



DRUK PNB BANK LTD

. . . your partner in growth!



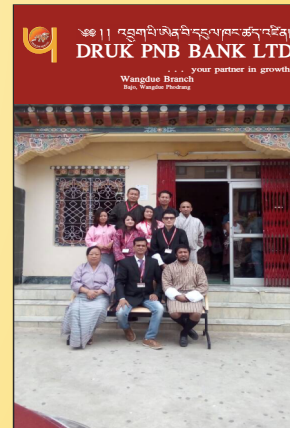
ANNUAL REPORT 2016



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 : 450.00 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 SWIFT Code: PUNBBTBT
Web site: 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
Non Executive Chairman



Kesang Wangdi
Independent Director



Tandin Tshering
Public Shareholder Director



Ms. Usha Ananthasubramanian
MD & CEO Punjab National Bank, New Delhi
(PNB Nominated Director)



H. K. Rai
General Manager, Punjab National Bank New Delhi
(PNB Nominated Director)



Dr. R. Bhaskaran
(Independent Director)



D K Gupta
Chief Executive Officer

Financial Highlights:

Financial Highlights:

Assets/Liabilities Position(In million Ngultrum)

Item	As of 31.12.2015	As of 31.12.2016
Total Assets	8539.26	10166.59
Capital Fund	1037.27	1236.06
Deposit Liabilities	6891.61	8313.67
Advances	4459.48	5040.22

Operating Results (In Million Ngultrum)

Item	For the year 2015	For the year 2016
Income	656.31	771.91
Expenses	466.27	490.53
Net Profit (after tax)	128.98	176.43

Ratios

	2015	2016
Net Interest Margin	5.71%	5.92%
Return on Assets	1.51%	1.74%
Return on Capital	15.54%	17.51%
Profit Per Employee	1.12Mio	1.26Mio
Earnings per share	Nu 2.87	Nu 3.92

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

Directors' Report : 2016

Dear Shareholders,

I extend a very warm welcome to all the shareholders who are present here for the 7th Annual General Meeting of your Bank. On behalf of the Board of Directors I present before you the Annual Report of your Bank for the year ended 31st December, 2016.

Your Bank has completed 7 years of successful operation in 2016 registering a growth in total business from Nu. 11,351.09 Mio in 2015 to Nu. 13,360.24 Mio, showing a growth of 17.70%, comprising of Nu. 8,320.01 Mio as deposit and Nu. 5,040.23 Mio as Advances.

In terms of customer base also, the bank has achieved encouraging results with number of accounts surpassing 97,500 mark as on 31st December 2016 an increase of over 8% over 2015. This Satisfactory performance of your Bank in a span of 7 years is indicative of the quality services rendered. Your Bank has not only registered satisfactory business growth, but also has maintained the quality of assets and liabilities much better than the Industry average. The retail deposit base of the bank, which is considered to be stable deposit, is 80% of the total deposit, while performing advances are 96.75% of total advances.

In terms of the instructions received from Bhutan Accounting Standards (BAS) established on 30th April 2010 for introduction of accounting standards based on the International Financial Reporting Standards (IFRS) we are amongst the first group of listed companies which are chosen by the Authority of handholding while preparing the financial report as per BAS for the year ended 31.12.2014. Thereafter our final accounts are as per BAS for the years ended 2015 and 2016. Hence the annual report of your bank being presented today is in compliance to Bhutan Accounting Standards Phase I.

Net Profit:

In 2016, the Bank earned total income of Nu. 771.987 million against total expenditure of Nu. 508.30 million (after making provision) resulting in post-tax net profit of Nu. 176.43 million, which is 36.79% more than the net profit of Nu. 128.98 million earned in 2015. 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 work order construction activities and production sectors.

Dividend, Capital & Reserve:

The Board of Directors is pleased to recommend a dividend of 10% for the year 2016. This will result in profit distribution of Nu.45 million out of the total net profit of Nu. 176.431 million, thus ploughing back profit of Nu. 131.431 million towards strengthening of capital fund of bank. Out of retained profit of Nu. 131.431 million, an amount of Nu. 88.22 million has been transferred to general reserves in terms of RMA guidelines and balance Nu. 85.63 million retained in P&L account after maintaining foreign exchange fluctuation reserve of Nu. 2.58 million.

Board of Directors:

As on 31st December 2016, 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 2016, following changes took place in the composition of the Board of Directors.

1) Mr. Devendra Kumar Gupta took over the charge of CEO from Mr. Mukesh Dave whose term was over and repatriated to PNB in India. Mr. Devendra Gupta by virtue of being CEO and in terms of AOI, clause no. 62, he is one of the PNB nominated Directors in the Board of the Bank.

2) Mr. Sanjiv Sharan - Executive Director of PNB was inducted as PNB nominated Director in the Board on 17th March, 2017 in place of Ms. Usha Ananthasubramanian, MD Cum CEO of PNB.

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

Statutory Compliance:

The Bank has complied with all the regulatory norms in respect of classification of assets, provisioning on loans as per the quality, exposure limits to single largest borrower & ten largest borrowers, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) and other guidelines of RMA at all times. The Bank is in the process of further consolidation of its Risk Management techniques and establishment Risk Based Internal Supervision model for bringing about qualitative improvement in compliance.

Business expansion:

We are pleased to inform our esteemed shareholders that although no new branch was opened during 2016, we had already earmarked opening of a new branch in Samtse in 2017 due to envisaged developmental growth of the Samtse town and the opening of Industrial estate by MoEA. We are also exploring viable sites for opening of new branch offices in Tashiyangtse and Bunthang in near future. To improve on our alternate delivery channel, one more ATM was installed in the premises of Paro College of Education during the year, thus raising the total number of ATMs to 18.

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 and Basketball tournaments and Dantak Open Mountain Bike Race 2016. Bank also joined Ministry of Education to celebrate Teachers' Day on May 2nd, 2016 to honour about 8000 teachers who work tirelessly across the country to educate children. At the same time we also provided financial support to Bhutan Youth Development Fund in recognition to their noble initiative in taking care of various youth issues.

Staff training & welfare:

The bank gives top priority to the banking knowledge and skill development of its employees by providing them regular training to ensure efficiency in delivering service to its customers. During the year the bank provided training to 22 of its employees in various organizations as per details given as under.


