

ROYAL MONETARY AUTHORITY OF BHUTAN

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Financial Regulation & Supervision Department

FINANCIAL SECTOR PERFORMANCE REVIEW REPORT

(June 2015-2016)

This report presents the performance of the Bhutanese financial sector on peer group basis (excluding NPPF) for the period ended Q2 FY'16 in comparison to the corresponding quarter of the previous year. This report has been prepared by the Financial Regulation & Supervision Department of the Royal Monetary Authority of Bhutan (RMA) and the information contained in this report is based on the returns submitted by the financial institutions to the RMA.

Overview

The financial system in Bhutan is dominated by the banking sector which accounted for 85.40% (Nu.106.20billion) of the total asset (Nu.124.36 billion) during the period under review. The financial sector recorded a profit of Nu.310.22 million, however, when comparing with June 2015, the net profit has decreased by Nu.272 million, from Nu.582.73million in June 2015 to Nu.310.22 in June 2016. The banking sector has earned a net profit of Nu.30.39million while the non-banks performed better with a net profit of Nu.279.83 million.

The financial sector's total credit to the economy amounted to Nu.86.60billion as compared to Nu.71.51 billion indicating a growth of 21.11% (Nu.15.09billion). In terms of lending by sectors, the increase in total credit was mainly attributable to a strong demand towards Trade and Commerce Sector with Nu. 19.37billion (22.37%) followed by Housing Sector with Nu.19.24billion (22.22%) thus, leading the other sectoral exposures. Regarding the asset quality, the financial sector registered a gross NPL ratio of 9.10% in June 2016 as compared to 9.46% in June 2015, indicating slight improvement in the quality of loans. Both Capital Adequacy ratio and Statutory Liquidity ratio were maintained above the minimum regulatory requirement during the period under review.

Capital and Reserves

Capital is main source of financial support to protect against unexpected losses. The presence of adequate capital enhances a bank's credibility, not just with the depositors but also with other creditors, and hence reduces the potential for bank failure.

The capital fund of the financial sector for the 2nd quarter 2016 has increased by Nu.1.56billion, from Nu.19.44billion in June 2015 to Nu.21.00 billion in June 2016. In terms of the capital composition, the tier 1 capital (consisting of paid up capital, general reserves and retained earnings), which can absorb the unexpected losses without the bank being required to cease operation, consists of 77.49%.

Table 1: Capital Ratios for June 2015-june 2016				Figures in million(Nu.)		
Capital Ratios	BANKS		NON BANKS		Total FIs	
	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16
Capital Fund	16532.54	17488.33	2910.00	3273.37	19442.54	20761.70
Total Risk weighted Asset	94444.94	97472.76	18516.35	25136.46	112961.29	122609.22
RWCAR(10%)	17.50%	17.94%	15.72%	13.02%	17.21%	16.93%
Tier 1	12653.75	13795.16	2193.85	2480.63	14847.60	16275.79
Core CAR(5%)	13.40%	14.15%	11.85%	9.87%	13.14%	13.27%

The Financial Sector's total Risk Weighted Capital Adequacy Ratio (RWCAR)¹ of the financial sector has decreased from 17.21% in June 2015 to 16.93% in June 2016, mainly due to increase in total risk weighted assets by Nu.9.64billion which has offset an increase in capital fund of Nu. 1.31billion. The increase in risk weighted assets was mainly because of the Trade/Commerce and Housing Sector whereby its exposures to total loans had exceeded 20% which requires an additional risk weight of 50%. Although, the RWCAR of Financial Sector has decreased by 0.28%, it is still maintained above the minimum regulatory requirement of 10%.

The RWCAR of non-banks has decreased from 15.72% in June 2015 to 13.02% in June 2016. However, the RWCAR of Banks has slightly increased by 0.44%, to 17.94% in June 2016 as compared to 17.50% in the previous year's corresponding quarter.

The core capital ratio, which measures the minimum value of personal risk undertaken by the shareholders and the core capital of financial sector has slightly increased from 13.14% in June 2015 to 13.27% in June 2016. The ratio is observed to be maintained well above the minimum requirement of 5%.

Further, the Leverage ratio for June 2016 stood at 11.80%, maintaining 8.80% higher than the regulatory requirement of 3%.

¹ The RWCAR signifies the availability of amount of shareholders' funds to support the business of the financial institutions. The NPL of related parties has been deducted from the capital fund when assessing RWCAR as required by the section 2.5.2(b) of PR 2002.

