



**DRUK PNB BANK LTD**

. . . your partner in growth!



**ANNUAL REPORT 2015**

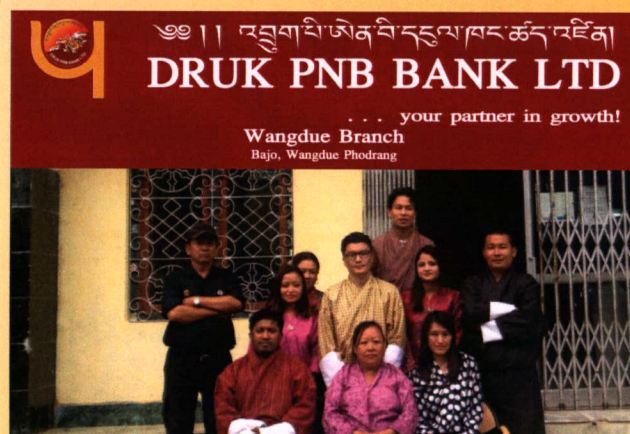




**Staff Members of Corporate Office & Thimphu Branch**



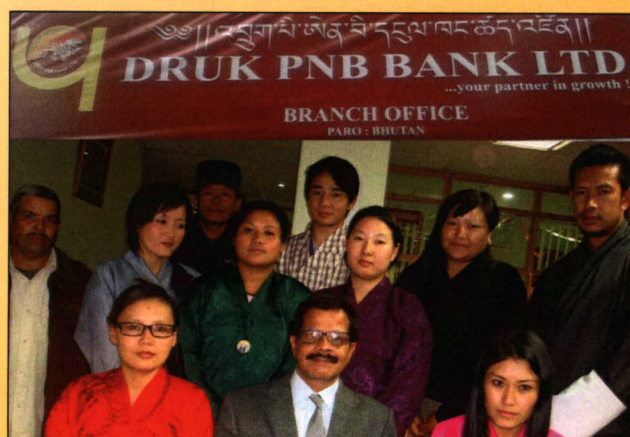
**Staff Members of Phuentsholing Branch**



**Staff Members of Wangdue Branch**



**Staff members of Gelephu Branch**



**Staff members of Paro Branch**



**Staff members of Dangdung, Trongsa Branch**



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## ABOUT DRUK PNB BANK LTD

### Capital

Authorized Capital: 1000 Million

Paid Up Capital : 449.39 Million

### Share holding Pattern

Punjab National Bank, India: 51%

Promoters in Bhutan: 19%

Public: 30%

### 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](http://www.drukpnbbank.bt) SWIFT Code: PUNBBTBT

Web site: [www.drukpnbbank.bt](http://www.drukpnbbank.bt)



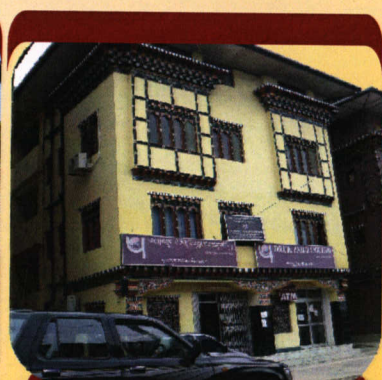
#### THIMPHU BRANCH

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



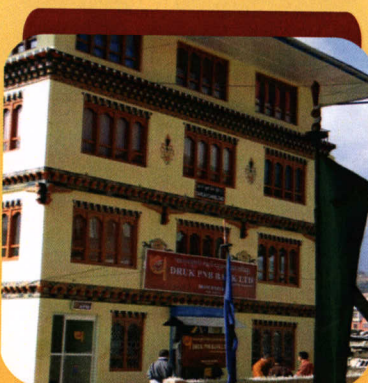
#### WANGDUE BRANCH

Post Box No 1305,  
New Bajo Town,  
Wangdue Phodrang Bhutan  
Tel.No +975-2-481932, 481930  
Fax No. +975-2-481931



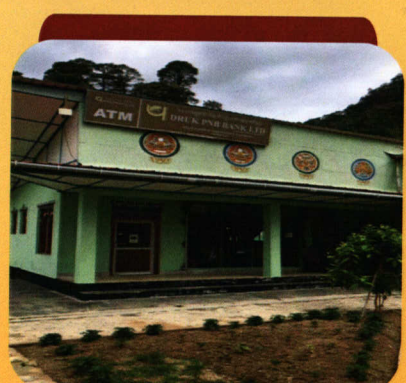
#### Gelephu Branch

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



## Board of Directors



Dasho Sangay Wangchuk  
Chairman



Gauri Shankar  
Executive Director (PNB)



R. Subramania Kumar  
General Manager (PNB)



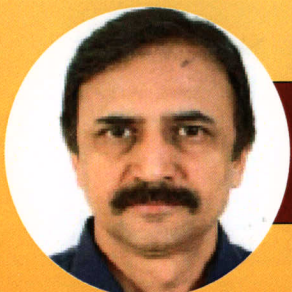
Parveen Kumar Chhokra  
Independent Director



Kesang Wangdi  
Independent Director



Tandin Tshering  
Public Shareholder Director



Mukesh Dave  
Chief Executive Officer



## Financial Highlights:

### Financial Highlights:

Assets/Liabilities Position(In million Ngultrum)

Item	As of 31.12.2014	As of 31.12.2015
Total Assets	7261.32	8539.26
Capital Fund	977.77	1037.27
Deposit Liabilities	5720.31	6891.61
Advances	3917.07	4459.48

### Operating Results

Item	For the year 2014	For the year 2015
Income	577.52	656.31
Expenses	429.87	466.27
Net Profit (after tax)	99.56	128.98

### Ratios

Loan to Deposit	2014	2015
Operating Efficiency	42%	41%
Net Interest Margin	5.09%	5.71%
Earning Base	54%	71%
Return on Assets(total)	1.37%	1.51%
Return on Capital	14.27%	11.93%
Profit Per Employee	0.96Mio	112.39Mio



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

**Directors' Report : 2015**

**Dear Shareholders,**

I extend a very warm welcome to all the shareholders who are present here for the 6th 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 31<sup>st</sup> December 2015.

Your bank has completed 6 years of successful operations in 2015 registering a growth in total business from Nu. 9,637 Mio in 2014 to Nu11,351 Mio, showing a growth of 17.8%, comprising of Nu 6,892 Mio as Deposits and Nu. 4,459 Mio as Advances.

In terms of customer base also, the bank has achieved encouraging results with number of accounts surpassing 89,500 mark as on 31<sup>st</sup> December 2015 an increase of over 14% over 2014. This satisfactory performance of your bank in a span of 6 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 79% of the total deposits, while the performing advances are 95.63% of total advances.

In terms of the instructions received from Bhutan Accounting Standards (BAS) established on 30<sup>th</sup> April 2010 for introduction of accounting standards based on the International Financial Reporting Standards (IFRS) we were amongst the first group of listed Companies which was chosen by the Authority for handholding while preparing the financial reports as per BAS for the year ended 31.12.2014 and 31.12.2015. Hence the annual report of your bank being presented today is in compliance to Bhutan Accounting Standards phase I.

**Net Profit:**

In 2015, the Bank earned total income of Nu 656.31 million against total expenditure of Nu 466.27 million (after making provisions) resulting in post-tax net profit of Nu 128.98 million, which is 29.55% more than the net profit of Nu 99.56 million earned in 2014. Same was done with prudent management of liquidity and cost of deposit and by maintaining asset quality in spite of continued down turn of the Bhutanese economy under construction and production sectors.

**Dividend, Capital & Reserve:**

The Board of Directors is pleased to recommend ploughing back of the entire distributable profit for the year ended 31.12.2015 after transferring Nu. 64.491 million to General Reserves as per the Financial Services Act 2011 (section 82) and Nu. 2.778 million for Foreign Exchange Fluctuation Reserve, to Bank's retained earnings in order to strengthen the Capital funds of the Bank, which crossed the 1 billion mark in 2015 and stands at Nu. 1.08 bn. This will improve the Capital Adequacy Ratio to 13.14% as against the stipulated minimum requirement of 10% under the prudential Regulations of RMA, and help in credit expansion by improving on the Single Largest Borrower limit and the Ten Largest Borrowers limit set by Royal Monetary Authority of Bhutan.

Further the fund so retained will enable the bank for expansion/growth plans in the coming years.



### **Board of Directors:**

As on 31<sup>st</sup> December 2015, there were 7 directors on the Board of the Bank, comprising the Chairman, the CEO, two PNB nominee directors, one public shareholder director and two Independent Directors. During the year 2015, following changes took place in the composition of the Board of Directors:

- Mr. Gauri Shankar- Executive Director of PNB was inducted as PNB nominated director in the Board on 11<sup>th</sup> December 2015 in place of Mr. Bidyut Prakash Ray, who resigned from the Board.

The Board met four times during the year complying with the requirements of the Companies Act of the Kingdom of Bhutan, 2000 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 the Kingdom of Bhutan, 2000.

