

Independent Auditor's Review Report on Unaudited Standalone Financial Results of the National Bank for Agriculture and Rural Development ("NABARD" or "the bank") Limited for the quarter ended June 30, 2023 pursuant to Regulation 52 read with 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,

The Board of Directors of National Bank for Agriculture and Rural Development

INTRODUCTION

1. We have reviewed the accompanying statement of unaudited standalone financial results of the bank for the quarter ended June 30, 2023 ('the Statement') being submitted by the Bank pursuant to the requirements of Regulation 52 read with 63(2) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation').

The preparation of these statement is the responsibility of the Bank's Management and the same approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

SCOPE OF REVIEW

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the standalone financial results are free of material misstatement. A review consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

CONCLUSION

3. Based on our review conducted as above, subject to limitation in scope as mentioned in para 2 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable accounting standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.



Unit No 122, 1st Floor, Nahar & Seth Industrial Estate, Cardinal Gracious Rd, Chakala, Andheri (E), Mumbai 400099.



+91 22 4608 3939 / 4608 3940



mumbai@mkps.in



www.mkps.in

Also at: New Delhi, Bengaluru, Gurugram, Hyderabad, Kolkata, Raipur, Bhubaneswar, Cuttack, Sambalpur, Rourkela

EMPHASIS OF MATTER

4. (i) Attention is invited to Note No. 7 of the Statement regarding the uncertainties arising out of the COVID-19 pandemic and the assessment made by the management of the Bank on its operations and financial reporting for the quarter ended June 30, 2023; such an assessment and the outcome of the pandemic, as made by the management, is dependent on the circumstances as they further evolve in subsequent periods.

(ii) We draw attention to Note No. 11 on the adhoc provision of Rs. 240 Crores made towards wage revision w.e.f. November 2017 in respect of certain allowances.

Our report is not modified in respect of the aforesaid matters.

For MKPS & Associates
Chartered Accountants
ICAI Firm's Regn. No- 302014E

M. Ramakrishnan

CA. Ramakrishnan Mani *RM*
Partner

Membership No. 032271
UDIN : 23032271BGWBDL5904
Mumbai, July 25, 2023





National Bank for Agriculture and Rural Development

Head Office: Plot No. C-24, G Block, Bandra-Kurla Complex
Bandra (E) Mumbai 400051. Website: www.nabard.org.

Unaudited Standalone Financial Results for the Quarter ended June 30, 2023

(₹ Crore)

| Sr. No. | Particulars | Quarter Ended | | | Year Ended |
|-----------|----------------------------------------------------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | | 30.06.2023 [Unaudited] | 31.03.2023 [Audited] | 30.06.2022 [Unaudited] | 31.03.2023 [Audited] |
| 1 | Interest earned (a)+(b)+(c)+(d) | 11,679.63 | 10,766.57 | 8,831.01 | 39,143.18 |
| (a) | Interest on loans and advances | 10,598.54 | 9,759.19 | 8,932.15 | 36,476.32 |
| (b) | Income on investments | 1081.09 | 1,007.38 | -101.14 | 2,666.86 |
| (c) | Interest on balances with Reserve Bank of India and other inter-bank funds | 0.00 | 0.00 | 0.00 | 0.00 |
| (d) | Others | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | Other Income | 22.89 | 100.57 | 30.07 | 187.36 |
| 3 | Total Income (1+2) | 11,702.52 | 10,867.14 | 8,861.08 | 39,330.54 |
| 4 | Interest Expended | 8,954.86 | 8,178.60 | 7,210.97 | 30,351.03 |
| 5 | Operating Expenses (i) + (ii) | 1002.58 | 341.42 | 336.22 | 1,896.23 |
| (i) | Employees cost | 894.68 | 133.35 | 237.18 | 1,325.55 |
| (ii) | Other operating expenses | 107.90 | 208.07 | 99.04 | 570.68 |
| 6 | Total Expenditure (4+5) excluding provisions and contingencies | 9,957.44 | 8,520.02 | 7,547.19 | 32,247.26 |
| 7 | Operating Profit before Provisions and Contingencies (3-6) | 1,745.08 | 2,347.12 | 1,313.89 | 7,083.28 |
| 8 | Provisions (other than tax) and Contingencies | 0.00 | 213.85 | -103.77 | 528.58 |
| 9 | Exceptional Items | 0.00 | 0.00 | 0.00 | 0.00 |
| 10 | Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9) | 1,745.08 | 2,133.27 | 1,417.66 | 6,554.70 |
| 11 | Tax expenses | 404.68 | 118.73 | 345.06 | 1,194.91 |
| 12 | Net Profit (+)/Loss (-) from Ordinary Activities after tax (10-11) | 1,340.40 | 2,014.54 | 1,072.60 | 5,359.79 |
| 13 | Extraordinary items (net of tax expense) | 0.00 | 0.00 | 0.00 | 0.00 |
| 14 | Net Profit (+) / Loss (-) for the period (12-13) | 1,340.40 | 2,014.54 | 1,072.60 | 5,359.79 |
| 15 | Paid-up capital | 17,080.00 | 17,080.00 | 17,080.00 | 17,080.00 |
| 16 | Reserves excluding Revaluation Reserves | | | | 48,808.52 |
| 17 | Net Worth | 66,459.27 | 65,118.87 | 60,545.95 | 65,118.87 |
| 18 | Analytical Ratios | | | | |



