



# DRUK PNB BANK LTD

. . . your partner in growth!



## ANNUAL REPORT 2018



**Staff Members of Corporate Office & Thimphu Branch**



**Staff Members of Phuentsholing Branch**



**Staff members of Paro Branch**



**Staff members of Gelephu Branch**



**Staff members of Dangdung, Trongsa Branch**



**Staff Members of Wangdue Branch**



**Staff members of Samtse Branch**

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## ABOUT DRUK PNB BANK LTD

### Capital

Authorized Capital: 1000 Million

Paid Up Capital : 700.00 Million

### CORPORATE OFFICE

Post Box No 502, Norzin Lam, Thimphu Bhutan  
Tel. No +975-2-324497, 325936, 331291 Fax. No +975-2-327546, 333156  
www.drukpnbbank.bt SWIFT Code: PUNBBTBT  
Web site: www.drukpnbbank.bt

### Share holding Pattern

Punjab National Bank, India: 51%

Promoters in Bhutan: 19%

Public: 30%



#### THIMPHU BRANCH

Post Box No 502, Norzin Lam,  
Near Main Traffic,  
Thimphu Bhutan  
Tel. No +975-2-324497, 325936  
Fax. No +975-2-327546, 333156



#### PHUENTSHOLING BRANCH

Post Box No 156,  
Zhung Lam, Near RRCO,  
Phuentsholing Bhutan  
Tel. No +975-5-253660,  
253661, 253662  
Fax. No +975-5-253669



#### WANGDUE BRANCH

Post Box No 1305,  
New Bajo Town,  
Wangdue Phodrang Bhutan  
Tel.No +975-2-481932, 481931  
Fax No. +975-2-481932



#### Gelephu Branch

P.O. Box 156, Jangchub Lam,  
Gelephu, Bhutan.  
Tel No. +975-6-252246  
Fax No. +975-6-252245



#### Paro Branch

Paro Town, Bhutan.  
Tel No. +975-8-271036  
Fax No. +975-8-271038



#### Trongsa Branch

MPHA Colony Dangdung  
Tel No. +975-3-528012  
Fax No. +975-3-528013



#### Samste Branch

Samste Main Town, Bhutan.  
Tel No. +975-5-365419  
Fax No. +975-5-365420

## Board of Directors



Dasho Sangay Wangchuk  
Non Executive Chairman



Tandin Tshering  
Public Shareholder Director



Dhaneswar Sahoo  
General Manager, Punjab National Bank New Delhi  
(PNB Nominated Director)



Dr. R. Bhaskaran  
(Independent Director)



D K Gupta  
Chief Executive Officer

# Financial Highlights:

## Financial Highlights:

Assets/Liabilities Position(In million Ngultrum)

Item	As of 31.12.2017	As of 31.12.2018
Total Assets	13,797.68	15,262.61
Capital Fund	1,306.27	1,937.04
Deposit Liabilities	11,768.73	12,652.26
Advances	6,418.29	8,470.12

## Operating Results (In Million Ngultrum)

Item	For the year 2017	For the year 2018
Income	849.04	1,011.46
Expenses	562.12	653.84
Net Profit (after tax)	184.14	233.74

## Ratios

	2017	2018
Net Interest Margin	3.35%	3.59%
Return on Assets	1.32%	1.53%
Return on Capital	15.93%	12.07%
Profit Per Employee	1.26Mio	1.54Mio
Earnings per share	Nu 4.09	Nu 4.22

**Druk PNB Bank Ltd.,  
Thimphu, Bhutan**

**Directors' Report : 2018**

**Dear Shareholders,**

I extend a very warm welcome to all the shareholders who are present here for the 9th Annual General Meeting of your Bank. On behalf of the Board of Directors I present before you the Annual Report of your Bank for the year ended 31st December, 2018.

Your Bank has completed 9 years of successful operation in 2018 registering a growth in total business from Nu. 17,152.43 Mio in 2017 to Nu. 21,122.38 Mio, showing a growth of 23.15%, comprising of Nu. 12,652.26 Mio as deposit and Nu. 8,470.12 Mio as Advances.

In terms of customer base also, the bank has achieved encouraging results with number of accounts surpassing 107,349 mark as on 31st December 2018 an increase of over 4.03% over 2017. This Satisfactory performance of your Bank in a span of 9 years is indicative of the quality services rendered. Your Bank has not only registered satisfactory business growth, but also has maintained the quality of assets and liabilities much better than the Industry average. The retail deposit base of the bank, which is considered to be stable deposit, is 80% of the total deposit, while performing advances are 98.34% of total advances.

In terms of the instructions received from Bhutan Accounting Standards (BAS) established on 30th April 2010 for introduction of accounting standards based on the International Financial Reporting Standards (IFRS) we are amongst the first group of listed companies which are chosen by the Authority of handholding while preparing the financial report as per BAS for the year ended 31.12.2014. Thereafter our final accounts are as per BAS w.e.f from 2015 . Hence the annual report of your bank being presented today is in compliance to Bhutan Accounting Standards.

**Net Profit:**

In 2018, the Bank earned total income of Nu. 1011.45 million against total expenditure of Nu. 668.08 million (after making provision) resulting in post-tax net profit of Nu. 233.74 million, against the net profit of Nu 184.14 million earned in 2017. Same was done with prudent management of liquidity and cost of deposit and by maintaining asset quality.

**Dividend, Capital & Reserve:**

The Bank has earned a profit of Nu. 233.74 million. Out of which, an amount of Nu. 116.87 million has been transferred to General reserve in terms of the RMA guidelines and balance Nu. 113.37 million is retained in P&L account after maintaining foreign exchange fluctuation reserve of Nu. 3.495 million.

The Board of Directors is pleased to recommend a dividend of 15% for the year 2018. This will result in profit distribution of Nu. 83.12 million out of total retained profit of Nu. 113.37 million.

**Board of Directors:**

As on 31st December 2018, there were 5 Directors on the Board of the Bank, comprising the Chairman, the CEO, one PNB nominee directors, one public shareholder director and one independent directors. Management is taking steps for inducting one PNB nominee director and one independent director this year.

The Board met four times during the year complying with the requirements of the Companies Act of Bhutan, 2016 and RMA Prudential Regulations. The quorums of these meetings were duly maintained. The statutory records / documents have been duly maintained by the Bank as per the requirement of the Companies Act of Bhutan, 2016.

**Corporate Governance:**

The bank is committed to best practices in Corporate Governance by adhering to high standard of transparency, accountability, ethical business practices, operational efficiencies and social responsiveness for maximizing interest of all shareholders.

As a listed company, Bank is complying with various regulatory requirements. Bank has complied with guidelines of the Royal Monetary Authority of Bhutan and the Royal Security Exchange of Bhutan on the matters relating to Corporate Governance, which has been examined by the statutory auditors.

### Statutory Compliance:

The Bank has complied with all the regulatory norms in respect of classification of assets, provisioning on loans as per the quality, exposure limits to single largest borrower & ten largest borrowers, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) and other guidelines of RMA at all times.

### Business expansion:

To improve on our alternate delivery channel, one new ATM installed at Paro Airport, thus raising the total number of ATMs to 22.

We are also exploring viable sites for opening new branch offices in Bumthang and Tashiyangtse this year.

### Corporate Social Responsibility:

The bank has concern towards society in which it operates. As a part of its CSR and to promote sports in the society the bank sponsored India House Golf Tournament followed by participation of staff of all Branches in the local football tournament and International Yoga Day, 2018.

Further, for encouraging & motivating the youth of the Country, the Bank has sponsored Debate Competition amongst 8 colleges under RUB. At the same time we also provided financial support to Bhutan Youth Development Fund in recognition to their noble initiative in taking care of various youth issues.

### Staff training & welfare:

The bank gives top priority to the banking knowledge and skill development of its employees by providing them regular training to ensure efficiency in delivering service to its customers. During the year the bank provided training to 108 of its employees in various organizations as per details given as under.

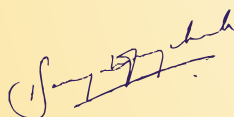
SL.NO.	TRAINING INSTITUTE	No. of employees who attended the training
1	Various in-county programmes	11
2	User Training for Finacle Version 10	96
3	Programme on 9th Annual Corporate Governance and Director's Excellence 2018 at Hongkong	1
	<b>Total</b>	<b>108</b>

### Statutory Auditors:

M/S M.P.Sureka & Company, Chartered Accountants, Kolkata have audited the bank's books of accounts for the year ended 31st December 2018.

### Acknowledgement:

The Board expresses its sincere gratitude to the Royal Government of Bhutan, the Royal Monetary Authority of Bhutan, the Royal Securities Exchange of Bhutan and other regulators for their valuable guidance and support. The Board also thanks all the Financial Institutions in Bhutan and correspondent Bank in India & third countries for their cooperation and patronage. The Board acknowledges the gratifying confidence of the customers and shareholders and wishes to place on record its appreciation for the dedicated services and contribution made by the employees of the bank towards its growth and achievement during the year.



**(Dasho Sangay Wangchuk)**

Chairman

For and on behalf of the Board of Directors.



## CEO's Report:

I, on behalf of the Board and the Management of Druk PNB Bank Limited would like to take this opportunity to place before you the financial highlights of this Bank for the Year ended 31st December 2018.