### **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 the shareholders.

As a listed company, Bank is complying with various regulatory requirements. Bank has complied with the 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 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. The overall rating of the Bank improved from 3 (Fair) during 2014 to 2 (Satisfactory) during 2015, as per the onsite Inspection conducted by RMA, indicative of Bank's goal of achieving balanced growth with compliance to bring about financial stability in its working.

The bank is in the process of further consolidation of its Risk management techniques and establishment of Risk Based Internal Supervision model for bringing about qualitative improvement in compliance in future.

### **Business expansion:**

We are pleased to inform our esteemed shareholders that we have opened a new branch at Dangdung- Trongsa during the year, taking the number of branches to 6. We shall keep exploring viable sites for opening of new branch offices in the other parts of the country. To improve its alternate delivery channel, the bank installed 1 more ATM in the hitherto unbanked area near by JP colony area on the Wangdue – Tsirang high way during the year, thus raising the total number of ATMs to 17 including onsite ATM installed at the newly opened Trongsa Branch.



### 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 Thimphu and Phuentsholing Branch in the local football tournaments and Dantak Open Mountain Bike Race 2015.

Bank also joined the nation whole heartedly to celebrate the 60<sup>th</sup> birth Anniversary of HM the 4<sup>th</sup> DrukGyalpo and participated in cultural events organized by PICSA, BCCI, Hindu Dharma etc.

Continuing with the tradition of supporting initiatives in the education sector, the Bank also sponsored the "Declamation Competition" amongst college students of Bhutan organized by the Nehru Wangchuk Cultural Center.

#### Staff training and 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 32 of its employees in various organizations as per details given as under.

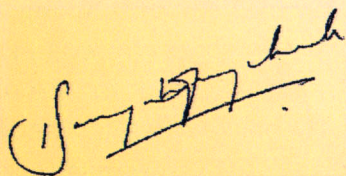
Sl. NO.	Training Institute	No. of employees who attended the training.
1	PNB Central Staff College, New Delhi	14
2	National Institute of Banking & Finance, Pakistan	1
3	Data Center, PNB, New Delhi	2
4	Study tour of India, Singapore & Philippines	1
5	ITC Grand Central Mumbai by Master Card	1
6	UTL Technologies Ltd. Bangalore, India	1
7	Various organizations in Bhutan	12
	<b>Total</b>	<b>32</b>

#### Statutory Auditors:

M/s. M. P. Sureka and Co, Chartered Accountants, Kolkata have audited the bank's books of accounts for the year ended 31<sup>st</sup> December 2015.

#### 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 banks 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 2015.

The Year 2015 turned out to be a much better year in terms of business as compared to previous year. with the lifting of ban on import of vehicles and permission for financing of few other prospective sectors from September 2014, the bank got opportunity to provide number of fresh loans to service and housing sectors in particular, with caution. Resultantly, your bank has been able to record increase in net profit to Nu. 128.98 million over Nu. 99.56 million for the last year. We are also pleased to share with stakeholders and in particular our share holders, that we could achieve targets set for 2015 in mobilization of funds, its channelization to the various productive economic sectors and payment services, despite competition in the market from the existing veteran banks. All these achievements were made possible due to our understanding of customers' needs and providing them with appropriate customized banking solutions. Bank's high level of Customer Service ably backed by efficient technical support provided by the parent bank - Punjab National Bank, which is a leading public sector bank in India, 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 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 bank's performance can be gauged are as under:

Particulars	(Nu. In Million)		
	31.12.2014	31.12.2015	Variance
Total Business	9,637.39	11,351.08	+17.8%
Total Deposits	5,720.31	6,891.61	+20.5%
Total Advances	3,917.07	4,459.48	+13.8%
Net Profit	99.56	128.98	+29.6%
Capital Funds	1,013.75	1,080.67	+6.6%
Customers Base	78,613	89,693	+14.1%
Business per employee	96.00	112.39	+20.8%
Earning Base	54%	71%	+14.5%
Return on Investment	1.43%	2.21%	+54.5%
Earnings per share (Actual in Nu.)	Nu. 2.21	Nu. 2.87	+29.9%
Book Value of Share (Actual in Nu.)	Nu. 16.39	Nu. 18.44	+12.5%

## Service Delivery Channel

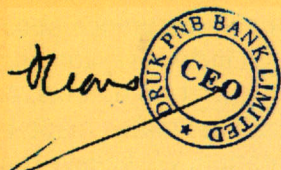
The bank continues to serve the country through its six branches in Thimphu, Phuentsholing, Wangdue, Gelephu, Paro and Dangdung-Trongsa as the prospective customers are mainly concentrated in these areas. The Bank's ATM network now stands at 17 in centers where it opened branches except for the one opened near Jaypee Colony, on the side of the Wangdue - Tsirang highway hitherto an unbanked area, for the convenience of customer to withdraw cash 24x7 and reduce footfall in the branches. Your Bank's ATM's have been acknowledged to provide uninterrupted efficient services to the customers with minimum down-time, which is redefining the way Banking is transacted in Bhutan. Besides, 2 self pass book printing kiosk machines are placed at Thimphu and Phuentsholing branch offices obviating the need for a customer to stand in queue for a simple task of updating the pass book.



## Community Services

The bank not only focuses on its core business of providing 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, Dantak Open Mountain Bike Race, Local Football Tournament etc during the year 2015.

Tashi Delek.

A handwritten signature in black ink, appearing to read 'Mukesh', is written over a circular blue ink stamp. The stamp contains the text 'DRUK PNB BANK LIMITED' around the perimeter and 'CEO' in the center.

**Mukesh Dave**

**Chief Executive Officer**



## Auditors' Report to the Members,

### DRUK PNB BANK LTD

- 1 We have audited the accompanying financial statements of Druk PNB Bank Limited, which comprise the statement of Financial Position as at 31<sup>st</sup> December, 2015 and Statements of Comprehensive income, Changes in Equity and Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory notes and information. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with international auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  - 2.1 We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - 2.2 In our opinion, proper books of account, as required by law, have been maintained by the Bank so far as appears from our examination of those books.
  - 2.3 The Statements of Financial Position, Comprehensive Income, Changes in Equity and Cash Flows dealt with by this report are in agreement with the books of account.
  - 2.4 In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of "The Companies Act of The Kingdom of Bhutan, 2000" and the "Bhutan Accounting Standards" to the extent applicable in the manner so required and also give a true and fair view:
    - a) In the case of the Statement of Financial Position, of the state of the affairs of the Bank as at December 31, 2015
    - b) In the case of the Statement of Comprehensive Income, of the profit for the year ended on that date; and
    - c) In the case of the Statement of Changes in Equity, of the movement in equity for the year ended on that date' and
    - d) In the case of Statement of Cash Flows, of the movement in cash for the year ended as on that date.
- 3 As required by the minimum audit examination and reporting requirements under 2<sup>nd</sup> paragraph of Schedule XIV under section 75 of The Companies Act of the Kingdom of Bhutan 2000, read with Part II of Schedule XIV to the extent applicable, 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:
  - 3.1 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. *However we observe that the inter-branch transfer of fixed assets has not been properly accounted for, resulting in deviation of fixed assets as per physical verification and as per books of accounts.*
  - 3.2 None of the Fixed Assets have been revalued during the year.
  - 3.3 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.



- 3.4 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.
- 3.5 No excessive / frequent advances are generally granted and accumulation of large advances against particular individual is generally avoided.
- 3.6 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 is avoided.
- 3.7 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.
- 3.8 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 and conditions are not prejudicial to the interest of shareholders and other Directors of the Bank.
- 3.9 In our opinion, the transactions of purchase and sales of goods and 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 prejudicial to the interest of shareholders and other Directors of the Bank.
- 3.10 According to the records, the Bank is regular in depositing rates and taxes, duties, provident funds and other statutory dues with the appropriate authority.
- 3.11 There are no undisputed amounts payable in respect of rates, taxes, duties, provident fund and other statutory dues outstanding at the year-end.
- 3.12 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.
- 3.13 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.
- 3.14 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.
- 3.15 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.



- 3.16 The bank has established an effective budgetary control system.
- 3.17 As represented to us, the directives of the Boards have been complied with.
- 3.18 So far as we have been represented and our knowledge is concerned, the officials of the Bank have not transmitted any price sensitive information's which are not made public, unauthorized to their relatives / friends / associates or close persons which would directly or indirectly benefit themselves.
- 3.19 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.
- 3.20 The Bank has not dealt or traded in shares, securities and other investment during the year.
- 3.21 The Bank has adequate records for funds collected from depositors and for interest payments.
- 3.22 The Bank has complied with the requirements of Financial Service Act of Bhutan, 2011 and any other applicable laws, rules and regulations and guidelines issued by the appropriate Authorities.
- 3.23 The requirements of RMA Prudential Regulations, 2002 relating to provisioning for the non-performing assets including loans and advances have been complied with. *However it is advisable to adopt generating system prompt NPAs especially in case of working capital advances.*
- 3.24 Recognition of interest income in respect of non-performing assets has been complied with.
- 3.25 The assets hypothecated against loans and advances have been physically verified, properly valued, mortgage deed executed and ensured that the assets are free of any prior lien or charges.
- 3.26 Proper analysis is carried out before re-phasing / rescheduling of loans.
- 3.27 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 and system development controls and other internal controls are adequate relative to size and 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 and validity of input data and output information.