SL.NO.	TRAINING INSTITUTE	No. of employees who attended the training
1	Various in-county programmes	17
2	Payment Gateway/IMPS project study in India	2
3	Risk Management Workshop in Kathmandu, Nepal	2
4	16 Q4 release training in Mumbai, India	1
	Total	22

Statutory Auditors:

M/S S. Patodia and Associates, Chartered Accountants, Kolkata have audited the bank's books of accounts for the year ended 31st December 2016.

Acknowledgement:

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



(Dasho Sangay Wangchuk)

Chairman

For and on behalf of the Board of Directors.

CEO's Report:

I, on behalf of the board and the Management of DRUK PNB Bank Limited would like to take this opportunity to place before you the financial highlights of this bank for the year ended 2016.

We certainly managed to sustain business growth during the year 2016 and achieved business target set by Bank's Board on various fronts. However, the year certainly saw enormous challenges due to stiff competition faced in the market from the existing veteran Banks. Despite which the year went on well in terms of business as compared to previous year. Resultantly, your bank has been able to record increase in net profit to Nu. 176.43 million over Nu. 128.99 million of previous year. We are also pleased to share with stakeholders and in particular our share holders, that we could achieve targets set for 2016 in mobilization of funds, its channelization to the various productive economic sectors and payment services. 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)		
	31.12.2015	31.12.2016	Variance
Total Business	11,351.08	13,360.24	+17.7%
Total Deposits	6,891.61	8,320.01	+20.7%
Total Advances	4,459.48	5,040.23	+13.0%
Net Profit	128.98	176.43	+36.8%
Capital Funds	1,080.67	1,236.06	+14.3%
Customers Base	89,693	97,575	+8.8%
Business per employee	112.39	129.71	+15.4%
Earning Base	71%	74.83%	+5.4%
Return on Equity	15.54%	17.51%	+12.7%
Earnings per share (Actual in Nu.)	Nu. 2.87	Nu. 3.92	+36.6%
Book Value of Share (Actual in Nu.)	Nu. 18.44	Nu. 22.39	+21.4%

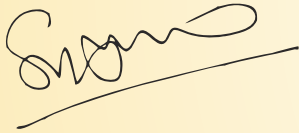
Service Delivery Channel

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 18 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 2016.

Tashi Delek.

A handwritten signature in black ink, appearing to read 'Devendra', with a long horizontal line underneath.

Devendra Kumar Gupta

Chief Executive Officer

Auditors' Report to the Members,

DRUK PNB BANK LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Druk PNB Bank Limited (DPNBL), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

- a) in the case of the statement of financial position, of the state of affairs of the Company as at 31st December, 2016;
- b) in the case of the statement of comprehensive income, of the financial performance for the year ended on that date;
- c) in the case of statement of changes in equity, of the changes in equity for the year ended on that date; and
- d) in the case of the consolidated statement of cash flows, of the cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

This section of auditor's report is intended to describe the matters communicated with those charged with governance that the auditor has determined, in the auditor's professional judgement, were of most significance in the audit of the financial statements and the auditor has determined that there are no matters to report.

Responsibilities of Management and Those Changed With Governance for the Financial Statement

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

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

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

Auditor's Responsibilities for Audit of the Financial Statements

Our responsibilities is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal and Regulatory Requirements

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

As required by the Act, we report that:

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

DRUK PNB BANK LIMITED
Thimphu : Bhutan

ANNEXURE REFERED TO OUR AUDIT REPORT OF EVEN DATE
MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

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

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

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

Computerized Accounting Environment

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

General

1. Going Concern Perspective:

Based on the net asset position reflected by the Bank's Balance Sheet as at 31 December, 2016 audited by us in accordance with the International Auditing Standards and on the basis of such other tests as we considered necessary in this regards, we have no reason to believe that the Bank is not a going concern on the Balance Sheet date and is not likely to become sick in the near future.

2. Ratio Analysis:

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

Ratio	Amount in Millions	2016	2015
Current ratio Current Assets/Current liabilities	6285.60/5398.71	1.19	1.20
Core capital Tier I capital/Total Risk weighted assets	999.24/7640.69	13.08%	10.01%
Capital Adequacy Tier I & Tier II capital/Total Risk weighted assets	1236.05/7640.69	16.18%	13.14%
Statutory Liquidity Requirement Quick Assets/Total liabilities less Capital fund and liabilities to RMA	2286.74/8929.71	25.61%	48.05%

Particulars	2016	2015
Credit Deposit Ratio Loans & Advances / Deposits	60.63%	64.71%
NPA Ratios Total NPA / Loans & Advances	3.25%	4.37%
Interest Expense / Deposits	4.14%	4.29%
Interest Income / Loans	11.00%	11.99%
Deposit Growth	20.67%	20.48%
Advance Growth	13.02%	13.85%
Increase / (Decrease) in Provision	(11.46%)	20.70%
Increase / (Decrease) in Forex Income	(21.64%)	139.14%
Return on Equity (PAT / Equity x 100)	17.51%	15.54%
Return on Assets (PAT / Total Assets x 100)	1.74%	1.51%
Earnings per Share (PAT / No. of Shares issued)	Nu.3.92	Nu.2.87
Net Profit Ratio (PAT / Total Income x 100)	22.85%	19.66%

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

The Bank has complied with the various provisions of the Companies Act Bhutan, 2016 concerning conducting of meetings, 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 of Bhutan, 2016, RMA Prudential Regulations, 2016 and Financial Service Act of Bhutan 2011. The scope of audit is limited to examination and review of the financial statements as produced to us by the management.

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

For S. Patodia & Associates

Chartered Accountants (FRN 316040E)

S. Patodia



Satish Patodia (Membership No. 052583)