The total business of the Bank stood at Nu. 21,122.38 Mn during the year ended 2018 as against Nu. 17,152.43 Mn during 2017 thus registering a growth of 23.15% which is much above the system's growth and also your Bank has been able to achieve other business target set by the Bank's Board on various fronts. The Bank's Board on various fronts. The total deposit and advance of the Bank stood at Nu. 12,652.26 Mn and Nu. 8,470.12 Mn showing a growth of 17.87% and 31.97% respectively over previous year. Despite the stiff competition, your Bank has been able to record 26.94% both in net profit, from Nu. 184.14 Mn in 2017 to Nu. 233.74 Mn in 2018. During the year 2018, Bank has increased its paid up capital from Nu. 450.00 Mn to Nu. 700.00 Mn through rights issue share premium of Nu. 5/-, Thus the total capital funds of the Bank has increased from Nu. 1,361.54 Mn in 2017 to Nu. 1,937.04 Mn in 2018 registering a growth of 42.27%. All these achievement were made possible due to our understanding of customers' needs and providing them with appropriate customized Banking solutions. Due to our Bank's focussed & Customer centric service has made remittances to India very fast and reliable, making lives of Bhutanese people, particularly those whose children are studying in India, easier and hassle free. Business community having financial dealings with India and abroad has also been the beneficiary of our smooth and efficient facility for transfer of funds, both inward and outward.

## Financial Aspect

Some of the key parameters from which the performance of your Bank can be gauged are as under:

Particulars	31.12.2017	31.12.2018	Variance
Total Business	17,152.43	21,122.38	23.15%
Total Deposits	10,734.14	12,652.26	17.87%
Total Advances	6,418.29	8,470.12	31.97%
Net Profit	184.14	233.74	26.94%
Capital Funds	1,361.54	1,937.04	42.27%
Customers Base	103,187.00	107,349.00	4.03%
Business per employee	151.79	193.78	27.66%
Return on Equity	40.92%	42.17%	3.05%
Earnings per share (Actual in Nu.)	4.09	4.22	3.18%
Book Value of Share (Actual in Nu.)	25.44	30.67	20.55%

## Service Delivery Channel

The Bank continues to serve the country through its seven branches in Thimphu, Phuentsholing, Wangdue, Gelephu, Paro, Dangdung-Trongsa and Samtse as the prospective customers are mainly concentrated in these areas. Further, it has plans to open branches in Bumthang and Trashiyantse.

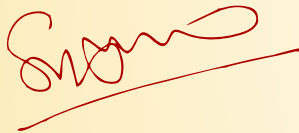
The Bank's ATM network now stands at 22 in centers where it opened branches except for the one opened near Jaypee Colony, on the side of the Wangdue - Tsirang highway hitherto an unbanked area, for the convenience of customers to withdraw cash 24x7 and reduce footfall in the branches. Your Bank's ATMs have been acknowledged to provide uninterrupted efficient service to customers with minimum down-time, which is redefining the way Banking is transacted in Bhutan.

Further, Your Bank has done Mobile app enhancement during the year 2018 with more features, for easy and convenient use for its esteemed customers also the core banking system of the bank has been upgraded from Finacle 7 to Finacle 10 X in most smooth manner without disturbing the customer services even for a moment.

## Community Services

The bank not only focuses on its core business of providing banking services to the people, it values community services as well. As a part of its corporate social responsibility, and as a gesture of sports promotion in Bhutan, your Bank has sponsored India House Golf Tournament, Local Football and International Yoga Day etc in addition to donations to NGO's and other Civil Society Organizations during the year 2018.

Tashi Delek.



**Devendra Kumar Gupta**  
Chief Executive Officer

## **Auditors' Report to the Members,**

### **DRUK PNB BANK LTD**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of Druk PNB Bank Limited (DPNBL), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statement of DPNBL give the information required by the Companies Act of Bhutan, 2016 in the manner so required and give a true and fair view in conformity with the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Board of Bhutan ("AASBB")

- a) in the case of the statement of financial position, of the state of affairs of the Company as at 31st December, 2018;
- b) in the case of the statement of comprehensive income, of the financial performance for the year ended on that date;
- c) in the case of statement of changes in equity, of the changes in equity for the year ended on that date; and
- d) in the case of the statement of cash flows, of the cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Responsibilities of Management and Those Charged With Governance for the Financial Statement**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Board of Bhutan ("AASBB") read with the Companies Act of Bhutan, 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for Audit of the Financial Statements**

Our responsibilities is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Report on Other Legal and Regulatory Requirements**

As required by the Companies Act of Bhutan, 2016 ( The Minimum Audit Examination and Reporting Requirements) issued by the Royal Audit Authority and on the basis of such cheks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure, a statement on the matters specified therein to the extent applicable to the Corporation.

As required by the Act, we report that:

- a) we have obtained all the information and explanations which to best of our knowledge and belief were necessary for the purpose of our audit.
- b) in our opinion, proper books of accounts as required by law as stated in the Companies Act of Bhutan, 2016, have been kept by the Company so far as it appears from our examination of those books.
- c) the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flow along with this report are in agreement with the books of account;
- d) in our opinion, the Statement of Financial Position, Statement of Comprehensive Income, Statement of changes in Equity and Statement of Cash Flow, comply with the Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016.

## **DRUK PNB BANK LIMITED**

**Thimphu : Bhutan**

### **ANNEXURE REFERRED TO OUR AUDIT REPORT OF EVEN DATE MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS**

As required by the minimum audit examination and reporting requirements under clause 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we further report that:

1. The Bank has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets. The codification of fixed asset has been done by the management in order to maintain a proper internal control. The physical verification of fixed assets has also been conducted during the year.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has not taken any loan secured or unsecured from Companies under the same management terms of which are prejudicial to the interest of the Company.
4. The Company has not granted any loan, secured or unsecured to other companies, firms or other parties and / or to companies under the same management terms of which are prejudicial to the interest of the company.
5. No excessive / frequent advances are generally granted and accumulation of large advances against particular individual is generally avoided.
6. The loans / advances granted to officers / staffs are in keeping with the provision of Service Rules and no excessive / frequent advances are granted and accumulation of large advances against particular individual id avoided.
7. In our opinion and according to the information and explanation given to us the Bank has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Bank as well as to ensure adherence to the rules, regulations and Systems and procedures.
8. Fund based / Non-fund based facilities were provided to the directors or any other parties related to the Directors or with company or firms in which the directors are directly or indirectly interested under similar terms and conditions as are applied with other parties. Such transactions have been adequately disclosed in the financial statements. Such terms & conditions are not prejudicial to the interest of shareholders and other directors of the Bank.
9. In our opinion, the transactions of purchase and sale of goods & services made in pursuance of contracts or arrangements entered into with the directors or their relatives, companies or firms in which the directors are directly or indirectly interested have been made at prices, at which the transactions for similar goods or services have been made with other parties. Such transactions have been adequately disclosed in the financial statements. Such terms and conditions are not pre judicial to the interest of shareholders and other Directors of the Bank.
10. According to the records, the Bank is regular in depositing rates and taxes, duties, provident funds and other statutory dues with the appropriate authority.

11. There are no undisputed amounts payable in respect of rates, taxes, duties, provident fund and other statutory dues outstanding at the year-end.
12. No personal expenses of employees or directors have been charged to the Bank accounts other than that payable under contractual obligations or in accordance with generally accepted business practice.
13. In our opinion and on the basis of information and explanation given to us, the management of liquid resources, particularly cash / bank and short term deposits etc is reasonably adequate and excessive amounts are not lying idle in non interest-bearing accounts.
14. In our opinion and on the basis of available records and information, the activities carried out by the Bank are lawful and intravires to the Articles of the Incorporation of the Bank.
15. The details of remuneration and other payment made to the Chief Executive Officer of the Bank have been suitably disclosed in Notes No. 24 on Accounts.
16. The Bank has established an effective budgetary control system.
17. As represented to us, the directives of the Boards have been complied with.
18. So far as we have been represented and our knowledge is concerned, the officials of Bank have not transmitted any price sensitive information which are not made public, unauthorized to their relatives / friends / associates or close persons which would directly or indirectly benefit themselves.
19. The Bank has maintained the adequate documents and records where it has granted loans and advances for which agreements have been drawn up and timely entries have been made therein.
20. The Bank has not dealt or traded in shares, securities and other investment during the year.
21. The Bank has adequate records for funds collected from depositors and for interest payments.
22. The bank has complied with the requirements of Financial Services Act of Bhutan, 2011 and any other applicable laws, rules and regulations and guidelines issued by the appropriate Authorities.
23. The requirements of RMA Prudential Regulations, 2016 relating to provisioning for the non-performing assets including loans and advances have been complied with.
24. Recognition of interest income in respect of non-performing assets has been deferred and not recognized in the income.
25. The assets hypothecated against loan and advances have been physically verified, properly valued, mortgage deed executed and ensured that the assets are free of any prior lien or charges.
26. Proper analysis is carries out before re-phasing / rescheduling of loans.
27. There is a system to ensure that additional loans are not granted to those who have defaulted payments of previous advances.

### **Computerized Accounting Environment**

1. The organizational & system development controls & other internal controls are adequate relative to size & nature of computer installations.
2. There are adequate safeguard measures and backup facilities exist in relation to computer facilities.
3. The backup facilities and disaster recovery measures include keeping files in different locations.
4. The operational controls have been established with the implementation of the CBS to ensure correctness & validity of input data & output information.
5. The measures to prevent unauthorized access over the computer installation and files are adequate.