5. The measures to prevent unauthorized access over the computer installation and files are adequate.

## General

### 1. Going Concern Problems:

Based on the net asset position reflected by the Bank's Balance Sheet as at 31<sup>st</sup> December, 2015 audited by us in accordance with the Generally Accepted 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	2015	2014
Current ratio Current Assets/Current liabilities	5554.903/4616.776	1.20	1.15
Core capital Tier I capital/Total Risk weighted assets	823.880/8226.63	10.01%	10.54%
Capital Adequacy Tier I & Tier II capital/Total Risk weighted assets	1080.670/8226.63	13.14%	14.77%
Statutory Liquidity Requirement Quick Assets/Total liabilities less Capital fund and liabilities to RMA	3583.531/7458.587	48.05%	39.51%

Particulars	2015	2014
Credit Deposit Ratio Loans & Advances / Deposits	64.71%	68.49%
NPA Ratios Total NPA / Loans & Advances	4.37%	3.45%
Interest Expense / Deposits	4.29%	4.84%
Interest Income / Loans	11.99%	12.04%
Deposit Growth	20.48%	11.14%
Advance Growth	13.85%	4.91%
Increase / (Decrease) in Provision	20.70%	20.61%
Increase / (Decrease) in Forex Income	139.14%	(5.57%)
Return on Investment (PAT / Capital employed x 100)	2.21%	1.43%
Earnings per Share (PAT / No. of Shares issued)	Nu.2.87	Nu.2.21
Net Profit Ratio (PBT / Total Income x 100)	28.96%	25.56%



**3. Compliance with the Companies Act of the Kingdom of Bhutan, 2000.**

The Bank has complied with the various provisions of the Companies Act of the Kingdom of Bhutan, 2000 concerning conducting of meetings, filling requirements, maintenance of records, issue of shares and all other matters specified in the said Act.

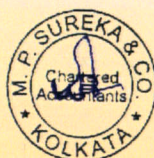
**4. Adherence to Laws, Rules and Regulations**

The audit of the Bank is governed by the Companies Act kingdom of Bhutan, 2000, RMA Prudential Regulations, 2002 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)

*Mazhar Bhati*



Mazhar Bhati (Membership No. 300367)  
PARTNER

Date: 15th March 2016

Place: New Delhi

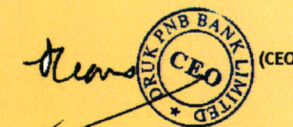


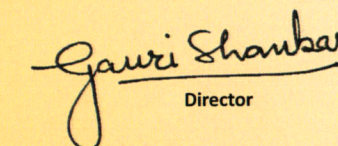
# DRUK PNB BANK LIMITED

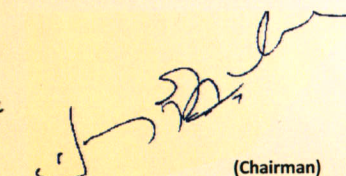
## Statement of Financial Position

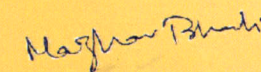
	Note	Amount in Nu.	
		As at	
		December 31, 2015	December 31, 2014
<b><u>-Assets</u></b>			
Cash and balances with central banks	13	1,536,606,154.19	2,093,873,606.97
Due from banks	14	2,414,002,208.78	1,121,773,704.24
Cash collateral on securities borrowed and reverse repurchase agreements		-	-
Derivative 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	4,459,478,797.88	3,917,074,167.17
Financial investments – available-for-sale		-	-
Financial investments – available-for-sale pledged as collateral		-	-
Financial investments – held-to-maturity		-	-
Other assets	16	94,541,137.64	83,910,247.39
Property, Plant and equipment	4	34,380,668.13	44,460,167.21
Goodwill and other intangible assets		-	-
Deferred tax assets	22	247,894.00	232,041.00
Non-current assets and disposal groups held for sale		-	-
<b>Total assets</b>		<b>8,539,256,860.62</b>	<b>7,261,323,933.98</b>
<b><u>-Liabilities</u></b>			
Due to banks	17	128,206,179.86	258,108,194.63
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	6,763,400,731.65	5,462,205,233.71
Debt issued and other borrowed funds	19	207,600,000.00	236,400,000.00
Current tax liabilities	12	57,027,972.65	44,292,711.58
Other liabilities	20	392,575,380.98	388,346,612.81
Provisions	21	160,780,614.30	135,598,909.02
Deferred tax liabilities		-	-
Non-current liabilities and disposal groups held for sale		-	-
<b>Total liabilities</b>		<b>7,709,590,879.44</b>	<b>6,524,951,661.75</b>
<b>Equity attributable to equity holders of parent</b>			
Issued capital		450,000,000.00	449,712,300.00
Share premium		28,150,800.00	28,150,800.00
General Reserve		239,452,333.15	174,960,836.67
Retained earnings		106,277,015.26	80,541,184.20
Foreign Fluctuation Reserve		5,785,832.77	3,007,151.35
		829,665,981.18	736,372,272.23
Non-controlling interest		-	-
<b>Total equity</b>		<b>829,665,981.18</b>	<b>736,372,272.23</b>
<b>Total liabilities and equity</b>		<b>8,539,256,860.62</b>	<b>7,261,323,933.98</b>

Signed in terms of our attached report of even date

 (CEO)

 Director

 (Chairman)

  
(Mazhar Bhati)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants



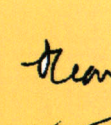



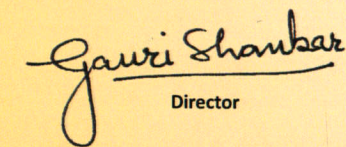
# DRUK PNB BANK LIMITED

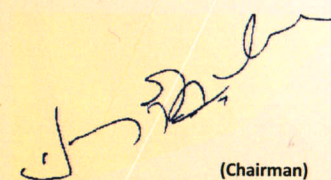
## Income Statement

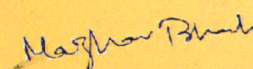
	Note	Amount in Nu.	
		As at	
		December 31, 2015	December 31, 2014
Interest and similar income	5	534,625,353.17	471,526,820.27
Interest and similar expense	6	295,572,340.58	276,735,343.64
Net interest income		239,053,012.59	194,791,476.63
Fees and commission income	7	98,486,878.22	59,050,477.64
Fees and commission expense		-	-
Net fee and commission income		98,486,878.22	59,050,477.64
Net trading income		-	-
Net gain (loss) on financial assets and liabilities designated at fair value through profit or loss		-	-
Other operating income	8	23,196,259.67	46,939,091.95
Total operating income		360,736,150.48	300,781,046.22
NPA Provisions	9	23,300,440.30	26,304,467.25
Impairment losses on financial investments		-	-
Net operating income		337,435,710.18	274,476,578.97
Personnel expenses	10	57,518,176.49	50,274,230.77
Depreciation of property and equipment		14,604,649.08	14,910,947.69
Amortisation of intangible assets		-	-
Other operating expenses	11	75,272,487.12	61,649,028.57
Total operating expenses		147,395,312.69	126,834,207.03
Profit before tax from continuing operations		190,040,397.49	147,642,371.94
Income tax expense-Current Tax	12A	61,073,257.54	48,213,685.07
Income tax expense-Deferred Tax	12B	(15,853.00)	(130,366.00)
Profit for the year from continuing operations		128,982,992.96	99,559,052.87
Discontinued operations		-	-
Profit after tax for the year from discontinued operations		-	-
Profit for the year		128,982,992.96	99,559,052.87
Attributable to:			
Equity holders of the parent			
Profit for the year from continuing operations		128,982,992.96	99,559,052.87
Profit for the year from discontinued operations		-	-
Profit for the year attributable to equity holders of the parent		128,982,992.96	99,559,052.87
Non-Controlling Interest			
Profit for the year from continuing operations		-	-
Profit for the year from discontinued operations		-	-
Profit for the year attributable to non-controlling interests		-	-
		128,982,992.96	99,559,052.87
Earnings per share	23		
Basic earnings per share		2.87	2.21
Diluted earnings per share		2.87	2.21
Basic earnings per share from continuing operations		2.87	2.21
Diluted earnings per share from continuing operations		2.87	2.21

The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date

  (CEO)

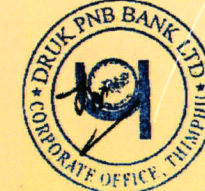
 Director

 (Chairman)