Asset

Quality of asset is one of the most important factor and determinants of the performance and profitability of the financial sector. The deterioration in the quality of assets has a negative effect on the profit, its liquidity and ultimately on the capital.

The total asset of the financial sector has increased from Nu.107.47 billion in June 2015 compared to Nu. 124.36 billion in June 2016 indicating a growth of 15.72%.

ASSETS	Banks			Non Banks			Total			
	Jun-16	Jun-15	% Change	Jun-16	Jun-15	% Change	Jun-16	Jun-15	Change	% Holding
Cash & Bank Balances	32,744.72	31,980.42	2.39%	1,906.63	2,568.04	-25.76%	34,651.35	34,548.46	0.30%	27.86%
Marketable Securities	4,138.29	2,491.76	66.08%	60.00	60.00	0.00%	4,198.29	2,551.76	64.53%	3.38%
Loans & Advances (net of prov)	66,662.33	57,360.71	16.22%	14,824.22	9,793.60	51.37%	81,486.55	67,154.31	21.34%	65.52%
Equity Investments	327.30	233.68	40.06%	253.48	161.31	57.14%	580.78	394.99	47.04%	0.47%
Fixed Assets	1,190.04	906.98	31.21%	190.73	175.69	8.56%	1,380.77	1,082.67	27.53%	1.11%
Other Assets	1,139.32	641.62	77.57%	924.50	1,096.38	-15.68%	2,063.83	1,738.00	18.75%	1.66%
Total Assets	106,201.99	93,615.17	13.45%	18,159.56	13,855.02	31.07%	124,361.56	107,470.18	15.72%	100.00%
LIABILITIES	Banks			Non Banks			Total			
	Jun-16	Jun-15	% Change	Jun-16	Jun-15	% Change	Jun-16	Jun-15	Change	% Holding
Paid-up Capital	7,805.39	6,305.11	23.79%	1,400.00	1,400.00	0.00%	9,205.39	7,705.11	19.47%	7.40%
Reserves	10,223.88	10,408.60	-1.77%	1,873.37	1,510.00	24.06%	12,097.25	11,918.60	1.50%	9.73%
Deposit Liabilities	82,474.39	71,003.58	16.16%	0.00	0.00		82,474.39	71,003.58	16.16%	66.32%
Borrowings	703.20	896.40	-21.55%	3,927.52	1,573.09	149.67%	4,630.71	2,469.50	87.52%	3.72%
Bonds/Deb	0.00	0.00		2,500.00	2,869.63	-12.88%	2,500.00	2,869.63	-12.88%	2.01%
Provisions	2,563.21	2,202.99	16.35%	16.23	7.20	125.34%	2,579.44	2,210.19	16.71%	2.07%
Current & Other Liabilities	2,431.93	2,798.49	-13.10%	8,442.45	6,495.10	29.98%	10,874.38	9,293.58	17.01%	8.74%
Total Liabilities	106,201.99	93,615.17	13.45%	18,159.56	13,855.02	31.07%	124,361.56	107,470.18	15.72%	100.00%

During the period under review, the banking sector's asset has increased to Nu. 106.20 billion from Nu. 93.62 billion, indicating growth by 13.45% and similarly, the asset of non-banks increased from Nu. 13.86 billion in June 2015 to Nu. 18.16 billion, indicating growth by 31.07%. In terms of the asset composition, 85.40% of the total assets are held by banks and the remaining 14.60% by the non-banks.

The increase in total assets of the banks was mainly contributed by the following:

- ✓ Increase in net loans and advances (net of specific provision and interest in suspense) by Nu.9.30 billion.
- ✓ increase in bank's investment in corporate bonds by Nu.2.05 billion

Similarly, for non-banks, the increase in asset was mainly due to the following:

- ✓ Increase in net loans and advances (net of specific provision and interest in suspense) by Nu.5.03billion
- ✓ The increase in equity investments by Nu. 92.17million, which has increased from Nu. 161.31million in June 2015 to Nu.253.48million in June 2016.

Liability

The total liabilities of the financial sector amounted to Nu.124.36billion; out of which bank's liability consists of Nu.106.21billion and non bank consist of Nu.18.16billion during the period under review.