## General

### 1. Going Concern Perspective:

Based on the net asset position reflected by the Bank's Balance Sheet as at 31 December, 2018 audited by us in accordance with the International Auditing Standards and on the basis of such other tests as we considered necessary in this regards, we have no reason to believe that the Bank is not a going concern on the Balance Sheet date and is not likely to become sick in the near future.

### 2. Ratio Analysis:

The significant ratios indicating the financial health and profitability of the Bank are given below:

Ratio	Amount in Millions	2018	2017
Current ratio Current Assets/Current liabilities	9269.91/7505.46	1.23	1.20
Core capital Tier I capital/Total Risk weighted assets	1453.30/10789.91	13.47%	11.97%
Capital Adequacy Tier I & Tier II capital/Total Risk weighted assets	1939.16/10789.91	17.97%	14.35%
Statutory Liquidity Requirement Quick Assets/Total liabilities less Capital fund	4941.10/13192.45	37.45%	30.77%

Particulars	2018	2017
Credit Deposit Ratio Loans & Advances / Deposits	66.95%	59.85%
NPA Ratios Total NPA / Loans & Advances	1.66%	2.75%
Interest Expense / Deposits	3.81%	3.28%
Interest Income / Loans	10.44%	9.52%
Deposit Growth	17.95%	28.99%
Advance Growth	31.96%	27.34%
Increase / (Decrease) in Provision	7.46%	10.41%
Increase / (Decrease) in Forex Income	30.45%	(28.69%)
Return on Equity (PAT / Equity x 100)	42.17%	40.92%
Return on Assets (PAT / Total Assets x 100)	1.53%	1.32%
Earnings per Share (PAT / No. of Shares issued)	Nu.4.22	Nu.4.09
Net Profit Ratio (PAT / Total Income x 100)	23.11%	21.47%

**3. Compliance with the Companies Act of Bhutan, 2016.**

The Bank has complied with the various provisions of the Companies Act Bhutan, 2016 concerning conducting of meetings, filing requirements, maintenance of records, issue of shares and all other matters specified in the said Act.

**4. Adherence to Laws, Rules and Regulations**

The audit of the Bank is governed by the Companies Act of Bhutan, 2016, RMA Prudential Regulations, 2016 and Financial Service Act of Bhutan 2011. The scope of audit is limited to examination and review of the financial statements as produced to us by the management.

The Bank has generally complied with the applicable laws, rules and regulations, systems, procedures and practices as informed and explained to us.

For M.P.Sureka & Co.

Chartered Accountants (FRN 322097E)



M.P.Sureka (Membership No. 050560)

PARTNER

Date: 04th March 2019

Place: Thimphu, Bhutan





# DRUK PNB BANK LIMITED

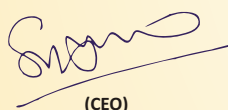
## Statement of Financial Position

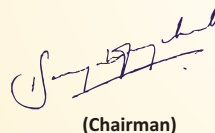
	Note	Amount in Nu.	
		As at	
		December 31, 2018	December 31, 2017
<b>-Assets</b>			
Cash and balances with central banks	13	1,473,400,261.13	2,968,240,338.81
Due from banks	14	2,363,609,065.00	2,731,612,655.44
Cash collateral on securities borrowed and reverse repurchase agreements		-	-
Derivative financial instruments		-	-
Other financial assets held for trading		-	-
Financial assets held for trading pledged as collateral		-	-
Financial assets designated at fair value through profit or loss		-	-
Loans and advances to customers	15	8,470,122,546.86	6,418,289,047.40
Financial investments – available-for-sale		-	-
Financial investments – available-for-sale pledged as collateral		-	-
Financial investments	15A	2,753,090,920.26	1,467,278,464.00
Other assets	16	127,895,854.67	155,591,462.24
Property, Plant and equipment	4	73,953,038.61	56,434,825.73
Goodwill and other intangible assets		-	-
Deferred tax assets	22	535,854.00	236,535.00
Non-current assets and disposal groups held for sale		-	-
<b>Total assets</b>		<b>15,262,607,540.53</b>	<b>13,797,683,328.62</b>
<b>-Liabilities</b>			
Due to banks	17	144,472,619.13	90,707,766.12
Cash collateral on securities lent and repurchase agreements		-	-
Derivative financial instruments		-	-
Other financial liabilities held for trading		-	-
Financial liabilities designated at fair value through profit or loss		-	-
Due to customers	18	12,507,785,390.90	11,678,025,244.22
Debt issued and other borrowed funds	19	150,000,000.00	150,000,000.00
Current tax liabilities	12	105,230,484.01	80,677,325.18
Other liabilities	20	439,377,556.52	452,321,669.32
Provisions	21	215,595,183.03	199,201,838.53
Deferred tax liabilities		-	-
Non-current liabilities and disposal groups held for sale		-	-
<b>Total liabilities</b>		<b>13,562,461,233.59</b>	<b>12,650,933,843.37</b>
<b>Equity</b>			
Issued capital		700,000,000.00	450,000,000.00
Share premium		153,150,800.00	28,150,800.00
General Reserve		536,609,224.19	419,738,250.33
Retained earnings		295,842,189.11	237,811,416.95
Foreign Fluctuation Reserve		14,544,093.66	11,049,017.97
		1,700,146,306.96	1,146,749,485.25
<b>Total equity</b>		<b>1,700,146,306.96</b>	<b>1,146,749,485.25</b>
<b>Total liabilities and equity</b>		<b>15,262,607,540.53</b>	<b>13,797,683,328.62</b>

Signed in terms of our attached report of even date

For M.P.Sureka & Co.  
Chartered Accountants (FRN 322097E)

(For and on behalf of Board of Directors)


  
(CEO)

  
(Chairman)

  
(Director)

M.P.Sureka (Membership No. 050560)  
PARTNER

Date: 04th March 2019  
Place: Thimphu, Bhutan




# DRUK PNB BANK LIMITED

## Statement of Comprehensive Income

	Note	Amount in Nu.	
		As at	
		December 31, 2018	December 31, 2017
Interest and similar income	5	885,582,958.26	721,343,373.59
Interest and similar expense	6	482,423,141.59	405,581,051.42
Net interest income		<b>403,159,816.67</b>	<b>315,762,322.17</b>
Fees and commission income	7	108,145,258.25	113,242,250.06
Fees and commission expense		-	-
Net fee and commission income		<b>108,145,258.25</b>	<b>113,242,250.06</b>
Net trading income		-	-
Net gain (loss) on financial assets and liabilities designated at fair value through profit or loss		-	-
Other operating income	8	<b>17,728,535.44</b>	<b>14,452,910.54</b>
Total operating income		<b>529,033,610.36</b>	<b>443,457,482.77</b>
NPA Provisions	9A	3,595,378.50	7,348,987.31
Impairment losses on financial investments		-	-
<b>Net operating income</b>		<b>525,438,231.86</b>	<b>436,108,495.46</b>
Personnel expenses	10	79,607,161.03	72,202,364.08
Depreciation of property and equipment		16,345,731.10	12,357,095.03
Amortisation of intangible assets		-	-
Other operating expenses	11	75,466,289.90	71,980,033.67
Total operating expenses		<b>171,419,182.03</b>	<b>156,539,492.78</b>
<b>Profit before tax from continuing operations</b>		<b>354,019,049.83</b>	<b>279,569,002.68</b>
Less Provision - others	9B	10,649,750.00	10,649,750.00
Income tax expense-Current Tax	12A	108,971,054.81	84,564,235.21
Income tax expense-Deferred Tax	12B	656,297.31	214,347.08
<b>Profit for the year from continuing operations</b>		<b>233,741,947.71</b>	<b>184,140,670.39</b>
<b>Discontinued operations</b>			
Profit after tax for the year from discontinued operations		-	-
<b>Profit for the year</b>		<b>233,741,947.71</b>	<b>184,140,670.39</b>
<b>Attributable to:</b>			
Equity holders of the parent			
Profit for the year from continuing operations		233,741,947.71	184,140,670.39
Profit for the year from discontinued operations		-	-
Profit for the year attributable to equity holders of the parent		233,741,947.71	184,140,670.39
<b>Non-Controlling interest</b>			
Profit for the year from continuing operations		-	-
Profit for the year from discontinued operations		-	-
Profit for the year attributable to non-controlling interests		-	-
		<b>233,741,947.71</b>	<b>184,140,670.39</b>
<b>Earnings per share</b>	23		
Basic earnings per share		4.22	4.09
Diluted earnings per share		4.22	4.09
Basic earnings per share from continuing operations		4.22	4.09
Diluted earnings per share from continuing operations		4.22	4.09

Signed in terms of our attached report of even date

  
(CEO)

  
(Chairman)