  
(Mazhar Bhati)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants





## DRUK PNB BANK LIMITED

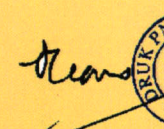
### Statement of Changes in Equity

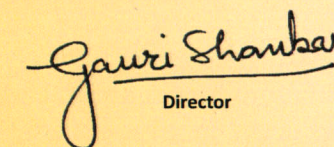
	Issued Capital	Share Premium	General Reserve (Statutory Reserve)	Retained Earnings	Foreign Fluctuation Reserve	Total Equity
<b>At 1 January 2014</b>						
Total comprehensive income	449,392,300.00	28,150,800.00	125,181,310.24	63,598,019.69	1,628,250.43	667,950,680.36
Issue of share capital	-	-	-	99,559,052.87	1,378,900.92	100,937,953.79
Share-based payments	320,000.00	-	-	-	-	320,000.00
Dividends paid for 2013	-	-	-	-31,457,461.00	-	-31,457,461.00
Transfer to Foreign Fluctuation Reserve	-	-	-	-1,378,900.92	-	-1,378,900.92
Transfer to General Reserve	-	-	49,779,526.43	-49,779,526.43	-	-
Dividends of subsidiaries	-	-	-	-	-	-
<b>At 31 December 2014</b>	<b>449,712,300.00</b>	<b>28,150,800.00</b>	<b>174,960,836.67</b>	<b>80,541,184.20</b>	<b>3,007,151.35</b>	<b>736,372,272.23</b>
Total comprehensive income	-	-	-	128,982,992.96	2,778,681.42	131,761,674.38
Issue of share capital	287,700.00	-	-	-	-	287,700.00
Share-based payments	-	-	-	-	-	-
Dividends paid of 2014	-	-	-	-35,976,984.00	-	-35,976,984.00
Transfer to Foreign Fluctuation Reserve	-	-	-	-2,778,681.42	-	-2,778,681.42
Transfer to General Reserve	-	-	64,491,496.48	-64,491,496.48	-	-
<b>At 31 December 2015</b>	<b>450,000,000.00</b>	<b>28,150,800.00</b>	<b>239,452,333.15</b>	<b>106,277,015.26</b>	<b>5,785,832.77</b>	<b>829,665,981.18</b>

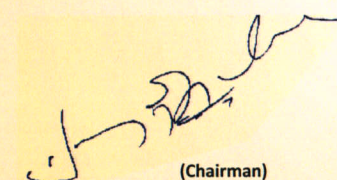
### Purpose of maintaining different reserves:-

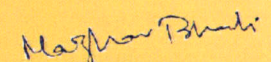
- Share Premium lying in reserves: To maintain CAR and to maintain single borrower limit within norms.
- General reserves: Mandatory as per FSA (2011) chapter 6 Section 82(b)(i) which says as under: Every financial institution shall (a) Maintain a reserve fund; and (b) Before declaring any dividend from its net profits of each year (after due provision made for taxation), transfer to its reserve fund out of the net profits of each year— i. a sum equal to not less than 50 percent of the net profits of that year, so long as the amount of the reserve fund is less than 50 percent of its paid-up capital; or ii. a sum equal to not less than 25 percent of the net profits of that year, so long as the amount of the reserve fund is 50 percent but less than 100 percent of its paid-up capital.
- Foreign Exchange Fluctuation Reserves: To handle exchange fluctuations.

The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date

 (CEO)

 Director

 (Chairman)

  
(Mazhar Bhatti)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants





# DRUK PNB BANK LIMITED

## Statement of Cash Flow

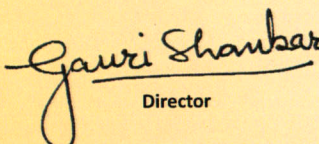
Particulars	31-Dec-15	31-Dec-14
	Amounts (Nu.)	Amounts (Nu.)
<b>A. Operating Activities</b>		
Profit before tax from continuing operations	190,040,397.49	147,642,371.94
Profit before tax from discontinued operations	-	-
Profit before tax	190,040,397.49	147,642,371.94
Adjustment for:-		
Change in operating assets	(542,404,630.71)	(183,323,188.59)
Change in operating liabilities	1,171,293,483.17	572,276,423.54
Change in other operating assets	(10,630,890.25)	179,608,428.86
Change in other operating liabilities	29,410,473.45	211,643,347.05
Other non-cash items included in profit before tax	14,604,649.08	14,910,947.69
Net gain/(loss) from investing activities	-	(197,640.00)
Profit on sale of PPE	-	(197,640.00)
Net gain/(loss) from financing activities	(797,833.88)	(1,036,494.95)
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	(48,337,996.47)	(47,205,031.89)
Income tax paid	-	-
<b>Net cash flows from operating activities</b>	<b>Total of (A)</b>	<b>803,177,651.88</b>
		<b>894,319,163.65</b>
<b>B. Financing Activities</b>		
Proceeds from Issue of share capital	287,700.00	685,000.00
Proceeds from issuance of bonds	(28,800,000.00)	121,200,000.00
Dividends paid to equity holders	(35,976,984.00)	(31,457,461.00)
<b>Net cash flows from/(used in) financing activities</b>	<b>Total of (B)</b>	<b>(64,489,284.00)</b>
		<b>90,427,539.00</b>
<b>C. Cash Flow from Investing Activity</b>		
Purchase of property and equipment	(4,525,150.00)	(5,247,979.20)
Proceeds from sale/damage of property and equipment	-	641,025.00
<b>Net cash flows from/(used in) investing activities</b>	<b>Total of (C)</b>	<b>(4,525,150.00)</b>
		<b>(4,606,954.20)</b>
<b>Change in Cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>734,163,217.88</b>
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	797,833.88	1,036,494.95
<b>Opening Cash and cash equivalents</b>	<b>3,215,647,311.21</b>	<b>2,234,836,067.81</b>
<b>Closing Cash and cash equivalents</b>	<b>3,949,810,529.09</b>	<b>3,214,610,816.26</b>
<b>Change in Cash and cash equivalents</b>	<b>734,163,217.88</b>	<b>979,774,748.45</b>

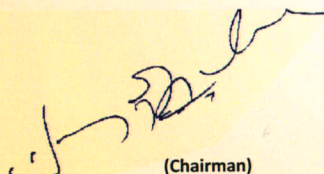
## Reconciliation of closing Cash and cash equivalent


<b>As per Cash Flow Statement</b>	3,949,810,529.09	3,214,610,816.26
<b>As per Statement of Financial Position</b>		
Cash and balances with central banks	1,536,606,154.19	2,093,873,606.97
Due from banks	2,414,002,208.78	1,121,773,704.24
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	(797,833.88)	(1,036,494.95)
	3,949,810,529.09	3,214,610,816.26

The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date

  (CEO)

 Director

 (Chairman)

 (Mazhar Bhati)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants





## **Significant Accounting Policies for the Year ended 31<sup>st</sup> December 2015.**

### **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 the Kingdom of Bhutan, 2000 including the Accounting Standard Rules for Companies in Bhutan, 2012.

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 Authorities of Bhutan is shown under the head "suspended interest" which is taken to profit and loss account on actual realization only.

### **3. Property, Plant & Equipement:**

The Company has adopted the transitional provision available under BAS-16 'Property, Plant and Equipment' and has calculated depreciation with retrospective effect.

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.



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 (Existing)		Provision on outstanding principal amount (revised effective 31.12.2015)	
	Days	%	Days	%
1)standard	Upto 30	1.5%	Upto 30	1.5%
2)Watch	31-90	1.5%	31-90	1.5%
3)Substandard	91-180	15% (30% for sector with highest exposure)	91-180	15% (30% for sector with highest exposure)
4)Doubtful	181-365	50% (60% for sector with highest exposure)	181-18 months	50% (60% for sector with highest exposure)
5)Loss	> 18 months	100%	> 18 months	100%

Provision has been made as per the revised norms.

## 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 and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated 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 of 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.



## DRUK PNB BANK LIMITED

### Reconciliation of Share Capital

	As at 31.12.2015	As at 31.12.2014
<b>SHARE CAPITAL</b>		
(a) <b>Authorised Share Capital</b> 100,000,000 Equity Shares of Nu.10 Each (PY: 10,000,000 equity shares of Nu 100 each)	1,000,000,000.00	1,000,000,000.00
(b) <b>Issued, Subscribed and Fully Paid Up Share Capital</b> 44,971,230 Equity Shares of Rs.10 each fully paid up (PY: 4497123 equity shares of Nu 100 each) (4,493,923 Equity Shares of Nu.100 each fully paid up	450,000,000.00	449,712,300.00
(c) <b>Par Value per Share</b>	10.00	10.00
(d) <b>Number of Equity Shares at the beginning of the year</b> Add: Issue Less: Buy Back Number of Equity Shares at the end of the year	44,971,230.00 28,770.00 - 45,000,000.00	44,939,230.00 32,000.00 - 44,971,230.00
(e) The company has only one class of equity shares having a par value of Rs.10 per share (which has been converted during 2014 from Nu. 100 to Nu. 10 as per directions by RMA and RSEB of Bhutan). Each holder of equity shares is entitled to one vote per share. The holders of Equity Shares are entitled to receive dividends as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		

#### Notes:

- During the year, The Royal Securities Exchange of Bhutan has converted the face value of shares of all listed companies from Nu. 100/- to Nu. 10/- with effect from 1st August, 2014. Consequently, the face value of share of Druk PNB Bank Ltd. has also changed from Nu. 100/- to Nu. 10/-.
- The following Extraordinary Issue of shares was made with special permission from the Royal Monetary Authority of Bhutan and Royal Securities Exchange of Bhutan Ltd – 32,000 No. of Shares to the Employees at par (Nu. 10 each).

#### 3. Capital Management-

**Capital Management:** The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the local regulator (Royal Monetary Authority of Bhutan). During the past year, the Bank had complied in full with all its externally imposed capital requirements.

