



Agricultural Development Bank Limited

Ramshahpath, Kathmandu

Unaudited Financial Results (Quarterly)

As at Second 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)	93,815,620	91,053,441	89,963,335
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	6,630,109	6,310,638	6,271,829
1.3	Debenture and Bond	2,300,000	2,300,000	2,300,000
1.4	Borrowings	687,011	692,776	847,540
1.5	Deposits (A+B)	69,075,687	65,477,138	64,966,086
	A. Domestic Currency	69,064,368	65,461,716	64,952,956
	B. Foreign Currency	11,319	15,422	13,130
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	5,486,013	6,636,089	5,941,080
2	Total Assets (2.1 to 2.7)	93,815,620	91,053,441	89,963,335
2.1	Cash and Bank Balance	7,901,375	9,028,021	10,463,660
2.2	Money at Call and Short Notice	88,583	88,878	136,175
2.3	Investment (Net of Provision)	14,019,773	12,661,061	15,506,890
2.4	Loans and Advances (Net of Provision)	61,762,568	58,122,176	52,698,804
	a. Real Estate Loan	595,455	557,492	510,711
	1. Residential Home Loan	595,455	557,492	510,711
	2. Commercial Buildings and Residential Apartments	-	-	-
	3. Business Complex	-	-	-
	4. Other Real Estate Loans	-	-	-
	b. Home/Housing Loan (upto Rs. 10 Million)	2,795,604	2,561,059	2,061,332
	c. Margin Type Loan	-	-	-
	d. Term Loan	21,977,361	20,125,589	18,091,732
	e. Overdraft Loan/ TR Loan/WC Loan	29,819,376	28,451,684	26,309,216
	f. Others	6,574,772	6,426,353	5,725,813
2.5	Fixed Assets	1,328,915	1,347,264	1,464,080
2.6	Non Banking Assets (Net of Provision)	-	-	-
	Non Banking Assets (Gross)	62,592	74,758	77,106
	Provision for Non Banking Assets	(62,592)	(74,758)	(77,106)
2.7	Other Assets	8,714,406	9,806,041	9,693,726
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Corresponding Previous Year Quarter
3.1	Interest Income	3,826,334	1,837,448	3,884,461
3.2	Interest Expense	1,491,609	756,144	1,667,794
A.	Net Interest Income (3.1-3.2)	2,334,725	1,081,304	2,216,667
3.3	Fees, Commission and Discount	130,774	71,502	110,371
3.4	Other Operating Income	223,907	106,557	234,434
3.5	Foreign Exchange Gain/(Loss)	74,714	35,215	38,029
B.	Total Operating Income(A+3.3+3.4+3.5)	2,764,120	1,294,577	2,599,501
3.6	Staff Expenses	1,419,938	752,502	1,350,213
3.7	Other Operating Expenses	202,158	89,386	142,664
C.	Operating Profit before Provision (B-3.6-3.7)	1,142,024	452,689	1,106,624
3.8	Provision for Possible Losses	632,239	316,491	795,217
D.	Operating Profit (C-3.8)	509,785	136,198	311,407
3.9	Non Operating Income/(Expenses)	4,850	2,545	39,959
3.10	Write Back of Provision for Possible Losses	278,805	154,151	346,087
E.	Profit from Regular Activities (D+3.9+3.10)	793,440	292,894	697,453
3.11	Extraordinary Income/(Expense)	109,759	93,166	149,513
F.	Profit before Bonus and Taxes (E+3.11)	903,199	386,060	846,966
3.12	Provision for Staff Bonus	66,904	28,597	62,738
3.13	Provision for Income Tax	301,761	142,400	324,149
G.	Net Profit/Loss (F-3.12-3.13)	534,534	215,063	460,079
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	15.18%	15.38%	16.62%
4.2	Non Performing Loan to Total Loan	5.14%	5.62%	6.05%
4.3	Total Loan Loss Provision to Total NPL	152.89%	146.94%	150.42%
4.4	Cost of Fund	5.74%	4.99%	5.30%
4.5	C/D Ratio (As per NRB Directive)	75.99%	75.15%	69.09%
4.6	Base Interest Rate	10.80%	9.43%	10.52%
4.7	Average Interest Rate Spread (As per NRB Directive)	5.31%	7.28%	8.07%

Figures are regrouped/restated wherever necessary as per 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. 21.34 (b.) Price Earnings Ratio: 22.68 times
(c.)Net worth Per Share: Rs. 301.16 (d.)Liquidity Ratio:29.14%
(e.)*Return on Equity: 7.09 % (f.) *Return on Assets: 0.73%

** 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 by minimizing its cost of funds and other operations. The Bank aims to attain both efficiency and effectiveness in its business operation through implementation of 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:**

Three cases have been filed by the bank during the quarter against two of its former employees.

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 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. 524, Minimum Price Rs. 415, Closing Price Rs. 484,
No. of trading 1456, Days of trading 58 days.

5. Problems and Challenges:

a. **Internal Problems & Challenges**

i. Proper management of non-performing loans, written-off loans.

ii. Growing trend of staff related expenses.

iii. To manage interest spread rate as per NRB directives.

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 such risks.

- ii. Enhancement of employees' productivity through trainings and exposures in various areas including CBS. Moreover, bank is adopting various measures to control operating expenses.
- iii. Periodically review of interest rates as per market trend.

c. External Problems and Challenges:

- i. Increasing competition in the banking industry.
- ii. Sluggish economic growth.

d. Strategy to manage the external problems and challenges:

- i. The bank management is adopting various measures like competitive pricing, customer oriented marketing, human resource development, modern and customer friendly technologies in its business processes in order to manage the ever increasing competition. In addition, to that development branches are gradually converted into commercial branches on priority basis.
- ii. The bank is exploring possibilities to penetrate into new productive sectors of the market.

6. Corporate Governance:

Corporate good governance is the utmost priority of the bank. The bank is taking following steps to ensure corporate good governance:

- a. The bank is fully complying with corporate governance provisions of BAFIA, NRB Directives, Company Act and other applicable laws and regulations.
- b. Risk Management Sub-committee headed by the non-executive director periodically 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 staff to enhance their productivity.
- d. The Audit Committee headed by the non-executive director reviews management reports, NRB supervision reports, External Auditor's reports, Internal Audit reports 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 accurate and complete.