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D irector For

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# DRUK PNB BANK LIMITED

## Statement of Cash Flow

Particulars	31-Dec-18	31-Dec-17
	Amounts (Nu.)	Amounts (Nu.)
<b>A. Operating Activities</b>		
Profit before tax from continuing operations	343,369,299.83	268,919,252.68
Profit before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>343,369,299.83</b>	<b>268,919,252.68</b>
Adjustment for:-		
Change in operating assets	(2,051,833,499.46)	(1,378,059,645.84)
Change in operating liabilities	883,524,999.69	3,448,721,403.75
Change in other operating assets	27,695,607.57	(45,230,092.14)
Change in other operating liabilities	3,449,231.70	70,449,391.51
Other non-cash items included in profit before tax	16,345,731.10	12,357,095.05
Net gain/(loss) from investing activities	-	-
Profit on sale of PPE	-	-
Net gain/(loss) from financing activities	-	-
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	(1,703,909.85)	(4,049,160.58)
Prior Period Expenses Paid	(1,345,126.00)	-
Income tax paid	(84,080,732.04)	(79,118,406.58)
<b>Net cash flows from operating activities</b>	<b>Total of (A)</b>	<b>Total of (A)</b>
	<b>(864,578,397.46)</b>	<b>2,293,989,837.85</b>
<b>B. Financing Activities</b>		
Proceeds from Issue of share capital	250,000,000.00	-
Proceeds from Issue of share premium	125,000,000.00	-
Proceeds from issuance of bonds	-	(28,800,000.00)
Dividends paid to equity holders	(54,000,000.00)	(45,000,000.00)
Increase in Financial Investments	(1,285,812,456.26)	(1,003,528,464.00)
<b>Net cash flows from/(used in) financing activities</b>	<b>Total of (B)</b>	<b>Total of (B)</b>
	<b>(964,812,456.26)</b>	<b>(1,077,328,464.00)</b>
<b>C. Cash Flow from Investing Activity</b>		
Purchase of property and equipment	(33,885,429.10)	(25,953,028.00)
Proceeds from sale/damage of property and equipment	2,777,865.43	-
<b>Net cash flows from/(used in) investing activities</b>	<b>Total of (C)</b>	<b>Total of (C)</b>
	<b>(31,107,563.67)</b>	<b>(25,953,028.00)</b>
<b>Change in Cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(A+B+C)</b>
	<b>(1,860,498,417.39)</b>	<b>1,190,708,345.85</b>
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	1,703,909.85	4,049,160.58
<b>Opening Cash and cash equivalents</b>	<b>5,695,803,833.67</b>	<b>4,505,095,487.82</b>
<b>Closing Cash and cash equivalents</b>	<b>3,835,305,416.28</b>	<b>5,695,803,833.67</b>
<b>Change in Cash and cash equivalents</b>	<b>(1,860,498,417.39)</b>	<b>1,190,708,345.85</b>

### Reconciliation of closing Cash and cash equivalent

As per Cash Flow Statement	3,835,305,416.28	5,695,803,833.67
<b>As per Statement of Financial Position</b>		
Cash and balances with central banks	1,473,400,261.13	2,968,240,338.81
Due from banks	2,363,609,065.00	2,731,612,655.44
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	(1,703,909.85)	(4,049,160.58)
	<b>3,835,305,416.28</b>	<b>5,695,803,833.67</b>

Signed in terms of our attached report of even date

(For and on behalf of Board of Directors)

**For M.P.Sureka & Co.**  
**Chartered Accountants (FRN 322097E)**

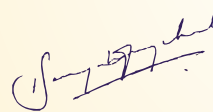


**M.P.Sureka (Membership No. 050560)**  
**PARTNER**

**Date: 04th March 2019**  
**Place: Thimphu, Bhutan**



(CEO)



(Chairman)



(Director)



## Significant Accounting Policies for the Year ended 31<sup>st</sup> December 2018.

### 1. Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance and to comply with the BAS, the International Accounting Principles and the relevant provisions of The Companies Act of Bhutan, 2016.

The said financial statements have been prepared on the accrual basis of accounting with the historical cost convention and going concern basis except as stated otherwise in the Financial Statements. The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates.

### 2. Revenue Recognition:

- i) Items of income and Expenditure are accounted for on accrual basis except commission of guarantee and Letter of credit, which is accounted for on cash basis.
- ii) Interest, Rent, etc. are accounted at gross value before deduction of tax.
- iii) Interest income on loans is recognized on accrual basis except for non-performing loans with default over 90 days in respect of which the interest income, as per the guidelines issued by the Royal Monetary Authority of Bhutan is shown under the head "suspended interest" which is taken to profit and loss account on actual realization only.

### 3. Property, Plant & Equipment:

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Property, plant and equipment are initially recognized at cost. The initial cost of property, plant and equipment comprises its net purchase price after deducting for any trade discount and rebates, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is computed using the straight line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life whereas leasehold land is depreciated on a straight line method over the primary term of the lease.

The Company has based on evaluation performed by the technical Department, established the estimated range of useful lives of assets for depreciating its property, plant and equipment as follows:

Buildings (Capitalised expenses)	5 years
Machinery & Electrical Fittings	6.5 years
Steel Items	20 years
Wooden Articles	10 years
Machinery & Electrical Goods	6.5 years
Vehicle	6.5 years
Computer Equipment	6.5 years
Miscellaneous items	6.5 years

The useful life, residual value and depreciation method are reviewed, and adjusted appropriately, at least at each Statement of Financial Position date to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits. Change in the estimated useful life, residual value and / or depreciation method, if any, is depreciated prospectively over the asset's remaining revised useful life.

The cost and the accumulated depreciation for property, plant and equipment sold, scrapped, retired or otherwise disposed off are eliminated from the financial statements and the resulting gains and losses are included in the Statement of Comprehensive Income.

**4. Intangible Assets:-**

Intangible assets include computer software and are carried at cost of acquisition/implementation less accumulated amortization. Amortization is recognized on a straight line basis over the estimated useful life as estimated by the management.

**5. Loans:**

Loans are stated at principal amount plus interest accrued thereon.

**6. Retirement /employee benefits:**

- i) Contribution to provident fund and other funds are accounted for as when accrued except leave encashment and leave travel concession (on declaration basis) which is accounted for on cash basis.
- ii) Gratuity is provided on accrual basis in respect of national employees only as per the service rule read with the guidelines framed by the Royal Civil Service commission of Bhutan presuming that all employees cease to work as of the year end.

## 7. Provision for non performing Loans:

Provision for non performing loans is made as per the guidelines issued by the Royal Monetary Authority of Bhutan at the following rate.

Category	Provision on outstanding principal amount	
	Days	%
1)standard	Upto 30	1%
2)Watch	31-90	1.5%
3)Substandard	91-180	20% (30% for sector with highest exposure)
4)Doubtful	181-365	50% (60% for sector with highest exposure)
5)Loss	> 12 months	100%

Provision has been made as per the norms issued by RMA

## 8. Income Tax:-

Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income tax authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

## 9. Foreign exchange fluctuations:

### a) Functional and presentation currency-

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates referred to as the "functional currency". The functional currency and presentation currency of the Company is Bhutanese Ngultrum.

## b) Transactions and Balances:-

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities dominated in foreign currencies are recognized in the statement of Comprehensive Income.

## 10. Cash and Cash Equivalents:

Cash and Cash Equivalents include cash in hand; bank balances and deposits, other short term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount os cash and cash equivalent and which are subject to an insignificant risk of changes in value.

## 11. Earning Per Share:

The Company presents the basic and diluted EPS data for its ordinary shares. Basic EPS is computed by dividing the net profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 12. Contingent Liabilities:

Liabilities of contingent nature are disclosed in the notes on accounts.

## 13. Net Profit or Loss:

The result declared in the Profit and Loss account is after considering:-

- I) Provision on non-performing loans.
- II) Provision for depreciation on companies property, and
- III) Other usual/ necessary provisions as required.

## 14. Dividends:

Dividends (including interim dividends) to ordinary shareholders is recognized as a liability and deducted from shareholders' equity in the period in which the dividends are declared by the Board of directors and approved by the ordinary shareholders.

## 15. Judgements, Estimates and Assumptions:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effects on the amounts recognized in the financial statements.

### Estimates and Assumptions

The key assumptions concerning the future and the other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

### Going Concern

The Bank's management has made an assessment of its liability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

For M.P.Sureka & Co.  
Chartered Accountants (FRN 322097E)

M.P.Sureka (Membership No. 050560)  
PARTNER

Date: 04th March 2019  
Place: Thimphu, Bhutan

(For and on behalf of Board of Directors)

(CEO)

(Chairman)

(Director)