PARTNER

Date: 17th March 2017

Place: Thimphu, Bhutan

DRUK PNB BANK LIMITED

Statement of Financial Position

	Note	Amount in Nu.	
		As at	
		December 31, 2016	December 31, 2015
-Assets			
Cash and balances with central banks	13	2,354,534,331.34	1,536,606,154.19
Due from banks	14	2,154,638,329.40	2,164,002,208.78
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	5,040,229,401.56	4,459,478,797.88
Financial investments – available-for-sale		-	-
Financial investments – available-for-sale pledged as collateral		-	-
Financial investments	15A	463,750,000.00	263,750,000.00
Other assets	16	110,361,370.11	81,166,137.64
Property, Plant and equipment	4	42,838,892.77	34,380,668.13
Goodwill and other intangible assets		-	-
Deferred tax assets	22	234,986.00	247,894.00
Non-current assets and disposal groups held for sale		-	-
Total assets		10,166,587,311.18	8,539,631,860.62
-Liabilities			
Due to banks	17	142,309,000.46	128,206,179.86
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	8,177,702,606.13	6,763,400,731.65
Debt issued and other borrowed funds	19	178,800,000.00	207,600,000.00
Current tax liabilities	12	79,092,773.39	57,027,972.65
Other liabilities	20	401,225,979.12	392,575,380.98
Provisions	21	179,848,137.22	160,780,614.30
Deferred tax liabilities		-	-
Non-current liabilities and disposal groups held for sale		-	-
Total liabilities		9,158,978,496.32	7,709,590,879.44
Equity attributable to equity holders of parent			
Issued capital		450,000,000.00	450,000,000.00
Share premium		28,150,800.00	28,150,800.00
General Reserve		327,667,915.14	239,452,333.15
Retained earnings		193,420,247.72	106,652,015.26
Foreign Fluctuation Reserve		8,369,852.03	5,785,832.77
		1,007,608,814.88	830,040,981.18
Non-controlling interest		-	-
Total equity		1,007,608,814.88	830,040,981.18
Total liabilities and equity		10,166,587,311.18	8,539,631,860.62

Signed in terms of our attached report of even date

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)

[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)



DRUK PNB BANK LIMITED

Income Statement

	Note	Amount in Nu.	
		As at	
		December 31, 2016	December 31, 2015
Interest and similar income	5	642,549,342.69	534,625,353.17
Interest and similar expense	6	344,345,209.93	295,572,340.58
Net interest income		298,204,132.76	239,053,012.59
Fees and commission income	7	109,239,217.02	98,486,878.22
Fees and commission expense		-	-
Net fee and commission income		109,239,217.02	98,486,878.22
Net trading income		-	-
Net gain (loss) on financial assets and liabilities designated at fair value through profit or loss		-	-
Other operating income	8	20,198,474.77	23,196,259.67
Total operating income		427,641,824.55	360,736,150.48
NPA Provisions	9	17,778,092.90	23,300,440.30
Impairment losses on financial investments		-	-
Net operating income		409,863,731.65	337,435,710.18
Personnel expenses	10	65,609,523.18	57,518,176.49
Depreciation of property and equipment		14,479,511.34	14,604,649.08
Amortisation of intangible assets		-	-
Other operating expenses	11	66,089,091.48	75,272,487.12
Total operating expenses		146,178,126.00	147,395,312.69
Profit before tax from continuing operations		263,685,605.65	190,040,397.49
Income tax expense-Current Tax	12A	87,241,533.68	61,073,257.54
Income tax expense-Deferred Tax	12B	12,908.00	(15,853.00)
Profit for the year from continuing operations		176,431,163.97	128,982,992.96
Discontinued operations			
Profit after tax for the year from discontinued operations		-	-
Profit for the year		176,431,163.97	128,982,992.96
Attributable to:			
Equity holders of the parent			
Profit for the year from continuing operations		176,431,163.97	128,982,992.96
Profit for the year from discontinued operations		-	-
Profit for the year attributable to equity holders of the parent		176,431,163.97	128,982,992.96
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		-	-
		176,431,163.97	128,982,992.96
Earnings per share	23		
Basic earnings per share		3.92	2.87
Diluted earnings per share		3.92	2.87
Basic earnings per share from continuing operations		3.92	2.87
Diluted earnings per share from continuing operations		3.92	2.87

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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia
(CEO)

Satish Patodia
(Chairman)

Satish Patodia
(Director)

Satish Patodia (Membership No. 052583)



DRUK PNB BANK LIMITED

Statement of Changes in Equity

Amount in Nu.

	Issued Capital	Share Premium	General Reserve (Statutory Reserve)	Retained Earnings	Foreign Fluctuation Reserve	Total Equity
At 1 January 2015						
Total comprehensive income	449,712,300.00	28,150,800.00	174,960,836.67	80,541,184.20	3,007,151.35	736,372,272.22
Issue of share capital	-	-	-	128,982,992.96	2,778,681.42	131,761,674.38
Share-based payments	287,700.00	-	-	-	-	287,700.00
Dividends paid for 2013	-	-	-	-	-	-
Transfer to Foreign Fluctuation Reserve	-	-	-	-35,976,984.00	-	-35,976,984.00
Transfer to General Reserve	-	-	-	-2,778,681.42	-	-2,778,681.42
Transfer to General Reserve	-	-	64,491,496.48	-64,491,496.48	-	-
Prior Period Adjustments	-	-	-	375,000.00	-	375,000.00
At 31 December 2015	450,000,000.00	28,150,800.00	239,452,333.15	106,652,015.26	5,785,832.77	830,040,981.18
Total comprehensive income	-	-	-	176,431,163.97	2,584,019.26	179,015,183.23
Issue of share capital	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Dividends paid of 2014	-	-	-	-	-	-
Transfer to Foreign Fluctuation Reserve	-	-	-	-2,584,019.26	-	-2,584,019.26
Transfer to General Reserve	-	-	88,215,581.99	-88,215,581.99	-	-
At 31 December 2016	450,000,000.00	28,150,800.00	327,667,915.14	193,420,247.72	8,369,852.03	1,007,608,814.88

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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)

[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)



DRUK PNB BANK LIMITED

Statement of Cash Flow

Particulars	31-Dec-16	31-Dec-15
	Amounts (Nu.)	Amounts (Nu.)
A. Operating Activities		
Profit before tax from continuing operations	263,685,605.65	190,040,397.49
Profit before tax from discontinued operations	-	-
Profit before tax	263,685,605.65	190,040,397.49
Adjustment for:-		
Change in operating assets	(580,750,603.68)	(542,404,630.71)
Change in operating liabilities	1,428,404,695.08	1,171,293,483.17
Change in other operating assets	(29,195,232.47)	(10,630,890.25)
Change in other operating liabilities	27,718,121.06	29,410,473.45
Other non-cash items included in profit before tax	14,479,511.34	14,604,649.08
Net gain/(loss) from investing activities	-	-
Profit on sale of PPE	-	-
Net gain/(loss) from financing activities	-	-
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	(4,077,172.92)	(797,833.88)
Income tax paid	(61,452,640.96)	(48,337,996.47)
Net cash flows from operating activities	Total of (A)	803,177,651.88
B. Financing Activities		
Proceeds from Issue of share capital		287,700.00
Proceeds from issuance of bonds	(28,800,000.00)	(28,800,000.00)
Dividends paid to equity holders		(35,976,984.00)
Net cash flows from/(used in) financing activities	Total of (B)	(64,489,284.00)
C. Cash Flow from Investing Activity		
Purchase of property and equipment	(22,963,541.00)	(4,525,150.00)
Proceeds from sale/damage of property and equipment	25,805.00	-
Net cash flows from/(used in) investing activities	Total of (C)	(4,525,150.00)
Change in Cash and cash equivalents	(A+B+C)	734,163,217.88
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	4,077,172.92	797,833.88
Opening Cash and cash equivalents	3,949,810,529.09	3,215,647,311.21
Closing Cash and cash equivalents	4,505,095,487.82	3,949,810,529.09
Change in Cash and cash equivalents	555,284,958.73	734,163,217.88

