



Agricultural Development Bank Limited

Ramshahpath, Kathmandu

Unaudited Financial Results (Quarterly)

As at First Quarter of the Fiscal Year 2070/2071

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)	8,98,25,864	8,26,60,414	6,97,21,493
1.1	Paid Up Capital	96,36,800	96,36,800	94,74,300
1.1.1	Ordinary Shares	32,00,000	32,00,000	30,37,500
1.1.2	Irredeemable Non-cumulative Preference Shares	64,36,800	64,36,800	64,36,800
1.2	Reserve and Surplus	60,48,978	58,11,908	37,21,182
1.3	Debenture and Bond	23,00,000	23,00,000	23,00,000
1.4	Borrowings	10,10,944	11,38,738	9,24,868
1.5	Deposits (A+B)	6,06,86,129	5,44,36,757	4,59,82,920
	A. Domestic Currency	6,06,66,238	5,44,26,469	4,59,80,479
	B. Foreign Currency	19,891	10,288	2,441
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,01,43,013	93,36,211	73,18,223
2	Total Assets (2.1 to 2.7)	8,98,25,864	8,26,60,414	6,97,21,493
2.1	Cash and Bank Balance	1,44,63,228	94,98,470	67,37,415
2.2	Money at Call and Short Notice	1,35,208	1,31,524	6,420
2.3	Investment (Net of Provision)	1,15,79,207	93,26,136	1,11,70,195
2.4	Loans and Advances (Net of Provision)	5,07,24,890	4,97,22,414	3,97,79,747
	a. Real Estate Loan	4,96,972	4,81,266	2,55,892
	1. Residential Home Loan	4,96,972	4,81,266	2,55,892
	2. Commercial Buildings and Residential Apartments	-	-	-
	3. Business Complex	-	-	-
	4. Other Real Estate Loans	-	-	-
	b. Home/Housing Loan (upto Rs. 10 Million)	19,90,016	18,93,503	18,30,148
	c. Margin Type Loan	-	-	-
	d. Term Loan	1,62,77,392	1,52,45,676	1,19,72,205
	e. Overdraft Loan/ TR Loan/WC Loan	2,55,59,141	2,57,52,346	2,04,07,305
	f. Others	64,01,369	63,49,624	53,14,197
2.5	Fixed Assets	14,62,140	14,45,447	13,64,942
2.6	Non Banking Assets (Net of Provision)	-	-	-
	Non Banking Assets (Gross)	77,816	82,195	1,07,985
	Provision for Non Banking Assets	(77,816)	(82,195)	(1,07,985)
2.7	Other Assets	1,14,61,191	1,25,36,423	1,06,62,774
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter
3.1	Interest Income	18,63,701	75,39,600	16,18,132
3.2	Interest Expense	8,05,608	28,14,511	6,79,879
A.	Net Interest Income (3.1-3.2)	10,58,094	47,25,090	9,38,253
3.3	Fees, Commission and Discount	51,121	1,32,620	24,555
3.4	Other Operating Income	1,26,798	5,12,943	1,08,336
3.5	Foreign Exchange Gain/(Loss)	8,972	(7,682)	64
B.	Total Operating Income(A+3.3+3.4+3.5)	12,44,985	53,62,970	10,71,208
3.6	Staff Expenses	5,94,052	23,40,703	5,53,808
3.7	Other Operating Expenses	70,744	6,17,152	79,146
C.	Operating Profit before Provision (B-3.6-3.7)	5,80,188	24,05,115	4,38,254
3.8	Provision for Possible Losses	4,80,437	12,32,576	3,24,344
D.	Operating Profit (C-3.8)	99,750	11,72,540	1,13,910
3.9	Non Operating Income/(Expenses)	7,881	1,32,798	94
3.10	Write Back of Provision for Possible Losses	2,35,153	15,31,626	1,78,853
E.	Profit from Regular Activities (D+3.9+3.10)	3,42,784	28,36,964	2,92,857
3.11	Extraordinary Income/(Expense)	1,12,213	3,63,724	1,21,757
F.	Profit before Bonus and Taxes (E+3.11)	4,54,997	32,00,688	4,14,614
3.12	Provision for Staff Bonus	33,703	2,37,088	30,712
3.13	Provision for Income Tax	1,84,222	6,50,038	1,61,066
G.	Net Profit/Loss (F-3.12-3.13)	2,37,071	23,13,562	2,22,836
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	17.94%	17.78%	18.03%
4.2	Non Performing Loan to Total Loan	5.57%	5.89%	5.88%
4.3	Total Loan Loss Provision to Total NPL	169.00%	161.26%	222.12%
4.4	Cost of Fund	5.29%	5.39%	6.28%
4.5	C/D Ratio (As per NRB Directive)	70.51%	75.32%	74.42%
4.6	Base Interest Rate	9.51%	12.78%	12.01%

Figures have been regrouped wherever necessary and are subject to change in accordance with the supervisory authorities' and/or external 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.17.56 b. Price Earnings Ratio: 16 times c. *Net worth Per Share: Rs.286.01 d. Liquidity Ratio: 42.78 % e.*Return on Equity: 6.14% f. Return on Assets: 0.63%

** 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 loan assets, deposits and revenue during the period. The increment in loan assets and deposits is attributed to the implementation of bank's policy on achieving business growth. Reserve and surplus has increased due to the increment in profit contributed mainly by the income from loan 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 expanding foreign exchange and trade finance businesses through selected branches on the basis of feasibility.

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:

Two cases have been filed against the bank. These will have no financial consequences for the bank.

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.299, Minimum Price Rs.208, Closing Price Rs.281, No. of trading 2967, Days of trading 60 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.

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) financed by the Asian Development Bank, 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. Altogether, CBS has been launched in 87 branches and financially, 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. Low 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, manpower development, modern and sophisticated technologies in its business processes in order to manage the ever increasing competition. In addition, lending 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 related prevailing 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 efficiency/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, as a 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.