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# DRUK PNB BANK LIMITED

## NOTES TO ACCOUNTS

### Note 4: Property, Plant and equipment

Particulars	Property, Plant and equipment								Amount in Nu.	
	Land and Building	Vehicles	Machinery & Furniture Fittings	Steel Items	Wooden Articles	Machinery & Electrical Goods	Computer Hardware/ Software	Misc. Items	Total	
<b>Cost:</b>										
At 1 January 2017	2,756,382.30	2,756,382.30	599,166.43	6,873,754.19	7,395,088.26	15,166,490.35	92,021,250.85	2,180,186.83	126,992,319.21	
Additions	3,686,950.00	-	130,050.00	1,275,324.00	438,670.00	569,550.00	19,521,779.00	330,705.00	25,953,028.00	
Disposals	-	-	-	-	-	-	-	-	-	
Exchange adjustment	-	-	-	-	-	-	-	-	-	
At 31 December 2017	<b>6,443,332.30</b>	<b>6,443,332.30</b>	<b>729,216.43</b>	<b>8,149,078.19</b>	<b>7,833,758.26</b>	<b>15,736,040.35</b>	<b>111,543,029.85</b>	<b>2,510,891.83</b>	<b>152,945,347.19</b>	
Additions	-	-	-	295,000.00	50,396.30	3,221,259.00	30,123,595.80	195,178.00	33,885,429.10	
Disposals	-	2,756,382.30	-	10,920.18	-	-	3,687.00	6,875.95	2,777,865.43	
Exchange adjustment	-	-	-	-	-	-	-	-	-	
At 31 December 2018	<b>3,686,950.00</b>	<b>3,686,950.00</b>	<b>729,216.43</b>	<b>8,444,078.19</b>	<b>7,873,234.38</b>	<b>18,957,299.35</b>	<b>141,662,938.65</b>	<b>2,699,193.88</b>	<b>184,052,910.88</b>	
<b>Depreciation and impairment:</b>										
At 1 January 2017	2,698,380.30	2,698,380.30	529,316.50	1,858,399.00	4,286,268.43	10,380,283.33	62,808,981.50	1,591,797.37	84,153,426.43	
Disposals	-	-	-	-	-	-	-	-	-	
Depreciation charge for the year	244,367.75	-	41,625.05	405,347.19	796,485.98	1,778,394.17	8,879,629.21	211,245.69	12,357,095.03	
At 31 December 2017	<b>2,942,748.05</b>	<b>2,942,748.05</b>	<b>570,941.55</b>	<b>2,263,746.19</b>	<b>5,082,754.41</b>	<b>12,158,677.50</b>	<b>71,688,610.71</b>	<b>1,803,043.06</b>	<b>96,510,521.47</b>	
Disposals	-	2,756,380.30	-	-	-	-	-	-	2,756,380.30	
Depreciation charge for the year	553,042.50	-	47,224.88	418,525.01	811,223.85	2,027,339.91	12,236,066.95	252,308.00	16,345,731.10	
At 31 December 2018	<b>739,410.05</b>	<b>739,410.05</b>	<b>618,166.43</b>	<b>2,682,271.20</b>	<b>5,893,978.26</b>	<b>14,186,017.41</b>	<b>83,924,677.66</b>	<b>2,055,351.06</b>	<b>110,099,872.27</b>	
<b>Net Book value:</b>										
At 1 January 2017	-	58,002.00	69,849.93	5,015,355.19	3,108,819.83	4,786,207.02	29,212,269.35	588,389.46	42,838,892.78	
At 31 December 2017	-	3,500,584.25	158,274.88	5,885,332.00	2,751,003.85	3,577,362.85	39,854,419.14	707,848.77	56,434,825.72	
At 31 December 2018	-	2,947,539.75	111,050.00	5,761,806.99	1,979,256.12	4,771,281.94	57,738,260.99	643,842.82	73,953,038.61	

4.a. In the opinion of the management, there is no impairment of fixed assets of the company, which may require any adjustment.

Signed in terms of our attached report of even date

For M.P.Sureka & Co.

Chartered Accountants (FRN 322097E)



M.P.Sureka (Membership No. 050560)  
PARTNER

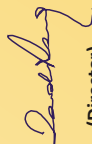
Date: 04th March 2019

Place: Thimphu, Bhutan

(For and on behalf of Board of Directors)



(Chairman)



(Director)



# NOTES TO ACCOUNTS

<b>5. Interest and similar income</b>		Amount in Nu.	
Particulars	As at 31-December-2018	As at 31-December-2017	
Interest from Loans & Advances	765,164,576.47	610,927,928.46	
Interest from Deposits with Banks in Bhutan	120,418,381.79	110,415,445.13	
Other Interest Income			
	<b>885,582,958.26</b>	<b>721,343,373.59</b>	
Interest income on loans of Nu. 744953818.71 is net of suspended interest of Nu. 20210631.76/- which conforms to the Prudential Regulation,2016, issued by Royal Monetary Authority of Bhutan.			

<b>6. Interest and similar expense</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
Interest paid on Deposits	466,607,799.56	385,756,393.89	
Interest paid on Subordinated Term debts	15,815,342.03	19,824,657.53	
	<b>482,423,141.59</b>	<b>405,581,051.42</b>	

<b>7. Net fees and commission income</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
Fees and commission income	108,145,258.25	113,242,250.06	
Fees and commission expenses			
	<b>108,145,258.25</b>	<b>113,242,250.06</b>	

<b>8. Other operating income</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
Dividend Income			
Other	3,748,232.67	3,736,246.77	
Foreign Exchange Gain	13,980,302.77	10,716,663.77	
-Realized Gain & Unrealized	12,420,573.62	10,716,663.77	
	<b>17,728,535.44</b>	<b>14,452,910.54</b>	

<b>9. Credit / Other loss expenses</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
(A)Provisions against loans:			
General	11,457,751.92	4,499,491.97	
Specific	(7,862,373.42)	2,849,495.34	
Dynamic			
	<b>3,595,378.50</b>	<b>7,348,987.31</b>	
(B)Others Provisions	10,649,750.00	10,649,750.00	
	<b>Total (A+B)</b>	<b>17,998,737.31</b>	

<b>10. Personnel expenses</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
Salaries and other allowances	79,607,161.03	72,202,364.08	
	<b>79,607,161.03</b>	<b>72,202,364.08</b>	

10.1. Provision for bonus payable to employees has neither been ascertained nor been provided for in these accounts.

<b>11. Other operating expenses</b>		Amount in Nu.	
Particulars	As at 31-December-2018	As at 31-December-2017	
Advertising and marketing	2,922,352.55	2,062,850.75	
Administrative	12,490,845.44	14,996,165.18	
Outsourcing of Financial services	14,762,560.41	12,326,797.63	
Professional fees	620,000.00	680,000.00	
Rental charges payable under operating leases	14,184,640.68	14,181,305.13	
Other	30,485,890.82	27,732,914.98	
	<b>75,466,289.90</b>	<b>71,980,033.67</b>	

<b>12. Tax expenses</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
(A) Current tax for the year	103,310,108.65	80,677,325.18	
Miscellaneous tax paid	3,740,570.80	3,886,910.03	
Tax for earlier year period	1,920,375.36		
	<b>108,971,054.81</b>	<b>84,564,235.21</b>	
(B) Additional Tax Paid	955,616.31	215,896.08	
Deferred tax	(299,319.00)	(1,549.00)	
TOTAL (A+B)	<b>109,627,352.12</b>	<b>84,778,582.29</b>	

Note : Income Tax assessment has been completed till the year 2017 and requisite provision for additional tax of Nu. 1,920,375.36 has been made.

<b>13. Cash and balances with central banks</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
<b>Cash in hand:</b>			
BTN	81,072,056.58	118,975,908.20	
INR	266,050.00	86,500.00	
FC	47,567,890.18	24,564,370.63	
CRR with the Central Bank	1,160,892,097.71	1,038,461,219.42	
Current account with the Central Bank	100,000.00	100,000.00	
Balance with RMA	183,502,166.66	1,786,052,340.56	
	<b>1,473,400,261.13</b>	<b>2,968,240,338.81</b>	

<b>14. Due from banks</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
<b>Balance with Banks in India &amp; third countries</b>			
Current Account outside Bhutan	553,426,194.33	1,044,325,077.05	
Balance with other offices			
Current Account in Bhutan	106,328,091.56	143,610,508.39	
Deposit Account in Bhutan	1,703,854,779.11	1,543,677,070.00	
	<b>2,363,609,065.00</b>	<b>2,731,612,655.44</b>	

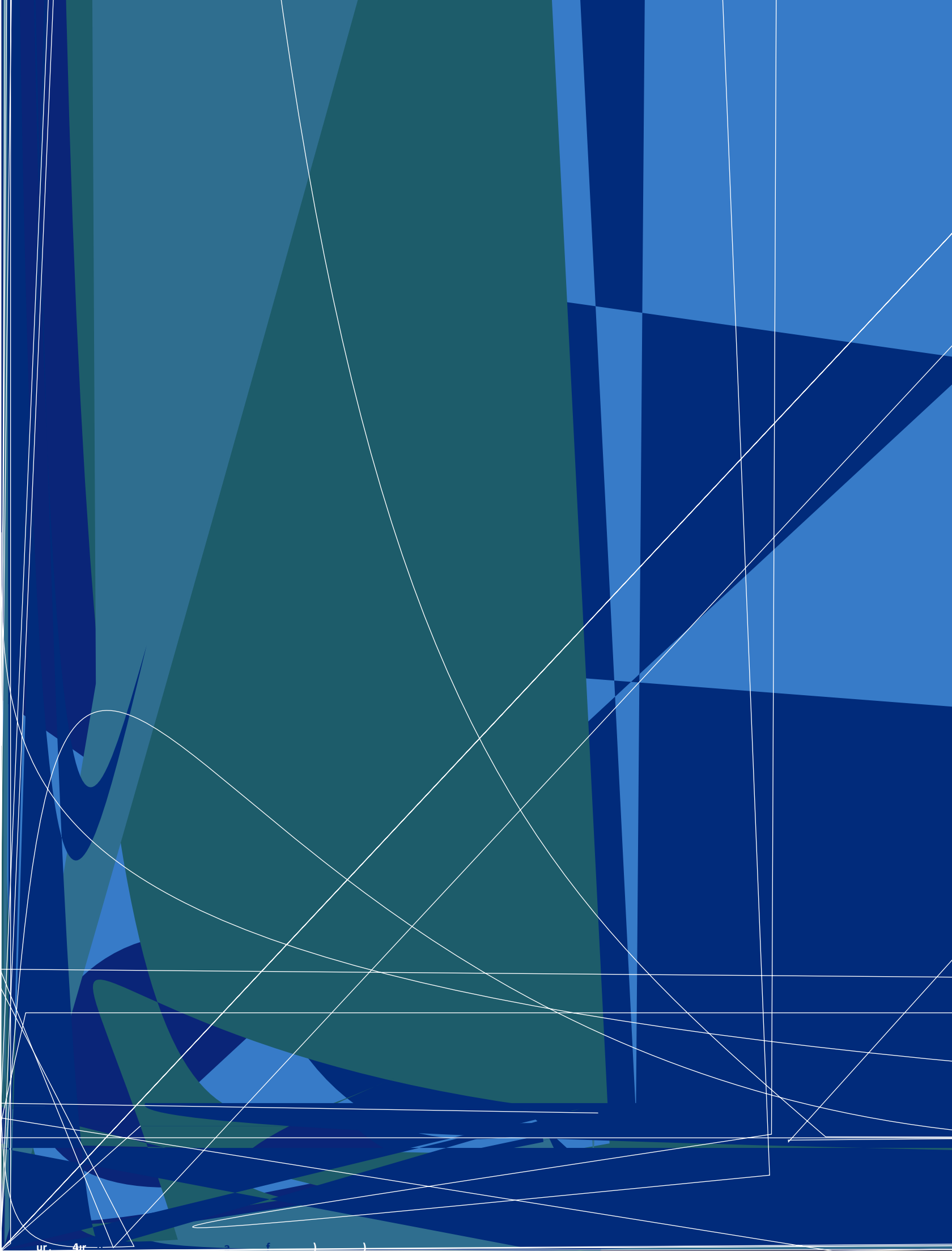
<b>15. Loans and advances to customers</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
<b>Demand loans</b>	295,824,457.00	251,301,491.28	
Cash Credit	702,125,499.87	590,404,134.84	
Overdraft	2,321,506,695.43	1,380,621,120.91	
Term Loan	5,150,265,894.56	4,195,962,300.37	
Bills discounted & Pruchased	400,000.00		
	<b>8,470,122,546.86</b>	<b>6,418,289,047.40</b>	

