



Agricultural Development Bank Limited

Ramshahpath, Kathmandu

Unaudited Financial Results (Quarterly)

As at Fourth 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)	91,376,535	92,919,496	77,097,349
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	6,095,575	5,386,625	4,586,114
1.3	Debenture and Bond	2,300,000	2,300,000	2,300,000
1.4	Borrowings	694,385	844,615	988,738
1.5	Deposits (A+B)	65,828,329	66,347,811	54,477,652
	A. Domestic Currency	65,810,279	66,331,586	54,466,188
	B. Foreign Currency	18,050	16,225	11,463
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	6,821,446	8,403,645	5,108,046
2	Total Assets (2.1 to 2.7)	91,376,535	92,919,496	77,097,349
2.1	Cash and Bank Balance	8,648,194	9,127,197	9,461,113
2.2	Money at Call and Short Notice	134,637	134,076	131,524
2.3	Investment (Net of Provision)	13,338,543	18,681,399	9,194,611
2.4	Loans and Advances (Net of Provision)	57,505,271	54,504,754	49,685,827
	a. Real Estate Loan	544,208	522,433	481,266
	1. Residential Home Loan	544,208	522,433	481,266
	2. Commercial Buildings and Residential Apartments	-	-	-
	3. Business Complex	-	-	-
	4. Other Real Estate Loans	-	-	-
	b. Home/Housing Loan (upto Rs. 10 Million)	2,470,441	2,207,144	1,893,503
	c. Margin Type Loan	-	-	-
	d. Term Loan	19,343,825	18,738,326	15,245,676
	e. Overdraft Loan/ TR Loan/WC Loan	28,644,644	26,951,166	25,752,346
	f. Others	6,502,153	6,085,685	6,313,036
2.5	Fixed Assets	1,454,111	1,464,276	1,452,782
2.6	Non Banking Assets (Net of Provision)	-	-	-
	Non Banking Assets (Gross)	74,130	76,334	82,159
	Provision for Non Banking Assets	74,130	(76,334)	(82,159)
2.7	Other Assets	10,295,778	9,007,794	7,171,491
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter
3.1	Interest Income	8,438,021	5,873,941	7,533,345
3.2	Interest Expense	3,845,720	2,633,358	2,814,540
A.	Net Interest Income (3.1-3.2)	4,592,301	3,240,583	4,718,804
3.3	Fees, Commission and Discount	280,070	221,558	132,588
3.4	Other Operating Income	423,282	304,839	512,944
3.5	Foreign Exchange Gain/(Loss)	131,118	84,542	(7,682)
B.	Total Operating Income(A+3.3+3.4+3.5)	5,426,771	3,851,522	5,356,654
3.6	Staff Expenses	3,350,959	1,948,350	2,335,703
3.7	Other Operating Expenses	639,850	279,359	616,014
C.	Operating Profit before Provision (B-3.6-3.7)	1,435,963	1,623,812	2,404,938
3.8	Provision for Possible Losses	619,951	950,761	1,276,625
D.	Operating Profit (C-3.8)	816,012	673,051	1,128,313
3.9	Non Operating Income/(Expenses)	151,051	7,503	132,927
3.10	Write Back of Provision for Possible Losses	615,260	451,009	1,557,948
E.	Profit from Regular Activities (D+3.9+3.10)	1,582,323	1,131,563	2,819,188
3.11	Extraordinary Income/(Expense)	576,455	225,043	363,724
F.	Profit before Bonus and Taxes (E+3.11)	2,158,778	1,356,607	3,182,911
3.12	Provision for Staff Bonus	159,909	100,489	235,771
3.13	Provision for Income Tax	489,407	455,606	657,820
G.	Net Profit/Loss (F-3.12-3.13)	1,509,462	800,511	2,289,320
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	15.17%	15.15%	16.34%
4.2	Non Performing Loan to Total Loan	5.34%	6.43%	5.85%
4.3	Total Loan Loss Provision to Total NPL	148.53%	134.35%	162.88%
4.4	Cost of Fund	6.08%	5.52%	5.40%
4.5	C/D Ratio (As per NRB Directive)	73.97%	70.69%	80.07%
4.6	Base Interest Rate	11.40%	12.16%	12.78%
4.7	Average Interest Rate Spread (As per NRB Directive)	6.07%	5.61%	6.10%

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. 35.10 (b.) Price Earnings Ratio: 19.66 times
(c.)*Net worth Per Share: Rs. 278.42 (d.)Liquidity Ratio: 30.61%
(e.)*Return on Equity: 12.61 % (f.) Return on Assets: 1.23%

** Ordinary Shares Only.*

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 revenue 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 increment in 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. 32, 80,000 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. 739, Minimum Price Rs. 433, Closing Price Rs. 690, No. of trading 3775, Days of trading 74 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 has been successfully installed into all regional offices of the bank. CBS has been launched in altogether 102 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. 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, 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 relevant 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, 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.