Reconciliation of closing Cash and cash equivalent

As per Cash Flow Statement	4,505,095,487.82	3,949,810,529.09
As per Statement of Financial Position		
Cash and balances with central banks	2,354,534,331.34	1,536,606,154.19
Due from banks	2,154,638,329.40	2,414,002,208.78
Unrealised foreign exchange Gain on conversion of cash and cash equivalent	(4,077,172.92)	(797,833.88)
	4,505,095,487.82	3,949,810,529.09

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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)

[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)



Significant Accounting Policies for the Year ended 31st December 2016.

1. Basis of Preparation

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

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

2. Revenue Recognition:

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

3. Property, Plant & Equipment:

The 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.

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

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

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

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

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

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

4. Intangible Assets:-

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

5. Loans:

Loans are stated at principal amount plus interest accrued thereon.

6. Retirement /employee benefits:

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

7. Provision for non performing Loans:

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

Category	Provision on outstanding principal amount (Existing)		Provision on outstanding principal amount (revised effective 31.12.2015)	
	Days	%	Days	%
1)standard	Upto 30	1%	Upto 30	1%
2)Watch	31-90	1.5%	31-90	1.5%
3)Substandard	91-180	15% (30% for sector with highest exposure)	91-180	20% (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 :

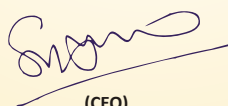
Dividends (including interim dividends) to ordinary shareholders is recognized as a liability and deducted from shareholders' equity in the period in which the dividends are declared by the Board of directors and approved by the ordinary shareholders.

(For and on behalf of Board of Directors)

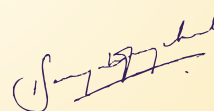
For S. Patodia & Associates
Chartered Accountants



Satish Patodia (Membership No. 052583)



(CEO)



(Chairman)



(Director)



DRUK PNB BANK LIMITED

Reconciliation of Share Capital

Amount in Nu.

	As at 31.12.2016	As at 31.12.2015
SHARE CAPITAL		
(a) Authorised Share Capital 100,000,000 Equity Shares of Nu.10 Each (PX: 10,000,000 equity shares of Nu.100 each)	1,000,000,000.00	1,000,000,000.00
(b) Issued, Subscribed and Fully Paid Up Share Capital 44,971,230 Equity Shares of Rs.10 each fully paid up (PX: 4497123 equity shares of Nu.100 each) (4,493,923 Equity Shares of Nu.100 each fully paid up	450,000,000.00	450,000,000.00
(c) Par Value per Share	10.00	10.00
(d) Number of Equity Shares at the beginning of the year Add: Issue Less: Buy Back Number of Equity Shares at the end of the year	45,000,000.00	45,000,000.00
(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.	45,000,000.00	45,000,000.00

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.

For S. Patodia & Associates
Chartered Accountants

S. Patodia
Sushil Patodia (Membership No. 052583)



(For and on behalf of Board of Directors)

(Signature)
(Chairman)

(Signature)
(Director)

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		
Cost:											
At 1 January 2015	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		
Additions	-	-	5,900.00	539,200.00	49,500.00	1,344,040.00	20,857,285.00	167,616.00	22,963,541.00		
Disposals	-	-	-	-	-	-	25,805.00	-	25,805.00		
Exchange adjustment	-	-	-	-	-	-	-	-	-		
At 31 December 2016	4,461,530.00	2,756,382.30	599,166.43	6,873,754.19	7,395,088.26	15,166,490.35	92,021,250.85	2,180,186.83	131,453,849.21		
Depreciation and impairment:											
At 1 January 2015	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	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		
Disposals	-	-	-	-	-	-	-	-	-		
Depreciation charge for the year	-	224,513.18	71,187.64	331,397.78	763,205.34	2,154,430.99	10,635,177.29	299,599.13	14,479,511.34		
At 31 December 2016	4,461,530.00	2,698,380.30	529,316.50	1,858,399.00	4,286,268.43	10,380,283.33	62,808,981.50	1,591,797.37	88,614,956.43		
Net Book value:											
At 1 January 2015	-	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		
At 31 December 2016	-	58,002.00	69,849.93	5,015,355.19	3,108,819.83	4,786,207.02	29,212,269.35	588,389.46	42,838,892.77		

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

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)

(For and on behalf of Board of Directors)

S. Patodia

(Chairman)

S. Patodia

(Director)



5. Interest and similar income		Amount in Nu.	
Particulars	As at 31-December-2016	As at 31-December-2015	
Interest from Loans & Advances	554,391,349.94	477,001,093.73	
Interest from Deposits with Banks in Bhutan	88,060,199.28	57,552,546.42	
Other Interest Income	97,793.47	71,713.02	
	642,549,342.69	543,625,353.17	

Interest income on loans of Nu. 554391349.94/- is net of suspended interest of Nu. 30769677.15/- which conforms to the Prudential Regulation,2002, issued by Royal Monetary Authority of Bhutan.