The increase in the total liabilities of the banking sector was mainly due to increase in deposit liabilities by Nu. 11.47billion, from Nu.71billion in June 2015 to Nu.82.47billion in June 2016.

Similarly, the increase in the total liability of the nonbanks was mainly contributed by the following:

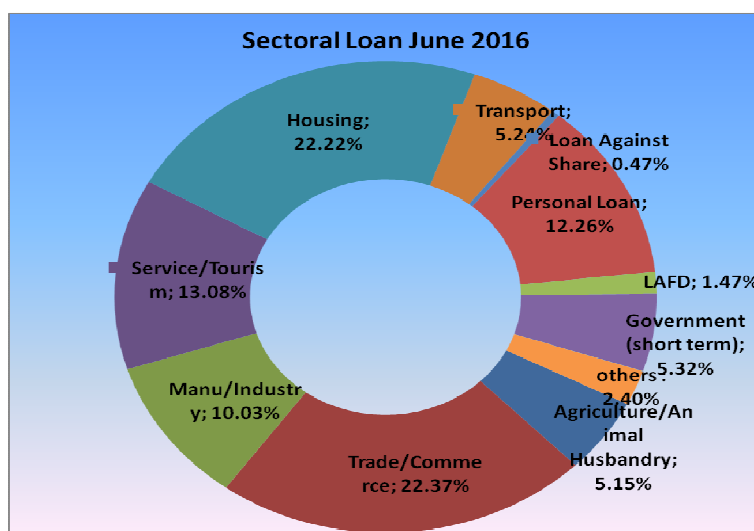
- ✓ Borrowing from both commercial banks and non-banks have increased by Nu.2.35billion
- ✓ Current and other liabilities increased by Nu.1.94 billion during the period under review.

Sectoral Credit Analysis

The Financial sectors' total loans² to the economy increased to Nu. 86.64billion from Nu.71.51 billion in June 2015 indicating a growth of 21.11%. The growth in the total loans was attributable to strong demand towards the Trade/Commerce and Housing sector.

As depicted in the diagram, the³sectoral exposures to total loans and advances analysis of the financial sector depicts that the Trade and Commerce Sector has the highest loan with Nu. 19.37billion (22.37%) followed by Housing Sector with Nu.19.24billion (22.22%) and Service/Tourism Sector with Nu. 11.32billion(13.08%).

However, in terms of percentage growth by sector, loans to Transport Sector experienced the



² For this report, four financial institutions have reported loans and advances in a new reporting format prescribed by the RMA and remaining three financial institutions have reported in old return format which may have resulted in the differences in figure.

³ For the purpose of this report, Govt. Employee loan (GE) is included in the Personal sector and loan against fixed deposits (LAFD) is reflected as a separate sector.

highest sectoral growth of 89.99% followed by loans to Trade and Commerce Sector with 72.16% in June 2016.

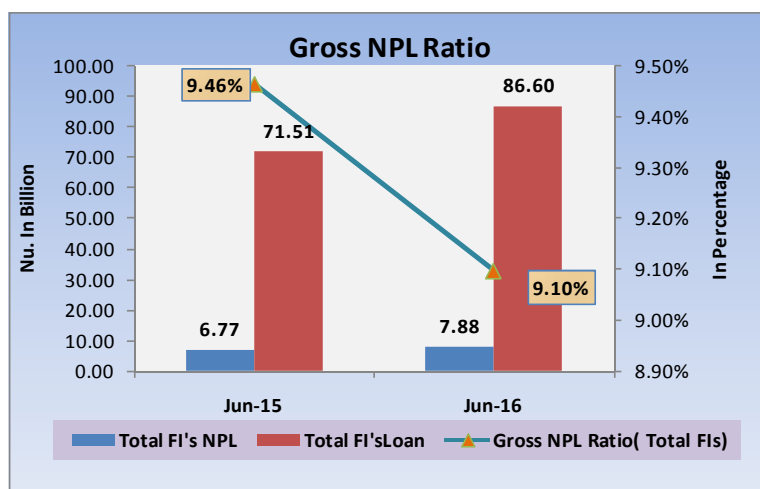
Out of total loan of Nu. 86.60billion, 82.49% (Nu. 71.44 billion) were provided by banks and 17.51% (Nu. 15.17 billion) by non-banks. The total loans and advances provided by the banks increased from Nu. 61.37 billion to Nu.71.44billion indicating a growth of 16.40% (Nu.10.07billion). Similarly, the total loans and advances of non-banks increased by 49.59% (Nu. 5.03billion), from Nu. 10.14 billion in June 2015 to Nu.15.17billion during the period under review.