| Sr. No. | Particulars | Quarter Ended | | | Year Ended |
|-----------|--------------------------------------------------|---------------|--------------|--------------|--------------|
| | | 30.06.2023 | 31.03.2023 | 30.06.2022 | 31.03.2023 |
| | | [Unaudited] | [Audited] | [Unaudited] | [Audited] |
| (i) | Capital Adequacy Ratio (Basel- I) | 18.60% | 16.89% | 17.89% | 16.89% |
| (ii) | Earnings Per Share (EPS) | NA | NA | NA | NA |
| (iii) | Debt-Equity Ratio | 9.70 | 10.45 | 9.96 | 10.45 |
| (iv) | Percentage of shares held by Government of India | 100% | 100% | 100% | 100% |
| (v) | Total Debts to Total Assets (%) | 84.86 | 85.93 | 84.80 | 85.93 |
| (vi) | Outstanding Redeemable Preference shares | NA | NA | NA | NA |
| (vii) | Capital Redemption Reserve | NA | NA | NA | NA |
| (viii) | Debenture Redemption Reserve | NA | NA | NA | NA |
| (ix) | Operating Margin | 14.91% | 21.60% | 14.83% | 18.01% |
| (x) | Net Profit Margin | 11.45% | 18.54% | 12.10% | 13.63% |
| 19 | NPA Ratios | | | | |
| (a) | Gross NPA | 2,041.78 | 2,041.78 | 2,109.42 | 2,041.78 |
| (b) | Net NPA | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) | % of Gross NPA to Gross loans & advances | 0.29 | 0.28 | 0.32 | 0.28 |
| (d) | % of Net NPA to Net loans & advances | 0.00 | 0.00 | 0.00 | 0.00 |
| 20 | Return on Assets | 0.72% | 0.74% | 0.59% | 0.74% |

NA = Not Applicable Return on Assets = Net Profit (after tax) divided by total average assets

Notes:

- 1) The financial results for the quarter ended 30 June 2023 was reviewed by Audit Committee of the Board in its meeting held on 24 July 2023 and approved by the Board in its meeting held on 25 July 2023 at Mumbai.
- 2) The Financial Results have been reviewed by the Statutory Auditors as required under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3) Details of loans transferred / acquired during the quarter ended 30 June 2023 under the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions 2021, dated September 24, 2021 are given below:
 During the quarter ended 30 June 2023:
 - i. The Bank has not acquired any loan not in default through assignment.
 - ii. The Bank has not transferred any non-performing assets (NPAs) to Asset Reconstruction Companies (ARCs)/ to permitted transferees/ to other transferees.
 - iii. The bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).
 - iv. The bank has not invested in Security Receipts (SR) issued by Asset Reconstruction Companies (ARC) in respect of stressed loans transferred to ARCs.
- 4) Details required to be disclosed pursuant to the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021 - Nil.



- 5) Provision Coverage Ratio (PCR) as at 30 June 2023 (including Counter Cyclical Provisioning Buffer) is 185.05%.
- 6) Details of resolution plan implemented under Resolution Framework for stressed assets including those for COVID 19 related stress as per RBI Circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019; RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021: NIL.
- 7) The management of the Bank assessed the impact of the COVID19 considering its internal and external inputs for ascertaining the same on the financial reporting numbers, which is dependent on how the circumstances evolve in subsequent period(s). In the opinion of the management of the Bank, such impact on the reported numbers would not be significant.
- 8) As per RBI's letter dated 15 May 2019, the implementation of Ind AS has been deferred for AIFI's until further notice.
- 9) In accordance with guidelines of RBI, the bank during the quarter has shifted the securities from HTM to AFS category with face value of Rs. 2466.89 Crores and from AFS to HTM category with face value of Rs. 2789.10 Crores and the same has been duly accounted for. Further, the shifting of securities from HTM to AFS categories resulted in write back of cumulative amortization amounting to Rs. 62.56 Lakhs which has been duly accounted for.
- 10) The financial results for the quarter ended 30 June 2023 have been arrived at after considering provision for non-performing assets, restructured assets, standard assets, depreciation on investments on the basis of prudential norms issued by Reserve Bank of India and other usual and necessary provisions including employee benefits, other operating expenses, depreciation on fixed assets, income tax made on estimate / proportionate basis wherever required and subject to adjustments as at the year end.
- 11) Pursuant to the approval of Ministry of Finance, Govt. of India, vide its letter dated 28-06-2023, the amount payable for certain allowances to the employees, both existing and separated w.e.f. November 2017 have been revised, the computation of which is in process. The incremental amount would have a consequential effect on other employee benefits such as pension, leave pay, gratuity etc. which shall be determined through Actuarial Valuation after the employee wise revised pay is computed.
Pending determination of the exact amount in respect of these, the management has made an ad-hoc provision of Rs. 240 Crore for the quarter ended June 30, 2023, which shall be adjusted against the ascertained liability. The difference, if any, between the adhoc provision and the ascertained amount shall be accounted for in the quarter / period in which the amount is determined. However, based on management estimates, the impact on results, if any, is not likely to be material.
- 12) During the quarter, bank has accounted for Rs. 45 Crore on estimated basis towards wage settlement effective from November, 2022.
- 13) The figures for the quarter ended March 31, 2023 are the balancing figures between the audited figures for the year ended March 31, 2023 and the unaudited / reviewed figures for the nine months period ended December 31, 2022.
- 14) Previous period figures have been regrouped / rearranged / reclassified wherever necessary to conform to the current period's classification.

Place : Mumbai
Date : July 25, 2023


Shaji K V
Chairman

