

Abridged Prospectus

The following constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Companies Act of Bhutan 2016 and the regulations there under:

1. General Information

- 1.1. Name & Registered Office :Druk PNB Bank Ltd. [Incorporated under the Companies Act of the Kingdom of Bhutan 2000], P.O. Box 502, Norzin Lam, Main Traffic, Thimphu, Bhutan.
- 1.2. The company has been incorporated under the Companies Act of the Kingdom of Bhutan 2000 vide registration no. U20081231TH10224 dated 31 December 2008.
- 1.3. Name & Address of Broker: RICBL Securities, C/o RICBL, Norzin Lam, Thimphu
- 1.4. Name & Address of Auditors: M/s S. Patodia & Associates, 43/3, Room No. 17, Strand Road, Kolkata 700001.

2. Capital Structure:

Authorised Capital	Issued and fully paid-up Capital	Capital Fund as of 31.12.2017
Nu. 1,000 million	Nu. 450 million	Nu 1306.08 million

3. Management of the Bank

Board of Directors comprising of following individuals is the top management of the Bank:

- 2.1 Dasho Sangay Wangchuk –(Non-Executive Chairman)
- 2.2 Mr. Sanjiv Sharan - PNB Director, Executive Director, PNB Head Office, New Delhi
- 2.3 Mr. Dhaneswar Sahoo - PNB Director, GM, PNB Head Office, New Delhi
- 2.4 Mr. Tandin Tshering - Public Shareholder Director, Director General, Department of Industry, MoEA.
- 2.5 Mr. R. Bhaskaran- Independent Director, Mumbai, India
- 2.6 Mr. D.K. Gupta - Member Secretary (CEO)

4. Details of Dividend Paid: (Nu. In Mio)

	2014	2015	2016	2017
Paid up Capital	449.712	450.00	450.00	450.00
Dividend Paid	35.977	-	45.00	*54.00
Dividend payout ratio	8%	-	10%	*12%

*proposed

5. **Fair Valuation of the Shares:** Nu.24/- per share (Market Price: Nu.25.35/ - per share as on 13.04.2018)

6. Objective of the Issue

- a. To increase the paid up capital so that it is well above the minimum requirement of Nu.600Mio given by RMA before 31.12.2018.
- b. To increase capital funds so as to attract the Big Ticket Loans thereby increasing the growth in total advances and profit.

7. Particulars of the offer

- 7.1. Number of shares on offer for right issue : 25,000,000
- 7.2. Issue price : Nu.15 per share
- 7.3. Rights share offered : (5 share against every 9 shares held)
- 7.4. Time line of the issue is as under:

Opening Date	Closing Date	Allotment Date
11 th May, 2018	11 th June, 2018	25 th June, 2018

- 7.5. Allotment: The offer of rights is in the ratio of Five share against Nine equity shares held and the allotment will be confirmed in that ratio. However, in case of fractional entitlement, the existing practice as per RSEB norms shall be adopted for entitlement.
- 7.6. Eligibility: All existing shareholders.

8. Renunciation of Rights Issue

- a) The shareholders shall have the right to renounce the rights offered partially or in full in favor of any person other than the promoters, substantial shareholders of the issuing company and other than a person who is less than 18 years of age;
- b) The shareholders who do not want to renounce their rights shall have the option to sell their rights. The sale shall take place as per the norms of RSEB.
- c) Any shareholder not exercising their rights as above, their rights shall be treated as renounced and the option shall be sold as per RSEB norms.