6. Interest and similar expense		As at 31-December-2016	As at 31-December-2015
Particulars			
Interest paid on Deposits	324,436,716.79	275,575,080.30	
Interest paid on Subordinated Term debts	19,908,493.14	19,997,260.28	
	344,345,209.93	295,572,340.58	

7. Net fees and commission income		As at 31-December-2016	As at 31-December-2015
Particulars			
Fees and commission income	109,239,217.02	98,486,878.22	
Fees and commission expenses		-	
	109,239,217.02	98,486,878.22	

8. Other operating income		As at 31-December-2016	As at 31-December-2015
Particulars			
Other	5,432,650.42	4,353,262.40	
Foreign Exchange Gain	14,765,824.35	18,842,997.27	
-Realized Gain & Unrealized	14,765,824.35	18,842,997.27	
	20,198,474.77	23,196,259.67	

9. Credit loss expenses		As at 31-December-2016	As at 31-December-2015
Particulars			
Provisions against loans:			
General	6,239,707.65	2,425,377.15	
Specific	11,538,385.25	20,875,063.15	
Dynamic	-	-	
Others	-	-	
	17,778,092.90	23,300,440.30	

10. Personnel expenses		As at 31-December-2016	As at 31-December-2015
Particulars			
Salaries and other allowances	65,609,523.18	57,518,176.49	
	65,609,523.18	57,518,176.49	

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

10.2. Gratuity of Nu. 1289430.00 have been provided in these accounts on the assumption that all the employees cease to be employed with effect from 01/01/2017. The accumulated provision (as on 31/12/2016) Nu. 6961270.00 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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)

Satish Patodia (Membership No. 052583)



11. Other operating expenses		Amount in Nu.	
Particulars	As at 31-December-2016	As at 31-December-2015	
Advertising and marketing	1,775,930.97	1,524,368.90	
Administrative	8,254,981.56	15,749,979.01	
Outsourcing of Financial services	15,562,227.08	14,430,770.85	
Professional fees	280,400.00	275,000.00	
Rental charges payable under operating leases	13,444,500.12	12,772,140.92	
Other	26,771,051.75	30,520,277.44	
	66,089,091.48	75,272,487.12	

12. Tax expenses			
Particulars	As at 31-December-2016	As at 31-December-2015	
(A)			
Current tax for the year	79,092,773.39	57,027,972.65	
Miscellaneous tax paid	4,424,668.31	4,045,284.89	
Tax for earlier year period	3,724,091.98		
	87,241,533.68	61,073,257.54	
(B)			
Deferred tax	12,908.00	(15,853.00)	
TOTAL (A+B)	87,254,441.68	61,057,404.54	

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. Corporate income tax assessment has been completed till FY 2015. Necessary effects have been accounted for. Additional tax of Nu. 3,724,091.98 has been paid.

13. Cash and balances with central banks			
Particulars	As at 31-December-2016	As at 31-December-2015	
Cash in hand:			
BTN	68,538,007.24	74,830,554.70	
INR	1,500.00	894,600.00	
FC	9,026,778.37	2,841,427.18	
CRR with the Central Bank	787,984,422.15	631,765,683.52	
Current account with the Central Bank	100,000.00	100,000.00	
Balance with RMA	1,488,883,623.58	826,173,888.79	
	2,354,534,331.34	1,536,606,154.19	

14. Due from banks			
Particulars	As at 31-December-2016	As at 31-December-2015	
Balance with Banks in India & third countries			
Current Account	876,688,035.96	824,598,785.44	
Current Account in Bhutan	255,789,023.44	222,326,448.34	
Deposit Account in Bhutan	1,022,161,270.00	1,117,076,975.00	
	2,154,638,329.40	2,164,002,208.78	

15. Loans and advances to customers			
Particulars	As at 31-December-2016	As at 31-December-2015	
Demand loans	253,864,244.77	253,448,819.95	
Cash Credit	403,605,989.67	358,790,490.89	
Overdraft etc	1,136,959,441.31	991,455,691.13	
Term Loan	3,263,799,725.81	2,855,183,795.91	
Bills discounted & Pruchased	0.00	600,000.00	
	5,040,229,401.56	4,459,478,797.88	

15A. Investments			
Particulars	As at 31-December-2016	As at 31-December-2015	
Financial Investments - Others	213,750,000.00	13,750,000.00	
Financial Investments - Held to Maturity	250,000,000.00	250,000,000.00	
	463,750,000.00	263,750,000.00	

16. Other assets			
Particulars	As at 31-December-2016	As at 31-December-2015	
Interest accrued	52,135,820.59	48,400,374.12	
Advances made recoverable/Adjustable	9,546,139.52	8,343,941.33	
Advance I.Tax	28,556,553.00	23,012,112.39	
Tax Deducted at Source	2,979,330.36		
Remittances in Transit	-	-	
Govt. T Bills	10,891,650.00		
Stationery in hand	1,725,224.80	1,409,709.80	
Prepaid expenses	4,526,651.84		
	110,361,370.11	81,166,137.64	

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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)



[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)

17. Due to banks		Amount in Nu.	
Particulars	As at 31-December-2016	As at 31-December-2015	
Balance from other banks in Current Deposits	135,972,763.25	125,991,569.48	
Balances with other offices	6,336,237.21	2,214,610.38	
	142,309,000.46	128,206,179.86	

18. Due to Customers			
Particulars	As at 31-December-2016	As at 31-December-2015	
Demand Deposits:	4,900,787,385.54	4,189,664,503.06	
Current Deposits	1,559,608,371.08	1,334,734,247.83	
Savings Bank Deposits	3,341,179,014.46	2,854,930,255.23	
Term Deposits:	3,276,915,220.59	2,573,736,228.59	
Fixed Deposits	3,085,881,136.59	2,385,884,342.59	
Recurring Deposits	191,034,084.00	187,851,886.00	
	8,177,702,606.13	6,763,400,731.65	

19. Subordinated term debts			
Particulars	As at 31-December-2016	As at 31-December-2015	
60% of 144000 unsecured Bonds of Nu. 1000 each and 150000 Bonds of Nu. 1000 each under Govt. ESP	178,800,000.00	207,600,000.00	
	178,800,000.00	207,600,000.00	

20. Other Liabilities			
Particulars	As at 31-December-2016	As at 31-December-2015	
Interest Payable	157,151,927.99	122,903,134.57	
Suspended Interest	30,769,677.15	25,911,428.09	
Accounts Payable and sundry creditors	213,304,373.98	243,760,818.32	
	401,225,979.12	392,575,380.98	

21. Provisions			
Particulars	As at 31-December-2016	As at 31-December-2015	
Provision - Gratuity	6,961,270.00	5,671,840.00	
Provision - Loans - General	49,644,049.82	43,404,342.15	
- Specific	123,242,817.40	111,704,432.15	
- Dynamic	-	-	
	179,848,137.22	160,780,614.30	

22. Deferred tax			
Particulars	As at 31-December-2016	As at 31-December-2015	
Depreciation as per BAS (based on useful life) during the year	14,479,511.34	14,604,649.08	
Depreciation as per IT during the year	14,522,539.03	14,551,804.42	
Timing Difference	(43,027.69)	52,844.66	
Deferred Tax (Liability)/Asset	(12,908.00)	15,853.00	