Credit Quality

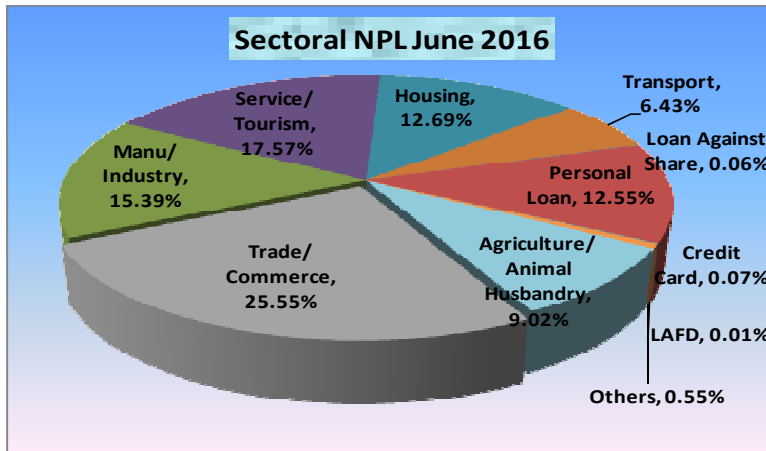
The Non Performing Loans (NPL) of the financial sector increased from Nu. 6.77 billion in June 2015 to Nu.7.88 billion in June 2016, indicating a increase of 16.41%. The gross NPL ratio (NPL to total loans) stood at 9.10% in June 2016 as compared to 9.46% in the previous year's corresponding quarter. The improvement in the Gross NPL ratio was not because of recoveries but due to increase in total loans by 21.11%(Nu.15.09billion)

NPL of the banks increased to Nu. 7.00 billion from Nu.5.97 billion as against the increase in the total loans from Nu. 61.37 billion to Nu. 71.44 billion during the period under review. The gross NPL ratio of banks stood at 9.80% as compared to 9.73% in June 2015, indicating increase by 0.07%.

Similarly, the NPL for non-banks has also increased from Nu.795.60million to Nu.877.27 million as against the increase in the total loans from Nu.10.14billion to Nu. 15.17 billion during the period under review. The NPL ratio of non-banks stood at 5.78% in June 2016 as compared to 7.85% in June 2015, indicating decrease by 2.06%.



The diagram below represents the sectorwise NPL holding for June 2016. The analysis on the sectoral exposure to total NPL of the financial sector reveals that out of the total NPL of Nu. 7.88 billion:



- ✓ Trade and Commerce sector has the highest NPL with Nu. 2.01 billion (25.55%)
- ✓ Service and Tourism sector with Nu. 1.38 billion (17.57%)
- ✓ Manufacturing/ Industry sector with Nu.1.21 billion(15.39%) .

The sectoral increase in NPL in

terms of absolute figure reveals the following;

- ✓ NPL to Service and Tourism Sector experienced the highest increase of Nu.638.12 million
- ✓ Trade and Commerce sector has also increased by Nu.623.24million
- ✓ Agriculture Sector by Nu.225.73million

However, the NPL for the following sectors have contracted as compared to June 2015;

- ✓ NPL to Personal Sector has decreased by Nu.164.56million
- ✓ Manufacturing/Industry Sector decreased by Nu.104.36million
- ✓ Housing sector by Nu.94.92million
- ✓ Loan against Share and transport sector decreased by Nu. 23.65million and 3.63million during the period under review

For the period ended June 2016, Housing,Trade & Commerce and Service/Tourism Sectors constitutes 57.66% of the total loans. Similarly, the highest NPL exposure was also observed in Trade& Commerce, Service/Tourism and Manufacturing Industry sector constituting 58.51% of total NPL.

Consolidated Loan Classification of the Financial Sector

The review on loan classification of the financial sector indicates that both loans and NPL have increased by Nu. 15.09billion and Nu.1.1billion respectively during the period under review.

Out of the total loans and advances of Nu. 86.60 billion, Nu.78.73billion (90.90%) are performing Loans and Nu.7.88billion (9.10%) are non performing loans.