9. Availability of forms and Offer documents and submission

- 9.1. Application forms and offer documents are available at the following:
 - DPNBL Branch Offices: Thimphu, Phuentsholing, Wangdue, Paro, Gelephu, Dangdung (Trongsa) and Samtse
 - Brokerage firm i.e. RICBL Securities Ltd. and at their offices at all Dzongkhags
 - The website of Bank at <http://www.drukpnbbank.bt>
- 9.2. Filled in application forms may be submitted at the following addresses:
 - Brokerage firm and at their offices at all Dzongkhags

10. Risk Factors

- **Credit Risk:** Credit risk is due to default in repayment of the loans either due to failure of business or other associated factors.
Management Perception:
 We grant loans after proper appraisals and thorough study on the background of the borrower. The terms and conditions of the loans are based on the various schemes tailor made to suit the local environment with detailed guidelines within the framework provided in the Prudential Regulations of Royal Monetary Authority of Bhutan. We consider our loaning policies/guidelines to be adequate for effective management and control of credit risk. Further, the Gross NPL ratio of the Bank was 2.75% as on 31.12.2017 against the ratio of 12.93% as on 30.09.2017 of whole Banking Industry.
- **Operational Risk:** Operational risk may be due to failure of system and procedures or lack of good governance which may result in mismanagement of the Bank's assets.
Management Perception:
 We have sufficient control measures including monthly information system, periodical inspection of the branches ensuring delivery of services as per the book of instructions which is easy to understand and put into practice.
- **Interest rate risk:** This risk may be due to competition in the market which may entail reduction of lending rates below the cost of fund and put the company under financial stress or redeem the borrowed fund.
Management Perception:
 We have a system of monitoring interest rates on regular basis by Asset and Liability Committee (ALCO). ALCO meets regularly and reviews the maturity pattern of assets and liabilities and fixes the interest rates as per requirements. This tool is considered to be very effective in containing the Interest Rate Risk.

11. Financial Information

11.1. Balance Sheet

(Nu. In Mio)

Liabilities	31.12.16	31.12.17	31.12.18	31.12.19	31.12.20
	(Audited)	(Audited)	(Projected)	(Projected)	(Projected)
Share Capital	450.000	450.000	700.000	700.000	700.000
Share premium	28.151	28.151	153.151	153.510	153.510
Subordinated Debt	178.800	150.000	0.000	0.000	0.000
General Reserves	327.668	419.738	526.128	648.476	792.847
Retained Earnings	193.420	237.811	287.701	407.049	553.901
Foreign Exchange Fluctuation reserves	8.370	11.049	13.549	16.549	19.031
Deposits	8313.675	11766.326	12148.120	13970.338	16484.999
Provisions	179.848	199.202	219.202	242.202	269.342
Other Liabilities	486.655	535.406	562.176	618.394	680.233
	10166.587	13797.683	14610.027	16756.518	19653.864
Assets					
Cash and Balance with RMA & Banks	4509.173	5699.853	5027.728	6033.273	6938.264
Loans and Advances	5040.229	6418.289	7702.130	8857.450	10628.939
Fixed Assets	42.839	56.435	52.187	50.187	47.980
Investment	436.750	1467.278	1650.688	1617.674	1779.441
Other Assets	137.596	155.828	177.295	197.934	259.238
	10166.587	13797.683	14610.028	16756.518	19653.863

11.2. Profit & Loss:

(Nu. In Mio)

	31.12.16	31.12.17	31.12.18	31.12.19	31.12.20
	(Audited)	(Audited)	(Projected)	(Projected)	(Projected)
Income					
Interest Earned	642.549	721.343	835.450	960.768	1133.706
Other Income	129.438	127.695	141.020	162.173	191.364
Total Income	771.987	849.038	976.470	1122.941	1325.070
Expenditure					
Interest Expended	344.345	405.581	472.000	542.800	640.504
Operating Expenses	146.178	156.539	180.500	207.575	244.939
Provisions and Contingencies	17.778	17.999	20.000	23.000	27.140
Total Expenses	508.301	580.119	672.500	773.375	912.583
Profit/Loss before Tax	263.686	268.919	303.970	349.566	412.487
Provision for Income Tax	87.254	86.589	91.190	104.870	123.746
Net Profit for the year	176.432	182.33	212.780	244.696	288.741

12. Name and Address of the Company Secretary and the Broker of the issue

Mr. Tenzin Wangchuk Co. Secretary, Druk PNB Bank Ltd., Corporate Office, Thimphu Contact: 17688899, 324497	Broker RICBL Securities C/o RICBL, Norzin Lam, Thimphu Contact No. :17605229, 322426
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