<b>15A. Investments</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
Financial Investments - Others	2,503,090,920.26	1,217,278,464.00	
Financial Investments - Held to Maturity	250,000,000.00	250,000,000.00	
	<b>2,753,090,920.26</b>	<b>1,467,278,464.00</b>	

<b>16. Other assets</b>			
Particulars	As at 31-December-2018	As at 31-December-2017	
Interest accrued	48,488,897.29	85,595,580.73	
Advances made recoverable/Adjustable	11,556,611.21	11,583,585.00	
Advance I.Tax	46,843,536.30	41,833,001.53	
Tax Deducted at Source	1,077,262.44	1,001,119.74	
Remittances in Transit	-	-	
Govt. T Bills/Other Investments	-	9,987,374.00	
Stationery in hand	3,678,167.56	2,843,538.80	
Prepaid expenses	16,251,379.87	2,747,262.44	
	<b>127,895,854.67</b>	<b>155,591,462.24</b>	



## OTHER NOTES

Amount in Nu.

### 24.A. Particulars of the transactions with the Directors and their relatives as per provisions of the Companies Act of Bhutan 2016:

Sl. No.	Name	Nature of Relationship	Nature of Transactions/Loan Facility	Outstanding as on 31.12.2018	Outstanding as on 31.12.2017
1	<b>Director/ Associates</b> Dasho Sangay Wangchuk	Director	Overdraft	20,000,000.00	
2	<b>Relative of the Director</b> Dasho Kuenley Wangchuk	Director's Father	Term Loan	159,306,606.17	144,272,231.96
3	Aum Sangay Om	Director's Mother	Term Loan / Overdraft	28,308,059.00	27,374,562.00
4	Kesang Wangchuk	Director's Brother	Overdraft	46,313,809.46	24,992,761.56
5	Yangchen Wangchuk	Director's Sister	Cash Credit	25,267,673.44	38,023,310.45
6	<b>Key Managerial Person</b>  Chief Executive Officer		Remuneration	3,866,636.50	3,745,381.42
			Sitting Fees	60,000.00	60,000.00
				<b>Paid in 2018</b>	<b>Paid in 2017</b>
				3,866,636.50	3,745,381.42
				60,000.00	60,000.00

### B. Contingent Liability

Contingent liabilities as at the Balance Sheet date are as follows:

a) Letter of Credit	<b>Nu.</b> 356,898,940.75
b) Other Guarantees	2,573,848,709.59
<b>Total</b>	<b>2,930,747,650.34</b>

### C. Management Expenses:

Management expenses include:

a) Managerial remuneration paid or payable to the Chief Executive Officer:		
<b>Particulars</b>	<b>2018 (Amt. in Nu.)</b>	<b>2017 (Amt. in Nu.)</b>
Remuneration	3,866,636.50	3,745,381.42
Directors sitting fees	60,000.00	60,000.00
b) Audit Related:		
<b>Particulars</b>	<b>2018 (Amt. in Nu.)</b>	<b>2017 (Amt. in Nu.)</b>
Audit fees and expenses:	275,000.00	275,000.00

### D. Deferred Tax:

The net position of deferred tax liability/asset during the year 2018 is as follow:-

	31.12.2018	31.12.2017
Opening Deferred Tax Liability/ (Assets)	(236,535.00)	(234,968.00)
Provided during the year	(299,319.00)	(1,549.00)
Closing Deferred Tax Liability / (Assets)	(535,854.00)	(236,535.00)

E. The Company has made a provision of proposed dividend of Nu. nil for the year 2018. Nothing has been booked from profit of the current year (2018) as per BAS.

### F. Prior Period

Prior period expenses comprising of rent Nu. 819,426/- and AMC charges for ATS Nu. 525,700/- Totaling to Nu. 1,345,126/- relating to the year 2017 paid in 2018, now been reduced from retained earning.

G. Bank has received Nu. 150 Million from the Ministry of Finance, RGoB on 9th April 2014 in the form of subordinated debt (1,50,000 scripts of subordinated bonds at face value of Nu. 1,000/- each) having maturity of 10 years and coupon rate of 6%, payable annually.

H. Previous year figures have been regrouped/ re-classified where ever found necessary.

Signed in terms of our attached report of even date

For M.P.Sureka & Co.  
Chartered Accountants (FRN 322097E)

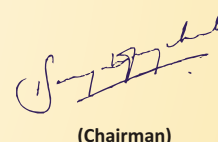


M.P.Sureka (Membership No. 050560)  
PARTNER



  
(CEO)

(For and on behalf of Board of Directors)

  
(Chairman)

  
(Director)

Date: 04th March 2019

Place: Thimphu, Bhutan

Amount in Nu.

Income Tax Reconciliation as per BAS & IT depreciation 2018	
Profit before tax from continuing operations	343,369,299.83
Add Back Depreciation as per BAS	16,345,731.10
	<b>359,715,030.93</b>
Less : Depreciation as per IT Act	15,348,002.11
	<b>344,367,028.82</b>
Profit before tax for continuing operation as per IT	<b>344,367,028.82</b>
Income Tax for the year	103,310,108.65
Less : Advance Tax paid during the year 2018	103,310,108.65

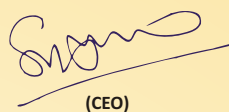
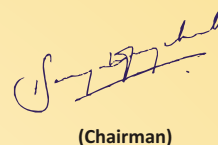
Signed in terms of our attached report of even date

(For and on behalf of Board of Directors)

For M.P.Sureka & Co.  
Chartered Accountants (FRN 322097E)



M.P.Sureka (Membership No. 050560)  
PARTNER

  
(CEO)  
(Chairman)  
(Director)

Date: 04th March 2019  
Place: Thimphu, Bhutan



## SEGMENT WISE REPORTING

Amount in Nu.