Details	Banks		NBFIs		TOTAL		% Change
	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	
	Performing loans	55.40	64.44	9.34	14.29	64.74	
Non-performing loans	5.97	7.00	0.80	0.88	6.77	7.88	16.41%
Total	61.37	71.44	10.14	15.17	71.51	86.60	21.11%

Of the total outstanding loan of Nu. 71.44 billion in the banking sector, 90.20%(Nu.64.44billion) were performing loans and only 9.80%(Nu.7billion) were non-performing. Similarly, for non-banks, 94.22%(Nu.14.29billion) of the total loan outstanding (Nu.15.17 billion) were performing loans and the remaining 5.78% (Nu.0.88billion) were non-performing loans for the period under review.

In June 2016, the highest NPL in the banks was seen in loss category and non-banks was seen in substandard category. From the total NPL of Nu. 7.88billion, NPL classified under the loss

Details	Banks		NBFIs		TOTAL		% Change
	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	
	Performing loans	55,398.50	64,435.27	9,344.27	14,290.70	64,742.76	
Standard	51,647.24	60,537.59	6,385.64	13,043.01	58,032.88	73,580.60	26.79%
Watch (up to 90 days)	3,751.25	3,897.69	2,958.63	1,247.69	6,709.88	5,145.38	-23.32%
Non-performing loans	5,972.13	7,001.07	795.60	877.27	6,767.73	7,878.34	16.41%
Substandard (91 to 180 days)	1,649.01	1,810.03	519.53	548.03	2,168.54	2,358.06	8.74%
Doubtful (181 to 18months)	1,823.63	2,132.52	141.48	93.84	1,965.11	2,226.36	13.29%
Loss (18months & above)	2,499.49	3,058.53	134.59	235.39	2,634.08	3,293.92	25.05%
Total	61,370.63	71,436.34	10,139.86	15,167.97	71,510.49	86,604.32	21.11%
Gross NPL Ratio	9.73%	9.80%	7.85%	5.78%	9.46%	9.10%	

category (which includes the term expired loans and loans under litigation cases) comprises of 41.81% amounting to Nu.3.29billion followed by substandard category⁴ and doubtful category⁵ with 29.93% (Nu.2.36billion) and 28.26%

(Nu.2.23billion) respectively during the period under review.

The provision to NPL ratio has slightly increased from 53.89% in June 2015 to 54.71% in June 2016 mainly due to increase in NPL by Nu.1.11billion with the huge concentration of loans under loss category which requires provisioning of 100% .The Net NPL to Net loan ratio stood at 3.39% in June 2016 compared to 3.59% in June 2015(Annexure I).

⁴ Loans in default by 91 to 180 days

⁵ Loans in default from 181 to 18 months

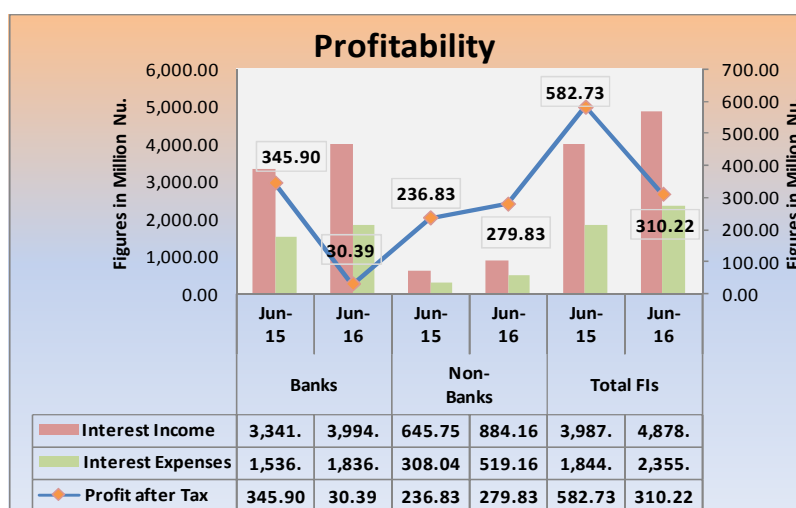
In terms of credit concentration limit, Single Largest borrower’s exposure of financial sector in June 2016 stood at 14.72%. All the financial institutions has maintained its exposure to single largest borrower within the regulatory limit of 30 percent of capital fund. Similarly, the Ten Largest Borrower’s limit⁶ stood at 15.85%, with none of the financial institution violating the maximum allowable limit of 30% total loan portfolio. (Annexure I).