Regulatory capital consists of Tier 1 capital, which comprises Paid up capital, share premium, general reserve (statutory reserve) and retained earnings less loss for the current year. The other component of regulatory capital is Tier 2 capital, which includes other reserves; General Provisions to the extent that they do not exceed 1.25% of the sum of total risk weighted assets, subordinated term debts with a minimum original maturity of at least 5 years and profit for the current year.



Director



Chairman



Membership No. 30087

For & on behalf of  
Druk PNB Bank Ltd.



# DRUK PNB BANK LIMITED

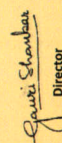
## NOTES TO ACCOUNTS

### 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	Misc. Items	Total
<b>Cost:</b>									
At 1 January 2014	4,461,530.00	2,756,382.30	569,636.43	5,584,258.19	6,973,422.26	12,090,929.35	65,664,609.85	1,774,542.63	99,875,311.01
Additions	-	-	-	150,600.00	16,098.00	-	4,979,471.00	71,948.20	5,218,017.20
Disposals	-	-	-	-	-	-	1,102,365.00	-	1,102,365.00
Exchange adjustment	-	-	-	-	-	-	-	-	-
At 31 December 2014	4,461,530.00	2,756,382.30	569,636.43	5,734,758.19	6,989,520.26	12,090,929.35	69,541,715.85	1,846,490.83	103,990,963.21
Additions	-	-	23,630.00	599,796.00	356,068.00	1,731,521.00	1,648,055.00	166,080.00	4,525,150.00
Disposals	-	-	-	-	-	-	-	-	-
Exchange adjustment	-	-	-	-	-	-	-	-	-
At 31 December 2015	4,461,530.00	2,756,382.30	593,266.43	6,334,554.19	7,345,588.26	13,822,450.35	71,189,770.85	2,012,570.83	108,516,113.21
<b>Depreciation and impairment:</b>									
At 1 January 2014	3,569,224.00	1,625,749.48	279,973.92	918,254.29	2,090,156.54	4,367,561.13	31,706,727.66	721,176.61	45,278,823.63
Disposals	-	-	-	-	-	-	658,975.32	-	658,975.32
Depreciation charge for the year	892,306.00	424,058.82	87,636.37	286,462.22	670,488.27	1,860,142.98	10,245,731.00	264,122.03	14,910,947.69
At 31 December 2014	4,461,530.00	2,049,808.30	367,610.29	1,204,716.51	2,760,644.81	6,227,704.11	41,473,483.34	985,298.64	59,530,796.00
Disposals	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	424,058.82	424,058.82	90,518.57	322,284.71	762,418.28	1,998,148.23	10,700,320.87	306,899.60	14,604,649.08
At 31 December 2015	4,461,530.00	2,473,867.12	458,128.86	1,527,001.22	3,523,063.09	8,225,852.34	52,173,804.21	1,292,198.24	74,135,445.08
<b>Net Book value:</b>									
At 1 January 2014	892,306.00	1,130,632.82	289,662.51	4,666,003.90	4,883,265.72	7,723,368.22	33,957,882.19	1,053,366.02	54,596,487.38
At 31 December 2014	706,574.00	706,574.00	202,026.14	4,530,041.68	4,228,875.45	5,863,225.24	28,068,232.51	861,192.19	44,460,167.21
At 31 December 2015	-	282,515.18	135,137.57	4,807,552.97	3,822,525.17	5,596,598.01	19,015,966.64	720,372.59	34,380,668.13

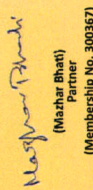
4.a. In the opinion of the management, there is no impairment of fixed assets of the company, which may require any adjustment.

 (CEO)

 Director

(Chairman)



 (Member)  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants



**5. Interest and similar income**

Particulars	As at 31-December-2015	As at 31-December-2014
Interest from Loans & Advances	471,001,093.73	425,720,019.42
Interest from Deposits with Banks in Bhutan	57,552,546.42	45,705,206.85
Other Interest Income	71,713.02	101,594.00
	<b>543,625,353.17</b>	<b>471,526,820.27</b>

Interest income on loans of Nu. 477001093.73/- is net of suspended interest of Nu. 25911428.09/- (after net passing MOC of Nu. 232495.66 suggested by the auditors) which conforms to the Prudential Regulation, 2002, issued by Royal Monetary Authority of Bhutan.

**6. Interest and similar expense**

Particulars	As at 31-December-2015	As at 31-December-2014
Interest paid on Deposits	275,575,080.30	259,376,439.53
Interest paid on Subordinated Term debts	19,997,260.28	17,358,904.11
	<b>295,572,340.58</b>	<b>276,735,343.64</b>

**7. Net fees and commission income**

Particulars	As at 31-December-2015	As at 31-December-2014
Fees and commission income	98,486,878.22	59,050,477.64
Fees and commission expenses	-	-
	<b>98,486,878.22</b>	<b>59,050,477.64</b>

**8. Other operating income**

Particulars	As at 31-December-2015	As at 31-December-2014
Dividend income	4,353,262.40	39,059,658.15
Other	18,842,997.27	7,879,433.80
Foreign Exchange Gain	18,842,997.27	7,879,433.80
-Realized Gain & Unrealized	<b>23,196,259.67</b>	<b>46,939,091.95</b>

**9. Credit loss expenses**

Particulars	As at 31-December-2015	As at 31-December-2014
Provisions against loans:		
General	2,425,377.15	2,718,753.74
Specific	20,875,063.15	25,789,680.65
Dynamic	-	(2,203,967.14)
Others	-	-
	<b>23,300,440.30</b>	<b>26,304,467.25</b>

**10. Personnel expenses**

Particulars	As at 31-December-2015	As at 31-December-2014
Salaries and other allowances	57,518,176.49	50,274,230.77
	<b>57,518,176.49</b>	<b>50,274,230.77</b>

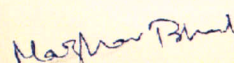
10.1. Provision for bonus payable to employees has neither been ascertained nor been provided for in these accounts.

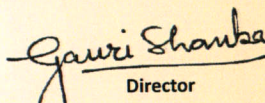
10.2. Gratuity of Nu. 1881265.00 have been provided in these accounts on the assumption that all the employees cease to be employed with effect from 01/01/2016. The accumulated provision (as on 31/12/2015) Nu. 5671840.00 have been deposited into a separate account with other financial institution as per the provisions of the Income Tax Act of the kingdom of Bhutan 2001.

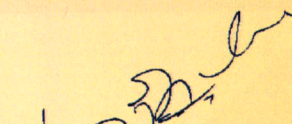
10.3. The gratuity liability in respect of employees on deputation from the parent bank (PNB) has not been provided in view of the fact that the same shall be borne by the parent Bank.

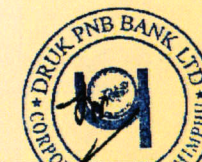
The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date

  (CEO)

  
(Mazhar Bhati)  
Partner  
(Membership No. 300367)

  
Director

  
(Chairman)





**11. Other operating expenses**

Particulars	As at 31-December-2015	As at 31-December-2014
Advertising and marketing	1,524,368.90	2,848,998.92
Administrative	15,749,979.01	16,881,540.47
Outsourcing of Financial services	14,430,770.85	14,378,827.08
Professional fees	275,000.00	225,000.00
Rental charges payable under operating leases	12,772,140.92	12,019,632.00
Other	30,520,277.44	15,295,030.10
	<b>75,272,487.12</b>	<b>61,649,028.57</b>

**12. Tax expenses**

Particulars	As at 31-December-2015	As at 31-December-2014
(A)		
Current tax for the year	57,027,972.65	44,292,711.58
Miscellaneous tax paid	4,045,284.89	3,920,973.49
Tax for earlier year period	-	-
	<b>61,073,257.54</b>	<b>48,213,685.07</b>
(B)		
Deferred tax	(15,853.00)	(130,366.00)
<b>TOTAL (A+B)</b>	<b>61,057,404.54</b>	<b>48,083,319.07</b>

A sum of Nu. 4,045,284.89 relating to other taxes (like PIT of IBOs, BST on purchases etc) borne by the Bank during the current year has been accounted for from after tax profits.