Particulars	2018			2017				
	Retail Segment	Corporate Segment	Others	Total	Retail Segment	Corporate Segment	Others	Total
<b>Operating Income</b>								
Third Party	603,154,013.22	419,140,923.76	-	1,022,294,936.98	540,309,205.01	308,429,329.18	-	848,738,534.19
Inter Segment	-	-	-	-	-	-	-	-
<b>Total Operating income</b>	<b>603,154,013.22</b>	<b>419,140,923.76</b>	-	<b>1,022,294,936.98</b>	<b>540,309,205.01</b>	<b>308,429,329.18</b>	-	<b>848,738,534.19</b>
Credit Loss Expense	-	-	-	-	-	-	-	-
Impairment loss on Financial investments	-	-	-	-	-	-	-	-
<b>Net Operating Income</b>	<b>603,154,013.22</b>	<b>419,140,923.76</b>	-	<b>1,022,294,936.98</b>	<b>540,309,205.01</b>	<b>308,429,329.18</b>	-	<b>848,738,534.19</b>
<b>Extracts of Results</b>								
Interest and Similer Income	490,621,376.14	393,964,321.85	-	884,585,697.99	412,614,044.41	308,429,329.18	-	721,043,373.59
Interest and Similer Expenses	360,824,911.35	121,598,230.24	-	482,423,141.59	382,300,356.42	23,280,695.00	-	405,581,051.42
<b>Net Interest Income/Expenses</b>	<b>108,145,258.25</b>	<b>108,145,258.25</b>	-	<b>108,145,258.25</b>	<b>113,242,250.06</b>	<b>113,242,250.06</b>	-	<b>113,242,250.06</b>
Fee and Commission Income	-	-	-	-	-	-	-	-
Fee and Commission Expense	-	-	-	-	-	-	-	-
<b>Net Fees and Commission Income/Expense</b>	<b>108,145,258.25</b>	<b>108,145,258.25</b>	-	<b>108,145,258.25</b>	<b>113,242,250.06</b>	<b>113,242,250.06</b>	-	<b>113,242,250.06</b>
Net Trading Income	-	-	-	-	-	-	-	-
Depreciation on PPE	-	-	-	-	-	-	-	-
Amortization of Intangible Assets	-	-	-	-	-	-	-	-
<b>Segment Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income Tax Expenses	-	-	-	-	-	-	-	-
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Assets</b>								
PPE	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Other Assets	4,888,698,711.64	3,581,493,835.22	-	8,470,192,546.86	4,017,964,896.55	2,400,324,150.85	-	6,418,289,047.40
<b>Total Assets</b>	<b>4,888,698,711.64</b>	<b>3,581,493,835.22</b>	<b>-</b>	<b>8,470,192,546.86</b>	<b>4,017,964,896.55</b>	<b>2,400,324,150.85</b>	<b>-</b>	<b>6,418,289,047.40</b>
<b>Total Liabilities</b>	<b>6,427,873,878.51</b>	<b>6,079,911,512.39</b>	<b>-</b>	<b>12,507,785,390.90</b>	<b>6,274,110,679.70</b>	<b>5,494,622,330.64</b>	<b>-</b>	<b>11,768,733,010.34</b>

Signed in terms of our attached report of even date

For M.P.Sureka & Co.  
Chartered Accountants (FRN 322097E)

*Upsureka*

M.P.Sureka (Membership No. 050560)  
PARTNER

Date: 04th March 2019  
Place: Thimphu, Bhutan

(For and on behalf of Board of Directors)

*J. T. H. H.*  
(Chairman)

*D. S. H. H.*  
(Director)





Item 1. Tier 1 capital & its sub-components				Item 2. Tier 2 capital & its sub-components			
Applicable : Dec. 2018				Applicable : Dec. 2018			
Sl. No.		Current Period	Corresponding Period of Previous Year (COPPY)	Sl. No.		Current Period	Corresponding Period of Previous Year (COPPY)
1	<b>Total Tier 1 Capital</b>			1	<b>Total Tier 2 Capital</b>		
a	Paid-Up Capital	700,000.00	450,000.00	a	Capital Reserve	0.00	0.00
b	General Reserves	536,609.22	419,738.25	b	Fixed Assets Revaluation Reserve	0.00	0.00
c	Share Premium Account	153,150.80	28,150.80	c	Exchange Fluctuation Reserve	14,544.09	11,049.02
d	Retained Earning	295,842.19	237,811.42	d	Investment Fluctuation Reserve	0.00	0.00
e	Less			e	Research & Development Fund	0.00	0.00
	Losses for the Current Year			f	General Provision	86,900.79	64,793.29
	<b>Total</b>	<b>1,685,602.21</b>	<b>1,135,700.47</b>	g	Capital Grants	0.00	0.00
				h	Subordinate Debt	150,000.00	150,000.00
				i	Profit of the Year		
					<b>Total</b>	<b>251,444.89</b>	<b>225,842.31</b>

## Item 3. Risk Weighted Assets (Current Period)

Sl. No.	Risk Weighted Assets	Balance Sheet Amount		Risk Weight %	Risk Weighted Amount	
		Current Period	COPPY		Current Period	COPPY
1	LAFD	192,658.54	117,255.05	0%		
2	L & A other than LAFD & NPL	8,145,734.03	6,124,289.74	100%	8,145,734.03	6,124,289.74
3	NPL Loan less specific prov. & susp. Interest	16,400.67	17,932.55	150%	24,601.01	26,898.83
4	Claim on commercial Bank	2,265,983.74	2,329,477.46	20%	453,196.75	465,895.49
5	Bonds / Securities	250,000.00	250,000.00	20%	50,000.00	50,000.00
6	Claims of Fis in India	352,836.33	403,920.00	50%	70,567.27	201,960.00
7	Fixed Assets	73,953.04	56,434.83	100%	36,976.52	56,434.83
8	Other Assets	127,895.85	155,591.46	100%	127,895.85	155,591.46
	Off balance Sheet items (Direct Credit Substitute)	884,771.80	574,263.49	100%	884,771.80	574,263.49
9	Transaction related contingent item	916,363.52	1,094,195.33	100%	916,363.50	1,094,195.33
10	Total Credit Risk			100%		
11	Operational risk	594,520.30	519,391.94	100%	594,520.30	519,391.94
	<b>Grand Total</b>	<b>13,821,117.80</b>	<b>11,642,751.85</b>		<b>11,304,627.02</b>	<b>9,268,921.11</b>

## Item 4. Capital Adequacy Ratio

Sl. No.		Current Period	Corresponding Period of Previous Year (COPPY)
1	Total Tier 1 Capital	1,685,602.21	1,135,700.47
a	Of which Counter Cyclical		
b	Of which Sectoral Capital		
	I Sector 1		
	II Sector 2		
	III Sector 3		
2	Tier 2 Capital	251,444.89	225,842.31
3	Total Qualifying Capital	1,937,047.10	1,361,542.78
4	Core CAR	14.91%	12.25%
a	Of which CcYB (if applicable) expressed as % of RWA		
b	Of which SCR (if applicable) expressed as % of Sectoral RAW		
	I Sector 1		
	II Sector 2		
	III Sector 3		
5	CAR	17.04%	14.69%
6	Leverage Ratio	8.14%	9.75%

## Item 5. Loans and NPL by Sectoral Classifications

Sl. No.	sector	Current Period		COPPY	
		Total Loans	NPL	Total Loans	NPL
a	Agriculture	9,469.06	524.30	16,987.91	524.30
b	Manufacturing / Industry	1,857,387.78	11,728.70	1,476,105.08	41,898.44
c	Service & Tourism	2,498,125.71	65,120.23	1,692,205.63	85,255.36
d	Trade & Commerce	1,026,295.96	25,650.32	436,698.83	14,061.20
e	Housing	1,723,513.56	8,720.53	1,635,507.36	7,320.37
f	Transport	159,755.23	2,825.55	121,380.53	5,568.21
g	Loans to Purchase Securities	334,092.79		273,335.74	
h	Personal Loan	128,670.96	10,563.49	135,867.79	8,102.11
i	Education Loan	6,770.50	131.98	9,859.14	141.98
j	Loan Against Term Deposits	192,658.54		117,255.05	
k	Loans to FI(s)	350,051.71		331,233.83	
l	Infrastructure Loan				
m	Staff Loan (Incentive)	53,536.95		40,752.47	
n	Loans to Govt. Owned Corporation				
o	Consumer Loan (GE)	117,377.17	2,601.43	119,037.54	1,810.12
p	Others	12,416.62	12,416.62	12,062.16	12,062.16
	<b>Grand Total</b>	<b>8,470,122.54</b>	<b>140,283.15</b>	<b>6,418,289.06</b>	<b>176,744.25</b>

## Item 6. Loans ( Over - Draft and term Loans) by type of counter-party

Sl. No.	Counter Party	Current Period	COPPY
1	<b>Overdrafts</b>		
a	Government		
b	Government Corporations	83,585.97	68,708.99
c	Public Companies	121,238.99	49,194.65
d	Private Companies	471,047.60	655,656.58
e	Individuals	2,165,974.19	963,760.75
f	Commercial Banks		
g	Non-Bank Financial Institutions	350,051.71	331,233.83
	Sub-Total	3,191,898.46	2,068,554.80
2	<b>Term Loans</b>		
a	Government		
b	Government Corporations		96,438.49
c	Public Companies	86,471.61	2,281.65
d	Private Companies	1,168,311.69	889,826.91
e	Individuals	4,023,440.80	3,361,187.21
f	Commercial Banks		
g	Non-Bank Financial Institutions		
	Sub-Total	5,278,224.09	4,349,734.26
	<b>Total Loans</b>	<b>8,470,122.55</b>	<b>6,418,289.06</b>



**Item 7. Assets (net of provisions) and Liabilities by Residual Maturity (Current Period and COPPY)**

Sl. No.	As of period ending	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	Total
1	Cash in hand	2,363,609.07							2,363,609.07
2	Govt. Securities								
3	Investment Securities		5,181.10	1,444,682.92	361,471.96	122,538.99	501,361.61	317,854.34	2,753,090.92
4	Loans and Advances to Banks		54,270.75	460,035.40	213,689.49	618,921.22	3,108,065.79	3,999,119.75	8,470,192.73
5	Loans and Advances to Customers	16,090.33	45,066.05	345,451.81	346,714.32	267,627.83	290,237.45	374,140.05	1,675,714.83
6	Other Assets	6,477.34							
	<b>TOTAL</b>	<b>2,386,176.72</b>	<b>104,517.89</b>	<b>2,250,170.14</b>	<b>921,875.78</b>	<b>1,009,088.04</b>	<b>3,899,664.84</b>	<b>4,691,114.14</b>	<b>15,262,607.54</b>
1	Amount Pwd to other Banks								
2	Demand deposits	480,013.57	480,013.57	480,013.57				3,360,094.97	4,800,135.67
3	Saving deposits								
4	Time deposits	30,184.72	210,010.63	1,609,827.27	1,615,710.68	1,247,162.78	1,352,524.88	1,782,775.67	7,848,196.63
5	Bonds and Other Negotiable Instruments								
6	Other Liabilities	10,187.09	70,181.07	537,969.94	539,936.05	416,775.14	451,984.97	587,340.96	2,614,275.24
	<b>TOTAL</b>	<b>520,285.38</b>	<b>760,205.26</b>	<b>2,627,810.78</b>	<b>2,155,646.73</b>	<b>1,663,937.93</b>	<b>1,804,509.86</b>	<b>5,730,211.60</b>	<b>15,262,607.54</b>
1	Assets / Liabilities	4.59	0.14	0.86	0.43	0.61	0.21	0.82	
2	Net Mismatch in each time interval	1,865,891.34	(655,687.37)	(377,640.65)	(1,233,770.96)	(654,849.89)	2,095,154.99	(1,039,097.46)	
3	Cumulative Net Mismatch	1,865,891.34	1,210,203.97	832,563.33	(401,207.63)	(1,056,057.52)	1,039,097.46	0.00	