EARNINGS

One of the important parameters to assess the performance of the financial sector is the earning trends. The continued viability of the financial institutions depend on its ability to earn an appropriate return on its assets which enables the institutions to fund business expansion and remain competitive.

During the period ended June 2016, the financial sector performed satisfactorily recording a profit of Nu. Nu.310.22 million. However, when comparing with the June 2015, the net profit of the financial sector has decreased by Nu.272 million, from Nu.582.73million in June 2015 to Nu.310.22 in June 2016.

The banks earned a profit of Nu.30.39 million in June 2016 compared to Nu. 345.90million in June 2015. The decrease in the net profit of the banks was mainly due to increase in operating expense by 13% and also due to increase in NPL by Nu.1.03 million which required the financial institutions to provide high provisioning of Nu.1.48billion.



However, the nonbanks have performed better compared to banks recording a net profit of Nu.279.83 million during the period under review. The net profit has increased from Nu.236.83million in June 2015 to Nu.279.83million in June 2016 indicating a increase of Nu.42.99 million.

The increase in profit of the financial sector was mainly attributed by the increase in interest income by Nu.891.35million. The interest income increased from Nu.3.99billion in June 2015 to Nu.4.88billion in June 2016 mainly due to increase in interest income from loans and advances and fixed deposits by Nu. 752.15million by Nu.37.45million respectively.

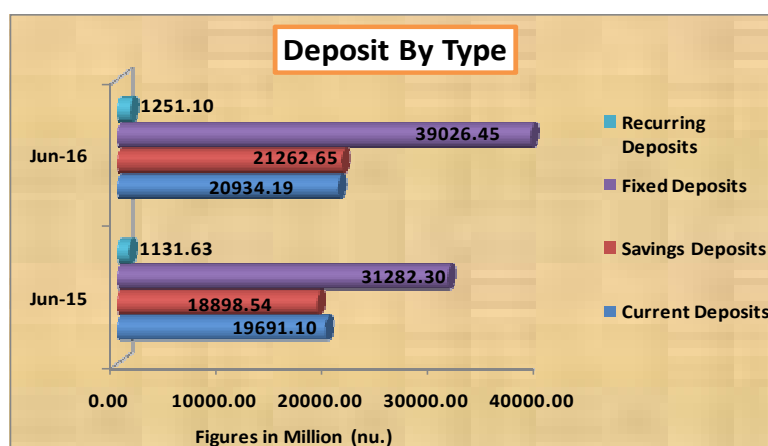
⁶ For the calculation of Ten Largest Borrower(TLB), the off balance sheet(OBS) has been included in the denominator

Similarly, the interest expense has also increased by Nu. 511.09million, from Nu.1.84billion in June 2015 to Nu.2.36 billion in June 2016, out of which Nu.1.32 billion relates to interest paid on time deposits, Nu.430million as interest on demand deposits and Nu.373 million relates to interest on bonds and borrowings. Though the interest expense has increased by Nu.511.09 million, the increase in interest income has offset the increase in interest expense.

Deposit

The deposit liabilities are the main source of fund for financial institutions especially for the banks. The total deposit base of bank increased from Nu.71.00billion in June 2015 to Nu.82.47 billion indicating a growth of 16.16%(Nu.11.47billion).

The figure below shows the deposit trend by deposit type. The total deposit base of the banking sector showed a growth of 16.16% amounting to Nu.11.47billion. The increase in the overall deposit base was mainly due to increase in both the Demand Deposits and Time Deposits by Nu.3.61billion(9.35%) and Nu.7.86billion (24.26%) respectively.



As a share of total deposits, Demand Deposits (Current and Saving) accounted for 51.16% and Time Deposits (Fixed and Recurring) with 48.84%. The share of Demand Deposit in June 2016 has decreased by 3.19%(from 54.35% in June 2015 to 51.16% in June 2016) and the share of Time Deposit has increased by 3.19% (from 45.65% in June 2015 to 48.84% in June 2016)

Demand Deposits have increased by Nu.3.61billion, from Nu.38.59 billion in June 2015 to Nu.42.20 billion during the period under review as detailed below:

- ✓ Current Deposit increased from Nu.19.69billion in June 2015 to Nu.20.93 billion in June 2016 indicating a growth of Nu.1.24billion.
- ✓ Savings Deposit increased from Nu.18.90billion in June 2015 to Nu. 21.26 billion in June 2016 indicating an increase of Nu.2.36billion.