**13. Cash and balances with central banks**

Particulars	As at 31-December-2015	As at 31-December-2014
<b>Cash in hand:</b>		
BTN	74,830,554.70	55,249,190.71
INR	894,600.00	157,120.00
FC	2,841,427.18	43,850,269.85
CRR with the Central Bank	631,765,683.52	299,050,533.69
Current account with the Central Bank	100,000.00	100,000.00
Balance with RMA	826,173,888.79	1,695,466,492.72
	<b>1,536,606,154.19</b>	<b>2,093,873,606.97</b>

**14. Due from banks**

Particulars	As at 31-December-2015	As at 31-December-2014
<b>Balance with Banks in India &amp; third countries</b>		
Current Account	824,598,785.44	535,093,016.43
Current Account in Bhutan	222,326,448.34	26,403,617.81
Deposit Account in Bhutan	1,367,076,975.00	560,277,070.00
	<b>2,414,002,208.78</b>	<b>1,121,773,704.24</b>

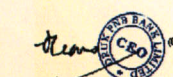
**15. Loans and advances to customers**

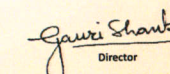
Particulars	As at 31-December-2015	As at 31-December-2014
<b>Demand loans</b>	253,448,819.95	267,941,360.93
Cash Credit	358,790,490.89	259,983,387.00
Overdraft etc	991,455,691.13	810,109,437.98
Term Loan	2,855,183,795.91	2,578,140,981.26
Bills discounted & Pruchased	600,000.00	899,000.00
	<b>4,459,478,797.88</b>	<b>3,917,074,167.17</b>

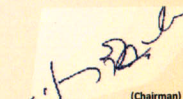
**16. Other assets**

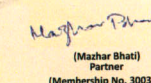
Particulars	As at 31-December-2015	As at 31-December-2014
Interest accrued	48,400,374.12	63,640.30
Advances made recoverable/Adjustable	8,343,941.33	41,299,995.60
Advance I.Tax	23,012,112.30	22,796,678.69
<b>Tax Deducted at Source</b>		
Remittances in Transit	-	-
Contribution to CIB Bhutan	1,375,000.00	1,375,000.00
Contribution for Training Institute	12,000,000.00	12,000,000.00
Govt. T Bills	-	-
Stationery in hand	1,409,709.80	1,254,787.90
Prepaid expenses	-	5,120,144.90
	<b>94,541,137.64</b>	<b>83,910,247.39</b>

The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date

  
(CEO)

  
Director

  
(Chairman)

  
(Mayhem Shrestha)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants





17. Due to banks			
Particulars	As at 31-December-2015	As at 31-December-2014	
Balance from other banks in Current Deposits	125,991,569.48	256,707,663.18	
Balances with other offices	2,214,610.38	1,400,531.45	
	<b>128,206,179.86</b>	<b>258,108,194.63</b>	

18. Due to Customers			
Particulars	As at 31-December-2015	As at 31-December-2014	
<b>Demand Deposits:</b>	<b>4,189,664,503.06</b>	<b>3,412,802,450.12</b>	
Current Deposits	1,334,734,247.83	803,777,535.15	
Savings Bank Deposits	2,854,930,255.23	2,609,024,914.97	
<b>Term Deposits:</b>	<b>2,573,736,228.59</b>	<b>2,049,402,783.59</b>	
Fixed Deposits	2,385,884,342.59	1,872,619,905.59	
Recurring Deposits	187,851,886.00	176,782,878.00	
	<b>6,763,400,731.65</b>	<b>5,462,205,233.71</b>	


19. Subordinated term debts			
Particulars	As at 31-December-2015	As at 31-December-2014	
60% of 144000 unsecured Bonds of Nu. 1000 each and 150000 Bonds of Nu. 1000 each under Govt. ESP	207,600,000.00	236,400,000.00	
	<b>207,600,000.00</b>	<b>236,400,000.00</b>	

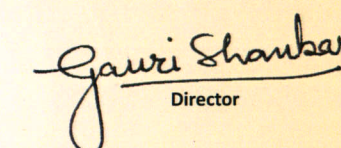
20. Other Liabilities			
Particulars	As at 31-December-2015	As at 31-December-2014	
Interest Payable	122,903,134.57	152,593,549.22	
Suspended Interest	25,911,426.09	14,420,284.07	
Accounts Payable and sundry creditors	243,760,818.32	221,332,779.52	
	<b>392,575,380.98</b>	<b>388,346,612.81</b>	

21. Provisions			
Particulars	As at 31-December-2015	As at 31-December-2014	
Provision - Gratuity	5,671,840.00	3,790,575.00	
Provision - Loans - General	✓ 43,404,342.15	40,978,965.02	
- Specific	111,704,432.15	90,829,369.00	
- Dynamic	-	-	
	<b>160,780,614.30</b>	<b>135,598,909.02</b>	

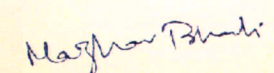
22. Deferred tax			
Particulars	As at 31-December-2015	As at 31-December-2014	
Depreciation as per BAS (based on useful life) during the year	14,604,649.08	14,910,947.69	
Depreciation as per IT during the year	14,551,804.42	14,476,393.19	
Timing Difference	52,844.66	434,554.50	
Deferred Tax (Liability)/Asset	15,853.00	130,366.00	
	<b>29,225,151.16</b>	<b>29,952,261.38</b>	

The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date

  (CEO)

 Director

 (Chairman)

  
(Mazhar Bhati)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants





**23. EPS**

Particulars	As at 31-December-2015	As at 31-December-2014
Net Profit attributable to the owners of the company	128,962,992.96	99,559,052.87
Issued and outstanding ordinary shares at the beginning of the year	44,971,230.00	44,939,230.00
Shares issued during the year	28,770.00	32,000.00
Total Shares outstanding at the end of the year	<b>45,000,000.00</b>	<b>44,971,230.00</b>
Basic and Diluted EPS	<b>2.87</b>	<b>2.21</b>

**24.A. Particulars of the transactions with the Directors and their relatives as per provisions of the Companies Act of the kingdom of Bhutan 2000:**

Sl. No.	Name	Nature of Relationship	Nature of Transactions/Loan Facility	Outstanding as on 31.12.2015	Outstanding as on 31.12.2014
1	<b>Director/ Associates</b> Dasho Sangay Wangchuk	Director	Overdraft	71,499,769.00	1,531,789.00
2	<b>Relative of the Director</b> Ashi Chimi Yangzom Wangchuk	Spouse of Director	Term Loan	1,409,248.45	2,255,541.00
3	Dasho Kuenley Wangchuk	Director's Father	Term Loan	122,418,350.96	40,286,016.00
4	Aum Sangay Om	Director's Mother	Term Loan / Overdraft	76,467,836.54	79,242,415.00
5	Kesang Wangchuk	Director's Brother	Overdraft	10,207,768.34	5,553,399.00
6	Yangchen Wangchuk	Director's Sister	Cash Credit	8,710,702.71	9,014,795.00
7	<b>Key Managerial Person</b> Chief Executive Officer		Remuneration	<b>Paid in 2015</b> 3409743.31	<b>Paid in 2014</b> 3,116,798.72
			Sitting Fees	60,000.00	60,000.00

**B. Contingent Liability**

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

	Nu.
a) Letter of Credit	401,807,214.53
b) Other Guarantees	1,536,492,789.43
<b>Total</b>	<b>1,938,300,003.96</b>

**C. Management Expenses:**

Management expenses include:

a) Managerial remuneration paid or payable to the Chief Executive Officer:

Particulars	2015 (Amt. in Nu.)	2014 (Amt. in Nu.)
Remuneration	3,409,743.31	3,116,798.72
Directors sitting fees	60,000.00	60,000.00

b) Audit Related:

Particulars	2015 (Amt. in Nu.)	2014 (Amt. in Nu.)
Audit fees and expenses:	275,000.00	225,000.00

**D. Deferred Tax:**

The net position of deferred tax liability/asset during the year 2015 is as follow:-

	31.12.2015	31.12.2014
Opening Deferred Tax Liability/ (Assets)	(232,041.00)	(101,675.00)
Provided during the year	(15,583.00)	(130,336.00)
Closing Deferred Tax Liability / (Assets)	(247,894.00)	(232,041.00)

E. The Company has made a provision of proposed dividend of Nu. 35,976,984/- for the year 2014. The same has been booked from profit of the current year (2015) as per BAS.

**F. Prior Period**

As per MOU with RMA, the bank has paid Nu. 12,000,000.00 as their share for setting up Banking Training Institute which has been considered as a equity investment by the management. Further, the bank has also contributed to the Credit Information Bureau of Bhutan as Equity Investment amounting Nu. 13,75,000/-.

Letter certifying the allotment issued by the respective institutions is held on record.

**G. Prior Period**

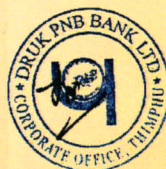
Bank has received Nu. 150 million from the Ministry of Finance. RGoB on 9th April, 2014 in the form of subordinated debt (1,50,000 scripts of subordinated bonds at face value of Nu. 1,000/- each) having maturity of 10 years and coupon rate of 6%, payable annually.