**Item 8. Assets (net of provisions) and Liabilities by Original Maturity (Current Period and COPPY)**

Sl. No.	As of period ending	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	Total
1	Cash in hand	2,363,609.07							2,363,609.07
2	Govt. Securities								
3	Investment Securities		5,181.10	1,444,682.92	361,471.96	122,538.99	501,361.61	317,854.34	2,753,090.92
4	Loans and Advances to Banks		54,270.75	460,035.40	213,689.49	618,921.22	3,108,065.79	3,999,119.75	8,470,192.73
5	Loans and Advances to Customers	16,090.33	45,066.05	345,451.81	346,714.32	267,627.83	290,237.45	374,140.05	1,675,714.83
6	Other Assets	6,477.34							
	<b>TOTAL</b>	<b>2,386,176.72</b>	<b>104,517.89</b>	<b>2,250,170.14</b>	<b>921,875.78</b>	<b>1,009,088.04</b>	<b>3,899,664.84</b>	<b>4,691,114.14</b>	<b>15,262,607.54</b>
1	Amount Pwd to other Banks								
2	Demand deposits	480,013.57	480,013.57	480,013.57				3,360,094.97	4,800,135.67
3	Saving deposits								
4	Time deposits	30,184.72	210,010.63	1,609,827.27	1,615,710.68	1,247,162.78	1,352,524.88	1,782,775.67	7,848,196.63
5	Bonds and Other Negotiable Instruments								
6	Other Liabilities	10,187.09	70,181.07	537,969.94	539,936.05	416,775.14	451,984.97	587,340.96	2,614,275.24
	<b>TOTAL</b>	<b>520,285.38</b>	<b>760,205.26</b>	<b>2,627,810.78</b>	<b>2,155,646.73</b>	<b>1,663,937.93</b>	<b>1,804,509.86</b>	<b>5,730,211.60</b>	<b>15,262,607.54</b>
1	Assets / Liabilities	4.59	0.14	0.86	0.43	0.61	0.21	0.82	
2	Net Mismatch in each time interval	1,865,891.34	(655,687.37)	(377,640.65)	(1,233,770.96)	(654,849.89)	2,095,154.99	(1,039,097.46)	
3	Cumulative Net Mismatch	1,865,891.34	1,210,203.97	832,563.33	(401,207.63)	(1,056,057.52)	1,039,097.46	0.00	

**Item 9. Assets & Liabilities by time - to - re-pricing (Current Period and COPPY)****Annually**

Sl. No.	As of period ending	0-3 months	3-6 months	6-12 months	more than 12 months	non interest	Total
1	Cash and balances with banks	2,363,609.07					2,363,609.07
2	Treasury Bills						
3	Loans and Advances	70,361.08	673,724.90	3,726,987.003	3,999,119.748		8,470,192.73
4	Investment Securities	5,181.10	1,806,154.88	623,900.5989	317,854.3414		2,753,090.92
5	Other Assets	51,543.37	692,166.13	557,865.2774	374,140.04		1,675,714.83
6	Total Financial Assets	<b>2,490,694.61</b>	<b>3,172,054.91</b>	<b>4,908,752.88</b>	<b>4,691,114.13</b>		<b>15,262,607.53</b>
1	Deposits	1,200,222.48	3,705,551.52	2,599,687.67	5,142,870.64		12,648,332.30
2	Borrowings						
3	Other Liabilities	80,268.16	1,077,906.00	868,760.1162	587,340.96		2,614,275.24
4	Total financial liabilities						
5	Total interest Re-pricing gap	<b>1,280,490.64</b>	<b>4,783,457.52</b>	<b>3,468,447.78</b>	<b>5,730,211.60</b>		<b>15,262,607.54</b>

**Item 10. Non performing Loans and Provisions**

Sl. No.		Current Period	COPPY
1	<b>Gross Loans</b>	<b>8,470,122.55</b>	<b>6,418,289.05</b>
	Amount of NPLs (Gross)	140,283.16	176,744.26
	Substandard	11,641.78	6,366.39
	Doubtful	18,184.81	32,501.58
	Loss	110,456.57	137,876.29
	<b>Specific Provisions</b>	<b>103,671.86</b>	<b>126,092.31</b>
2	Substandard	3,016.12	1,438.45
	Doubtful	8,634.52	16,523.03
	Loss	92,021.22	108,130.83
	Additional provision (as per RMA direction)	14,558.08	
	Total Provision	118,229.94	
3	<b>Interest in Suspense</b>	<b>20,210.63</b>	<b>32,719.40</b>
	Substandard	713.75	114.28
	Doubtful	1,056.86	2,859.67
	Loss	18,440.02	29,745.45
4	<b>Net NPLs</b>	<b>16,400.67</b>	<b>17,932.55</b>
	Substandard	7,911.91	4,813.66
	Doubtful	8,493.43	13,118.88
	Loss	(4.67)	0.01
	<b>Net Loans</b>	<b>8,346,240.06</b>	<b>6,259,477.34</b>
5	Gross NPLs to Gross Loans	1.66%	2.75%
6	Net NPLs to Net Loans	0.20%	0.29%
7	<b>General Provisioning</b>	<b>8,329,839.39</b>	<b>64,793.29</b>
	Standard	7,521,636.96	56,558.23
	Watch	808,202.43	8,235.06

**Item 11. Provisioning Coverage Ratio****ANNUAL**

Year	Gross NPL	Additional NPL	Additional Specific Provisions	Additional Interest in Suspense A/C	Required PCR (60% of Add. NPL)	Accretion to the buffer	Countercyclical provisioning buffer (stock)
	2	3	4	5	6=(60% OF COL 3)	7=(6-5-4)	8
COPPY	176,744.26	12,762.26	2,849.50	1,949.50	7,657.36		2,858.36
Current Year	140,283.16	(36,461.10)	(7,862.37)	621.70	(21,876.66)		(14,635.99)

**Item 12. Concentration of Credit & Deposits**

Sl. No.	Particular	End of Current Period	COPPY
1	Total loans to 10 largest borrowers	3,025,893.54	2,267,147.64
	<b>Total loans</b>	<b>8,470,122.55</b>	<b>9,243,510.70</b>
2	As % pf total loans	35.72	24.53
3	Total deposits of the 10 largest depositors	5,812,108.07	3,549,313.89
	<b>Total Deposits</b>	<b>12,648,332.11</b>	
4	As % pf total deposits	45.95	1.00

**Item 13. Exposure to 5 Largest NPL accounts Concentration of Credit & Deposits**

Sl. No.	Particular	End of Current Period	COPPY
1	Five largest NPL accounts	54,491.83	84,236.55
	Total NPL	140,283.16	176,744.26
2	As % of total NPLs	38.84%	47.66%



# OUR CORRESPONDENT BANKS

NAME OF THE BANK	SWIFT CODE
Punjab National Bank in India	All Branches
Punjab National Bank(International) Ltd. London, UK	PUNBGB22
Standard Chartered Bank, New York, USA	SCBLUS33
Standard Chartered Bank, Singapore	SCBLSGSG
Standard Chartered Bank (Hong Kong), Limited,Hong Kong	SCBLHKHH
Standard Chartered Bank, Malaysia	SCBLMYKX
Standard Chartered Bank, Mumbai ( India)	SCBLINBB
Standard Chartered Bank(All U.K. Offices), London, UK	SCBLGB2L
Standard Chartered Bank, Taipei, Taiwan	SCBLTWTP
Standard Chartered Bank, Japan	SCBLJPJT
Standard Chartered Bank, Colombo, Sri Lanka	SCBLKLLX
Standard Chartered Bank(Thai)Public Company Limited, Bangkok, Thailand	SCBLTHBX
Standard Chartered Bank ,Muscat, Oman	SCBLMRX
Standard Chartered Bank, Manama, Bahrain (All Offices)	SCBLBHBM
Standard Chartered Bank , Frankfurt am Main Germany Branch	SCBLDEFX
Standard Chartered Bank , Jakarta, Indonesia	SCBLIDJX
Pnb HongKong	PNBHKHH
Standard Chartered Bank, Dhaka	SCBLBDDX
Mizuho Bank Ltd, Tokyo, Japan	MHCBJPJT
Nordea Bank Finland PLC	NEAFIHH



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