23. EPS			
Particulars	As at 31-December-2016	As at 31-December-2015	
Net profit attributable to the owners of the company	176,431,163.97	139,206,248.04	
Issued and outstanding ordinary shares at the beginning of the year	450,000,000.00	44,971,230.00	
Shares issued during the year		28,770.00	
Total Shares outstanding at the end of the year	45,000,000.00	45,000,000.00	
Basic and Diluted EPS	3.92	3.09	

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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)

Satish Patodia (Membership No. 052583)



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

Sl. No.	Name	Nature of Relationship	Nature of Transactions/Loan Facility	Outstanding as on 31.12.2016	Outstanding as on 31.12.2015
1	Director/ Associates Dasho Sangay Wangchuk	Director	Overdraft		71,499,769.00
2	Relative of the Director Ashi Chimi Yangzom Wangchuk	Spouse of Director	Term Loan	839,098.45	1,409,248.45
3	Dasho Kuenley Wangchuk	Director's Father	Term Loan	131,552,237.96	122,418,350.96
4	Aum Sangay Om	Director's Mother	Term Loan / Overdraft	48,553,120.11	76,467,836.54
5	Kesang Wangchuk	Director's Brother	Overdraft	31,558,801.88	10,207,768.34
6	Yangchen Wangchuk	Director's Sister	Cash Credit	8,841,283.57	8,710,702.71
7	Key Managerial Person Chief Executive Officer		Remuneration	Paid in 2016 4556190.05	Paid in 2015 3409743.31
			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	205,234,834.37
b) Other Guarantees	2,033,641,572.52
Total	2,238,876,406.89

C. Management Expenses:

Management expenses include:

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

Particulars	2016 (Amt. in Nu.)	2015 (Amt. in Nu.)
Remuneration	4,556,190.05	3,409,743.31
Directors sitting fees	60,000.00	60,000.00

b) Audit Related:

Particulars	2016 (Amt. in Nu.)	2015 (Amt. in Nu.)
Audit fees and expenses:		275,000.00

D. Deferred Tax:

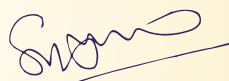
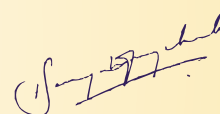
The net position of deferred tax liability/asset during the year 2016 is as follow:-

	31.12.2016	31.12.2015
Opening Deferred Tax Liability/ (Assets)	(247,894.00)	(232,041.00)
Provided during the year	12,908.00	(15,853.00)
Closing Deferred Tax Liability / (Assets)	(234,986.00)	(247,894.00)

E. The Company has made a provision of proposed dividend of Nu. nil for the year 2015. The same has been booked from profit of the current year (2016) 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. 17,50,000/-.
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.

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants*S. Patodia*
(CEO)
(Chairman)
(Director)**Satish Patodia (Membership No. 052583)**

Amount in Nu.

Income Tax Reconciliation as per BAS & IT depreciation 2016	
Profit before tax from continuing operations	263,685,605.65
Add Back Depreciation as per BAS	14,479,511.34
	278,165,116.99
Less : Depreciation as per IT Act	14,522,539.03
Profit before tax for continuing operation as per IT	263,642,577.96
Income Tax for the year	79,092,773.39

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

(For and on behalf of Board of Directors)

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)

[Signature]
(CEO)

[Signature]
(Chairman)

[Signature]
(Director)



SEGMENT WISE REPORTING

Amount in Nu.

Particulars	2016			2015				
	Retail Segment	Corporate Segment	Others	Total	Retail Segment	Corporate Segment	Others	Total
Operating Income								
Third Party	631,922,617.46	140,064,417.02	-	771,987,034.48	431,684,469.83	224,624,021.23	-	656,308,491.06
Inter Segment	-	-	-	-	-	-	-	-
Total Operating Income	631,922,617.46	140,064,417.02	-	771,987,034.48	431,684,469.83	224,624,021.23	-	656,308,491.06
Credit Loss Expense								
Impairment loss on Financial Investments	631,922,617.46	140,064,417.02	-	771,987,034.48	431,684,469.83	224,624,021.23	-	656,308,491.06
Net Operating Income								
Extracts of Results								
Interest and Similer Income	502,484,925.67	140,064,417.02	-	642,549,342.69	310,001,331.94	224,624,021.23	-	534,625,353.17
Interest and Similer Expenses	275,758,575.93	68,586,634.00	-	344,345,209.93	284,694,121.58	10,878,219.00	-	295,572,340.58
Net Interest Income/Expenses	226,726,349.74	71,477,783.02	-	298,204,132.76	25,307,210.36	213,745,802.23	-	239,053,012.59
Fee and Commission Income	109,239,217.02	-	-	109,239,217.02	98,486,878.22	-	-	98,486,878.22
Fee and Commission Expense	109,239,217.02	-	-	109,239,217.02	98,486,878.22	-	-	98,486,878.22
Net Fees and Commission Income/Expense								
Net Trading Income	-	-	-	-	-	-	-	-
Depreciation on PPE	-	-	-	-	-	-	-	-
Amortization of Intangible Assets	-	-	-	-	-	-	-	-
Segment Profit/Loss								
Income Tax Expenses	-	-	-	-	-	-	-	-
Profit for the year								
Assets								
PPE								
Intangible Assets								
Other Assets	3,513,777,222.54	1,526,452,179.02	-	5,040,229,401.56	3,238,544,864.89	1,220,933,932.99	-	4,459,478,797.88
Total Assets	3,513,777,222.54	1,526,452,179.02	-	5,040,229,401.56	3,238,544,864.89	1,220,933,932.99	-	4,459,478,797.88
Total Liabilities								
	5,379,030,612.94	2,940,980,993.65	-	8,320,011,606.59	5,897,082,672.51	994,524,239.00	-	6,891,606,911.51

For S. Patodia & Associates
Chartered Accountants

S. Patodia

Satish Patodia (Membership No. 052583)

(For and on behalf of Board of Directors)

S. Patodia

(Chairman)