(CEO)

Gauri Shankar  
Director

(Chairman)



For M. P. Sureka & Co.  
Chartered Accountants

(Mazhar Bhatti)  
Partner  
(Membership No. 300367)



# Income Tax Reconciliation as per BAS & IT depreciation 2015

Profit before tax from continuing operations	190,040,397.49
Add Back Depreciation as per BAS	14,604,649.08
	<b>204,645,046.57</b>
Less : Depreciation as per IT Act	14,551,804.42
Profit before tax fro continuing operation as per IT	<b>190,093,242.15</b>
Income Tax for the year	<b>57,027,972.65</b>

The schedules referred to above form an integral part of the Balance Sheet  
Signed in terms of our attached report of even date



(CEO)

*Gauri Shankar*  
Director

*Mazhar Bhati*

(Mazhar Bhati)  
Partner  
(Membership No. 300367)



*[Signature]*  
(Chairman)



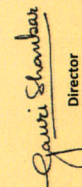
For M. P. Sureka & Co.  
Chartered Accountants



# SEGMENT WISE REPORTING

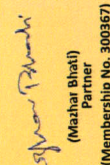
Particulars	2015					2014				
	Retail Segment	Corporate Segment	Others	Total		Retail Segment	Corporate Segment	Others	Total	
<b>Operating Income</b>										
Third Party	431,684,469.83	224,624,021.23	-	656,308,491.06		529,832,742.13	47,869,090.47	-	577,701,832.60	
Inter Segment	-	-	-	-		-	-	-	-	
<b>Total Operating Income</b>	<b>431,684,469.83</b>	<b>224,624,021.23</b>	-	<b>656,308,491.06</b>		<b>529,832,742.13</b>	<b>47,869,090.47</b>	-	<b>577,701,832.60</b>	
Credit Loss Expense	-	-	-	-		-	-	-	-	
Impairment loss on Financial Investments	-	-	-	-		-	-	-	-	
<b>Net Operating Income</b>	<b>431,684,469.83</b>	<b>224,624,021.23</b>	-	<b>656,308,491.06</b>		<b>529,832,742.13</b>	<b>47,869,090.47</b>	-	<b>577,701,832.60</b>	
<b>Extracts of Results</b>										
Interest and Similer Income	310,001,331.94	224,624,021.23	-	534,625,353.17		422,859,651.54	47,869,090.47	-	470,728,742.01	
Interest and Similer Expenses	284,694,121.58	10,878,219.00	-	295,572,340.58		255,856,128.64	20,879,215.00	-	276,735,343.64	
<b>Net Interest Income/Expenses</b>	<b>25,307,210.36</b>	<b>213,745,802.23</b>	-	<b>239,053,012.59</b>		<b>167,003,522.90</b>	<b>26,989,875.47</b>	-	<b>193,993,398.37</b>	
Fee and Commission Income	98,486,878.22	-	-	98,486,878.22		106,973,090.59	-	-	106,973,090.59	
Fee and Commission Expense	147,379,459.69	-	-	147,379,459.69		126,482,821.94	-	-	126,482,821.94	
<b>Net Fees and Commission Income/Expense</b>	<b>(48,892,581.47)</b>	<b>-</b>	<b>-</b>	<b>(48,892,581.47)</b>		<b>(19,509,731.35)</b>	<b>-</b>	<b>-</b>	<b>(19,509,731.35)</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	3,238,544,864.89	1,220,933,932.99	-	4,459,478,797.88		2,357,466,302.35	1,559,607,864.82	-	3,917,074,167.17	
<b>Total Assets</b>	<b>3,238,544,864.89</b>	<b>1,220,933,932.99</b>	<b>-</b>	<b>4,459,478,797.88</b>		<b>2,357,466,302.35</b>	<b>1,559,607,864.82</b>	<b>-</b>	<b>3,917,074,167.17</b>	
<b>Total Liabilities</b>	<b>5,897,082,672.51</b>	<b>994,524,239.00</b>	<b>-</b>	<b>6,891,606,911.51</b>		<b>5,153,121,994.89</b>	<b>565,790,902.00</b>	<b>-</b>	<b>5,718,912,896.89</b>	

  
(CEO)

  
Director

(Chairman)



  
(Masrur Bhatti)  
Partner  
(Membership No. 300367)



For M. P. Sureka & Co.  
Chartered Accountants



Item 1. Tier 1 capital & its sub-components			Applicable : Dec. 2015	Item 2. Tier 2 capital & its sub-components			Applicable : Dec. 2015
Sl. No.		Current Period	Corresponding Period of Previous Year (COPPY)	Sl. No.		Current Period	Corresponding Period of Previous Year (COPPY)
1	Total Tier 1 Capital			1	Total Tier 2 Capital		
a	Paid-Up Capital	450000.00	449712.30	a	Capital Reserve	0.00	0.00
b	General Reserves	239452.33	174960.84	b	Fixed Assets Revaluation Reserve	0.00	0.00
c	Share Premium Account	28150.80	28150.80	c	Exchange Fluctuation Reserve	5785.83	3007.15
d	Retained Earning	106277.02	80541.18	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	43404.34	40978.97
	Total	823880.15	733365.12	g	Capital Grants	0.00	0.00
				h	Subordinate Debt	207600.00	236400.00
				i	Profit of the Year		
					Total	256790.17	280386.12

Item 3. Risk Weighted Assets (Current Period)						
Sl. No.	Risk Weighted Assets	Balance Sheet Amount		Risk Weight %	Risk Weighted Asset	
		Current Period	COPPY		Current Period	COPPY
1	LAFD	114,868.81	92,415.47	0%		
2	Loans of Govt. Owned Corp.	115,267.05	129,444.22	20%	23,053.41	25,888.84
3	Consumer Loan, Staff Incentive	103,303.08	71,287.15	50%	50571.79	31,907.79
4	MIL/Trade & Commerce	1,424,834.76	1,535,489.18	100%	1,327,371.16	1,450,458.66
5	Transport/Services/Housing	1,909,925.77	1,667,063.01	150%	2,853,989.63	2,487,766.78
6	Housing/Services	573,823.22	170,443.71	200%	1,125,107.74	340,887.42
7				250%		
8	Personal	217,456.11	250,931.43	300%	593,996.17	722,207.06
	Grand Total	4,459,478.80	3,917,074.17		5,974,089.90	5,062,116.55

Note : In case of same risk weights to different sectors, same RW% to be added and shown under

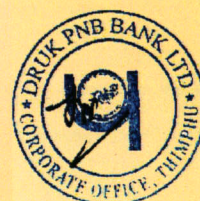
Item 4. Capital Adequacy Ratio			
Sl. No.		Current Period	Corresponding Period of Previous Year (COPPY)
1	Total Tier 1 Capital	823880.15	697429.44
a	Of which Counter Cyclical Capital Buffer (CCYB) (if applicable)		
b	Of which Sectoral Capital Requirements (SCR) (if applicable)		
I	Sector 1		
II	Sector 2		
III	Sector 3		
2	Tier 2 Capital	256790.17	280386.12
3	Total Qualifying Capital	1080670.32	977815.56
4	Core CAR	10.01	10.50
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	13.14	14.75
6	Leverage Ratio	12.88	13.05

Item 5. Loans and NPL by Sectoral Classifications					
Sl. No.	sector	Current Period		COPPY	
		Total Loans	NPL	Total Loans	NPL
a	Agriculture	620.19	432.83	597.03	
b	Manufacturing / Industry	501,847.05	14,802.40	501,706.03	22,469.69
c	Service & Tourism	1,177,079.14	54,156.62	806,989.71	64,966.42
d	Trade & Commerce	491,437.25	25,212.19	474,443.46	12,955.55
e	Housing	1,201,999.93	7,352.29	953,858.54	
f	Transport	116,279.81	9,065.79	109,719.97	9,631.48
g	Loans to Purchase Securities	264,638.73		287,784.83	
h	Personal Loan	320,965.76	81,646.64	376,256.54	21,576.40
i	Education Loan	19,089.37	503.19	21,384.43	312.57
j	Loan Against Term Deposits	114,735.66		86,733.69	
k	Loans to FI(s)	33,683.08		100,957.55	
l	Infrastructure Loan				
m	Staff Loan (Incentive)	35,258.14		22,219.37	
n	Loans to Govt. Owned Corporation	115,267.05		129,444.22	
o	Consumer Loan (GE)	66,307.64	1,730.88	44,978.80	2,187.59
	Grand Total	4,459,478.80	194,902.85	3,917,074.17	135,099.69

Item 6. Loans ( Over - Draft and term Loans) by type of counter-party			
Sl. No.	Counter Party	Current Period	COPPY
1	Overdrafts		
a	Government		
b	Government Corporations	61,895.53	46,421.09
c	Public Companies		
d	Private Companies	616,484.67	431,944.63
e	Individuals	742,768.34	675,955.61
f	Commercial Banks		
g	Non-Bank Financial Institutions		
	Sub-Total	1,421,148.55	1,154,321.33
2	Term Loans		
a	Government		
b	Government Corporations	115,267.05	129,444.22
c	Public Companies		
d	Private Companies	284,674.65	322,846.87
e	Individuals	2,604,705.47	2,209,504.20
f	Commercial Banks		
g	Non-Bank Financial Institutions	33,683.08	100,957.55
	Sub-Total	3,038,330.25	2,762,752.84
	Total Loans	4,459,478.80	3,917,074.17



