. 450, Closing Price Rs. 512, No. of trading 3752, Days of trading 59 days.

5. Problems and Challenges:

a. **Internal Problems & Challenges**

- i. Proper management of non-performing loans, written-off loans and liquidity.
- ii. Higher staff related expenses.
- iii. Speedy Implementation of CBS and adaptation to the pace of probable changes.
- iv. Managing interest spread rate.

b. **Management's strategy to solve the internal problems and challenges:**

- i. Focus on quality lending along with timely recovery of loans. The bank also periodically reviews the adequacy and effectiveness of internal controls to manage risks.

ii. Enhancement of employees' productivity through trainings and exposures in various areas including CBS. Moreover, the bank is adopting measures to control operating expenses.

iii. Under the Rural Finance Sector Development Cluster Program (RFSDCP), the bank is in the process of installing CBS in its branches to enhance their operational efficiency. A massive and intensive training program is being conducted to orient the employees on CBS and modern banking systems. CBS software has been successfully installed into all regional office of the bank. CBS has been launched in altogether 106 branches and these branches cover majority of the bank's business transactions.

c. External Problems & Challenges:

i. Changes in socio-economic environment.

ii. Increasing competition in the banking industry.

iii. Sluggish economic growth.

d. Strategy to manage the external problems and challenges:

i. The bank is constantly monitoring the existing socio-economic situation of the country and revising its strategies accordingly to minimize the possible adverse effects on its business and to harness the available opportunities.

ii. The bank management is adopting various measures relating to competitive pricing, customer oriented marketing, human resource development, modern and sophisticated technologies in its business processes in order to manage the ever increasing competition. In addition, development banking branches are being converted into commercial banking branches on the basis of feasibility.

iii. The bank is exploring possibilities to penetrate into new productive sector of the market.

6. Corporate Governance:

Corporate good governance is the focal point of the bank. It has taken the following steps to ensure corporate good governance in the bank:

a. The bank is fully complying with corporate governance provisions of BAFIA, NRB Directives, Company Act and other applicable Acts.

b. Risk Management Sub-committee headed by the non-executive director reviews and assesses various risks of the bank and suggests for their proper management. .

c. Human Resource Management Sub-committee headed by the non-executive director periodically reviews human resource policy and financial packages for the staff to enhance their productivity.

d. The Audit Committee headed by the non-executive director reviews management reports and reports from external as well as internal auditors, and provides feedback to the board of directors as and when required.

e. The Asset and Liability subcommittee (ALCO) and Loan Portfolio Management Committee (LPMC) at head office and regional offices deal with issues related to credit and other risk management.

7. Declaration by the Chief Executive Officer:

I, CEO, take personal responsibility for the accuracy and completeness of the disclosures made in this report. To the extent of my knowledge, the amounts and disclosures made in this report are correct and complete.