S. Patodia

(Director)



item 1. Tier 1 capital & its sub-components			Applicable : Dec. 2016	item 2. Tier 2 capital & its sub-components			Applicable : Dec. 2016
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	450000.00	a	Capital Reserve	0.00	0.00
b	General Reserves	327667.91	239452.33	b	Fixed Assets Revaluation Reserve	0.00	0.00
c	Share Premium Account	28150.80	28150.80	c	Exchange Fluctuation Reserve	8369.85	5785.83
d	Retained Earning	193420.25	106277.02	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	49644.05	43404.34
	Total	999238.96	823880.15	g	Capital Grants	0.00	0.00
				h	Subordinate Debt	178800.00	207600.00
				i	Profit of the Year		
					Total	236813.90	256790.17

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	89,775.37	114,868.81	0%		
2	L & A other than LFAD	4,786,472.04	4,207,127.27	100%	4,786,472.04	
3	Non Permoing Loan less spcl. provision	40,739.18	2,253,079.28	150%	61,108.77	5,974,223.04
4	Claim on commercial Bank	2,154,638.33	34,380.67	20%	430,927.67	521,877.51
5	Fixed Assets	42,838.89	94,789.03	100%	42,838.89	34,380.67
6	Other Assets	574,346.35	170,443.71	100%	574,346.35	94,789.03
7	Off balance Sheet items	428,333.88		100%	428,333.88	
8	Transaction related contingent item	1,728,706.98	1,601,355.33	50%	864,353.49	1,601,355.33
9	Operational risk				452,305.15	
	Grand Total	9,845,851.02	8,305,600.39		7,640,686.24	8,226,625.58

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	999238.96	823880.15
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	236813.90	256790.17
3	Total Qualifying Capital	1236052.86	1080670.32
4	Core CAR	13.08	10.01
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	16.18	13.14
6	Leverage Ratio	10.15	9.92

Item 5. Loans and NPL by Sectoral Classifications

Sl. No.	sector	Current Period		COPPY	
		Total Loans	NPL	Total Loans	NPL
a	Agriculture	15,476,593.80	473,464.48	620,186.48	432,831.48
b	Manufacturing / Industry	628,520,438.02	42,789,999.51	501,847,052.54	14,802,404.18
c	Service & Tourism	1,367,953,080.60	68,605,496.88	1,177,079,141.64	54,156,624.28
d	Trade & Commerce	414,741,588.82	15,896,478.78	491,437,245.73	25,212,193.88
e	Housing	1,455,969,941.45	7,531,681.00	1,201,999,929.32	7,352,291.00
f	Transport	127,774,740.22	7,556,284.50	116,279,809.05	9,065,793.78
g	Loans to Purchase Securities	289,420,343.90		264,638,734.46	
h	Personal Loan	259,550,264.42	20,636,485.69	320,965,758.19	81,646,641.34
i	Education Loan	14,860,627.29	492,107.00	19,089,368.69	503,194.00
j	Loan Against Term Deposits	89,775,367.15		114,735,663.42	
k	Loans to FI(s)	250,075,342.00		33,683,077.00	
l	Infrastructure Loan				
m	Staff Loan (Incentive)	20,545,034.77		35,528,137.96	
n	Loans to Govt. Owned Corporation	105,566,039.12		115,267,048.45	
o	Consumer Loan (GE)			66,307,644.95	1,730,877.23
	Grand Total	5,040,229,401.56	163,981,997.84	4,459,478,797.88	194,902,851.17

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	40,099,162.40	61,895,532.10
c	Public Companies		
d	Private Companies	538,463,185.94	616,484,674.40
e	Individuals	776,503,360.61	742,768,343.38
f	Commercial Banks		
g	Non-Bank Financial Institutions	250,075,342.00	
	Sub-Total	1,605,141,050.95	1,421,148,549.88
2	Term Loans		
a	Government		
b	Government Corporations	105,566,039.12	115,267,048.45
c	Public Companies		
d	Private Companies	406,116,051.75	284,674,649.85
e	Individuals	2,923,406,259.74	2,604,705,472.70
f	Commercial Banks		
g	Non-Bank Financial Institutions		33,683,077.00
	Sub-Total	3,435,088,350.61	3,038,330,248.00
	Total Loans	5,040,229,401.56	4,459,478,797.88



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

Sl. No.	As of period ending	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	Total
1	Cash in hand								
2	Govt, Securities								
3	Investment Securities								
4	Loans and Advances to Banks	8941301.58	21006417.21	150152751.44	173484743.30	164188402.50	200674714.12	3741030467.76	4459478797.88
5	Loans and Advances to Customers								
6	Other Assets								
	TOTAL	8941301.58	21006417.21	150152751.44	173484743.30	164188402.50	200674714.12	3741030467.76	4459478797.88
1	Amount Owed to other Banks								
2	Demand deposits								
3	Saving deposits								
4	Time deposits								
5	Bonds and Other Negotiable Instruments								
6	Other Liabilities								
	TOTAL	8941301.58	21006417.21	150152751.44	173484743.30	164188402.50	200674714.12	3741030467.76	4459478797.88
1	Assets / Liabilities	8941301.58	21006417.21	150152751.44	173484743.30	164188402.50	200674714.12	3741030467.76	4459478797.88
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								
2	Govt, Securities								
3	Investment Securities								
4	Loans and Advances to Banks	1350246182.02	8537324.00	135609141.52	137126751.00	131466218.40	160680933.60	2535812237.34	4459478797.88
5	Loans and Advances to Customers								
6	Other Assets								
	TOTAL	1350246182.02	8537324.00	135609141.52	137126751.00	131466218.40	160680933.60	2535812237.34	4459478797.88
1	Amount Owed to other Banks								
2	Demand deposits								
3	Saving deposits								
4	Time deposits								
5	Bonds and Other Negotiable Instruments								
6	Other Liabilities								
	TOTAL	1350246182.02	8537324.00	135609141.52	137126751.00	131466218.40	160680933.60	2535812237.34	4459478797.88
1	Assets / Liabilities	1350246182.02	8537324.00	135609141.52	137126751.00	131466218.40	160680933.60	2535812237.34	4459478797.88
2	Net Mismatch in each time interval								
3	Cumulative Net Mismatch								

Item 9. Assets & Liabilities by time - to - re-ricing (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								
2	Treasury Bills								
3	Loans and Advances	180100470.23	173484743.30	364733116.59	3741030467.76	130000	4459478797.88		
4	Investment Securities								
5	Other Assets								
6	Total financial Assets	180100470.23	173484743.30	364733116.59	3741030467.76	130000	4459478797.88		
1	Liabilities								
2	Deposits								
3	Borrowings								
4	Other Liabilities								
5	Total financial liabilities								
6	Total interest Re-ricing gap								