For M. P. Sureka & Co.  
Chartered Accountants





### 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	78567							78567
2	Govt. Securities								
3	Investment Securities								
4	Loans and Advances to Banks								
5	Loans and Advances to Customers	8941	21007	150152	173485	164188	200675	3741030	4459478
6	Other Assets	2586131						1415081	4001212
	<b>TOTAL</b>	<b>2673639</b>	<b>21007</b>	<b>150152</b>	<b>173485</b>	<b>164188</b>	<b>200675</b>	<b>5156111</b>	<b>8539257</b>
1	Amount Owed to other Banks	128206							128206
2	Demand deposits	1334734							1334734
3	Saving deposits	2854930							2854930
4	Time deposits	34904	208842	570806	518168	114590	133407	993019	2573736
5	Bonds and Other Negotiable Instruments								
6	Other Liabilities	392575							
	<b>TOTAL</b>	<b>4745350</b>	<b>208842</b>	<b>570806</b>	<b>518168</b>	<b>114590</b>	<b>133407</b>	<b>1255075</b>	<b>1647650</b>
1	Assets / Liabilities	-2071712	-187835	-420654	-344683	49598	67268	2908017	<b>8539257</b>
2	Net Mismatch in each time interval								
3	Cumulative Net Mismatch								

### 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	78567							78567
2	Govt. Securities								
3	Investment Securities								
4	Loans and Advances to Banks								
5	Loans and Advances to Customers	1350246	8537	135609	137127	131466	160681	2535812	4459478
6	Other Assets	2586131						1415081	4001212
	<b>TOTAL</b>	<b>4014944</b>	<b>8537</b>	<b>135609</b>	<b>137127</b>	<b>131466</b>	<b>160681</b>	<b>3950893</b>	<b>8539257</b>
1	Amount Owed to other Banks	128206							128206
2	Demand deposits	1334734							1334734
3	Saving deposits	2854930							2854930
4	Time deposits			1618	98029	325158	881089	1267842	2573736
5	Bonds and Other Negotiable Instruments								
6	Other Liabilities	392575							
	<b>TOTAL</b>	<b>4710466</b>		<b>1618</b>	<b>98029</b>	<b>325158</b>	<b>881089</b>	<b>1255075</b>	<b>1647650</b>
1	Assets / Liabilities	-695503	8537	133991	39098	-193692	-720408	1427976	<b>8539257</b>
2	Net Mismatch in each time interval								
3	Cumulative Net Mismatch								

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

Annually

Sl. No.	As of period ending Assets	0-3 months	3-6 months	6-12 months	more than 12 months	non interest	Total		
1	Cash and balances with banks					78567	78567		
2	Treasury Bills								
3	Loans and Advances	180100	173485	364733	3741030	130	4459478		
4	Investment Securities								
5	Other Assets				1367078	2634135	4001212		
6	<b>Total financial Assets</b>	<b>180100</b>	<b>173485</b>	<b>364733</b>	<b>5108108</b>	<b>2712831</b>	<b>8539257</b>		
	<b>Liabilities</b>								
1	Deposits	3076936	492930	639587	1219213	1462940	6891607		
2	Borrowings								
3	Other Liabilities				207600	1440050	1647650		
4	<b>Total financial liabilities</b>	<b>3076936</b>	<b>492930</b>	<b>639587</b>	<b>1426813</b>	<b>2902990</b>	<b>8539257</b>		
5	<b>Total interest Re-pricing gap</b>	<b>-2896836</b>	<b>-319445</b>	<b>-274854</b>	<b>3681295</b>	<b>-150159</b>			

### Item 10. Non performing Loans and Provisions

Sl. No.		Current Period	COPPY
1	<b>Gross Loans</b>	<b>4459479</b>	<b>3917074</b>
	Amount of NPLs (Gross)	194903	135100
	Substandard	57305	22828
	Doubtful	26267	41075
	Loss	111310	71196
	<b>194,903</b>	<b>135,100</b>	
2	<b>Specific Provisions</b>	<b>90829</b>	<b>3153</b>
	Substandard	8147	18418
	Doubtful	12510	65258
	Loss	91047	90829
	<b>111,704</b>	<b>14420</b>	
3	<b>Interest in Suspense</b>	<b>25911</b>	<b>1806</b>
	Substandard	2991	4240
	Doubtful	2637	8374
	Loss	20283	29850
	<b>25,911</b>	<b>14,420</b>	
4	<b>Net NPLs</b>	<b>57287</b>	<b>36287</b>
	Substandard	46187	17869
	Doubtful	11120	18418
	Loss	0	0
	<b>57,287</b>	<b>36,287</b>	
	Net NPLs	57287	29850
	Net Loans	4321863	3811825
5	Gross NPLs to Gross Loans	4.37%	3.45%
6	Net NPLs to Net Loans	1.33%	0.78%
7	General Provisioning		
	Standard	39441	30630
	Watch	3963	10273

### Item 18. Provisioning Coverage Ratio

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)
COPPY	135,100						
Current Year	194,903	59,803	20,875	11,491	35,882	3,516	
Note : Refer TWC-Example Formula PCR= $\frac{SP \text{ owing to additional NPL in year} + \text{interest in suspense account in year} + \text{accretion to COyB in year} + \text{Additional Gross NPL in year}}{SP \text{ owing to additional NPL in year} + \text{interest in suspense account in year} + \text{accretion to COyB in year} + \text{Additional Gross NPL in year}} \times 100$							x 100

### Item 19. Concentration of Credit & Deposits

Sl. No.	Particular	End of Current Period	COPPY			
1	Total loans to 10 largest borrowers	1319085	1071700			
	Total loans	4459479	3917074			
2	As % of total loans	29.58%	27.36%			
3	Total deposits of the 10 largest depositors	1050711	505953			
4	As % of total deposits	0.15	0.09			
	Note : Total loans to 10 LB	0	5720313			
	Total Deposits	6891607				

### Item 20. Exposure to 5 Largest NPL accountsConcentration of Credit & Deposits

Sl. No.	Particular	End of Current Period	COPPY			
1	Five largest NPL accounts	100535	62365			
	Total NPL	194903	135100			
2	As % of total NPLs	51.58%	46.16%			



For M. P. Sureka & Co.  
Chartered Accountants





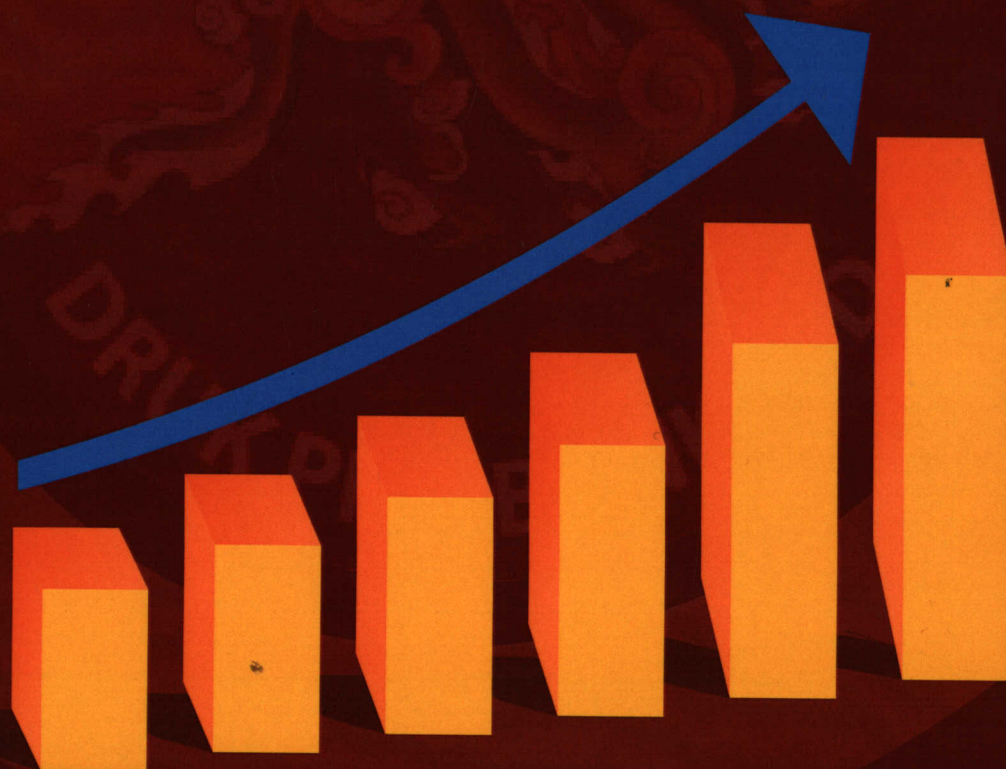
## OUR CORRESPONDENT BANKS

### 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	SCBLLKLX
Standard Chartered Bank(Thai)Public Company Limited, Bangkok, Thailand	SCBLTHBX
Standard Chartered Bank ,Muscat, Oman	SCBLOMRX
Standard Chartered Bank, Manama, Bahrain (All Offices)	SCBLBHBM
Standard Chartered Bank , Frankfurt am Main Germany Branch	SCBLDEFX
Standard Chartered Bank , Jakarta, Indonesia	SCBLIDJX
Standard Chartered Bank (Pakistan)Limited, Karachi, Pakistan	SCBLPKKX
Standard Chartered Bank, Doha, Qatar	SCBLQAQX
Habib Bank Ag zurich, Dubai City, UAE	HBZUAEAD
Bank of Asia Nepal Ltd, Kathmandu	BOALNPKA
Nepal Bangladesh Bank Ltd., Kathmandu	NPBBNPKA
Mizuho Bank Ltd, Tokyo, Japan	MHCBJPJT
Nordea Bank Finland PLC	NEAFIHH





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