Item 10. Non performing Loans and Provisions

Sl. No.		Current Period	COPPY
1	Gross Loans	5040229401.56	4459478797.88
	Amount of NPLs (Gross)	163981997.84	194902851.17
	Substandard	2347193.15	57305301.18
	Doubtful	19328895.13	26267262.50
	Loss	142305909.56	111330287.49
	163981997.84	194902851.17	
2	Specific Provisions	123242817.40	111704432.15
	Substandard	425012.57	8147109.40
	Doubtful	9642846.63	12509840.31
	Loss	113174958.20	91047482.44
	123242817.40	111704432.15	
3	Interest in Suspense	30769677.15	25911428.09
	Substandard	222130.28	2991238.49
	Doubtful	1416595.51	2637384.55
	Loss	29130951.36	202828805.05
	30769677.15	25911428.09	
4	Net NPLs	9969503.29	26366137.60
	Substandard	1700050.30	46166953.29
	Doubtful	8269452.99	11120037.64
	Loss	9969503.29	57286990.93
	9969503.29	57286990.93	
	Net Loans	4886216907.01	4321862937.64
5	Gross NPLs to Gross Loans	3.25%	4.37%
6	Net NPLs to Net Loans	0.20%	1.33%
7	General Provisioning	44701992.70	39441393.56
	Standard	4942057.12	3962948.62
	Watch		

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	194,902,851.17						
Current Year	163,981,997.84	(30,920,853.33)	11,538,385.25	4,858,249.06	(18,552,512.00)	(34,949,146.31)	
Note: Refer TVP-Example Formula							
PCR=	SP owing to additional NPL in year / Interest in suspense account in year + accretion to CCyB in year / Additional Gross NPL in year						x 100

Item 19. Concentration of Credit & Deposits

Sl. No.	Particular	End of Current Period	COPPY
1	Total loans to 10 largest borrowers	1412896710.08	1319084794.98
	Total loans	5040229401.56	4459478797.88
2	As % of total loans	28.03%	29.58%
3	Total deposits of the 10 largest depositors	2780484.00	1050711.00
4	As % of total deposits	33.42%	15.25%
	Note:		
	Total loans to 10 LB	0	0
	Total Deposits	8320011.00	6891607.00

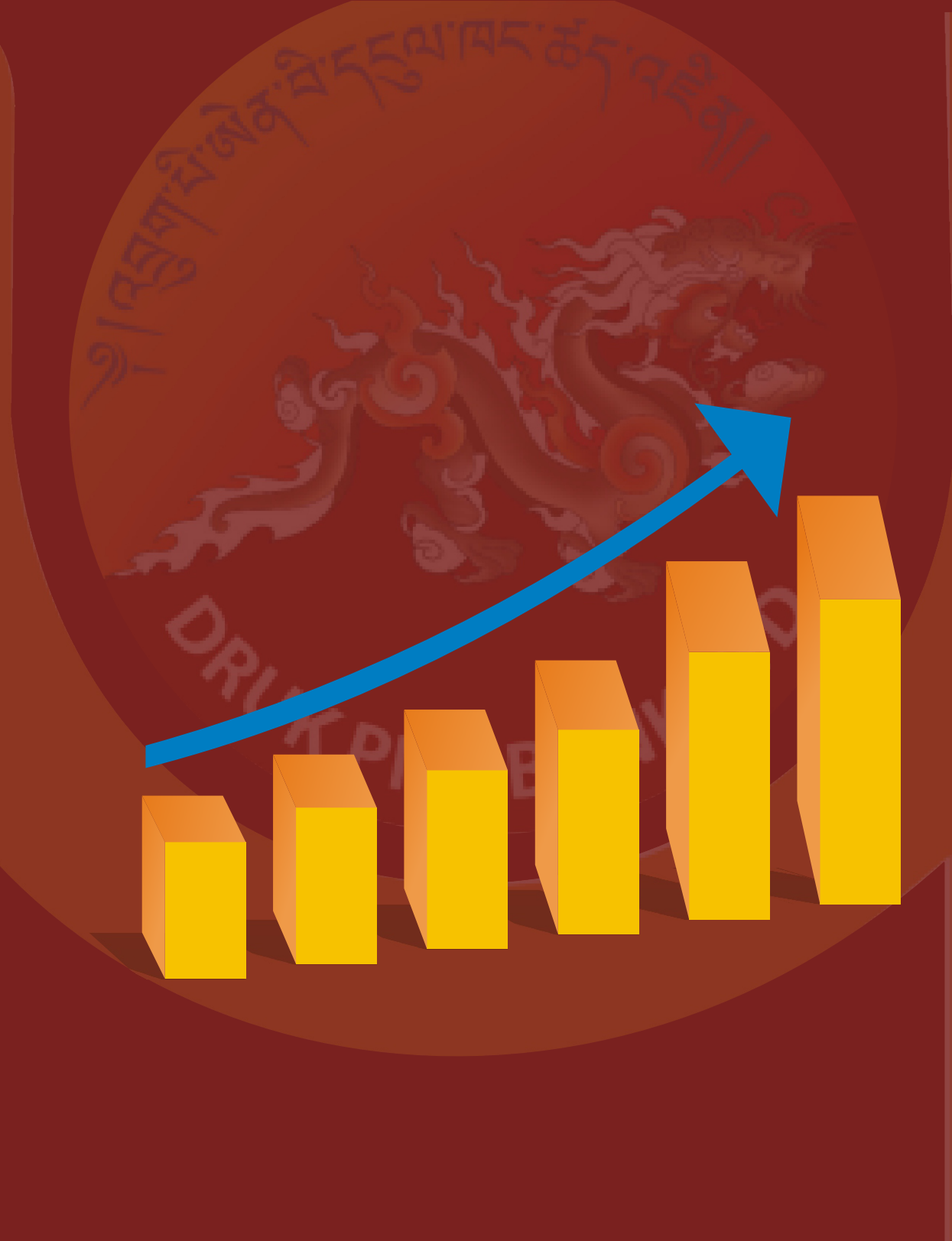
Item 20. Exposure to 5 Largest NPL accounts Concentration of Credit & Deposits

Sl. No.	Particular	End of Current Period	COPPY
1	Five largest NPL accounts	83004234.50	100535035.38
	Total NPL	163981997.84	194902851.17
2	As % of total NPLs	50.62%	51.58%



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	SCBLCLKX
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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