Similarly, the Time Deposit has also increased from Nu.32.41billion to Nu40.28 billion(growth of Nu.7.86billion) as detailed below:

- ✓ Fixed deposits increased from Nu.31.28 billion in June 2015 to Nu.39.03 billion in June 2016 showing an increase of Nu.7.74billion.

- ✓ Recurring deposits has slightly increased from Nu. 1.13 billion to Nu.1.25billion showing an increase by 119.47million.

In terms of deposits by customer type, out of the total deposits of Nu.82.47 billion in June 2016,

Deposits by Customer	Total Deposits		% change	% Holding(June 2016)
	Jun-15	Jun-16		
Corporate deposits	36019.42	35092.81	-2.57%	42.55%
Government	10837.80	5917.29	-45.40%	7.17%
Government Corp.	5516.88	7563.21	37.09%	9.17%
Public Companies	358.55	1272.69	254.95%	1.54%
Private Co.	3186.64	4054.05	27.22%	4.92%
Commercial Banks	8605.35	9413.38	9.39%	11.41%
NBFIs	7514.20	6872.18	-8.54%	8.33%
Retail deposits	34984.16	47381.58	35.44%	57.45%
Individuals	33761.89	45792.93	35.63%	55.52%
Foreign Currency	1222.28	1588.65	29.97%	1.93%
Total	71003.58	82474.39	16.16%	100.00%

Retail Deposits accounts for 57.45% (Nu. 47.38billion) and remaining 42.55% (Nu. 35.09billion) constitutes Corporate Deposit. For the 2nd Quarter 2016, Retail Deposits dominated the deposit holding pattern of the banks.

Out of the total Retail Deposits of Nu.47.38billion, individual deposits consists of Nu.45.79billion(55.52%) and

remaining Nu.1.59billion(1.93%) comprises of foreign currency deposits.

Similarly, out of the total Corporate Deposits of Nu.35.09billion, deposits by commercial banks constituted the highest with 11.41% amounting to Nu. 9.41billion followed by Government Corporation deposits and deposits by Nonbank Financial Institutions(NBFI) with 9.17% (Nu.7.56 billion) and 8.33%(Nu.6.87billion) respectively during the period under review.

Liquidity

It is very important for all the financial institutions to have adequate liquidity in order to meet its obligation as and when they fall due. Financial institutions with access to reliable funding sources are likely to expose to low liquidity risk than those having to depend on volatile sources of fund. Further, the Prudential Regulations requires all the banks and nonbanks to maintain a minimum liquidity in the form of quick assets of 20% and 10% respectively.

For the period under review, the financial institutions are in comfortable liquidity position with Statutory Liquidity Requirement (SLR) of 24.05%. However as compared to June 2015 the SLR of financial sector has decreased by 4.74%. The SLR of the banks stood at 25.95% in June 2016 as compared to 29.55% in June 2015. The decrease in the ratio is mainly due to increase in deposit liabilities by Nu.12.59 billion which has offset the increase in quick asset of only Nu.180 million during the period under review.

Similarly, the non-banks' SLR position as of June 2016 decreased to 12.81% as compared to 23.46% in June 2015 mainly due to decrease in quick asset by Nu.661.28 million (decrease in time Deposits and demand deposits with the commercial banks by Nu.370 million and Nu.295million respectively). Although the SLR of both the banks and nonbanks has decreased by 3.60% and 10.65% respectively, it is still maintained within the minimum requirement of 20% and 10% respectively.

During the period under review, the financial sector has sufficient amount of asset in the form of quick asset (which can be easily converted to cash and use during the liquidity crisis),

Table 6: Liquidity June 2015-June 2016

Liquidity	Banks			Non Banks			Total FIs		
	Jun-15	Jun-16	Absolute Change	Jun-15	Jun-16	Absolute Change	Jun-15	Jun-16	Absolute Change
Quick Asset	22,775.12	22,955.73	180.62	2567.91	1906.63	-661.28	25,343.03	24,862.36	-480.66
Liquidity Position	7,358.59	5,261.27	-2097.32	1,473.41	418.01	-1055.40	8,832.00	5,679.28	-3152.72
SLR Requirement(Nu)	15,416.52	17,694.46	2277.94	1,094.50	1,488.62	394.12	16,511.03	19,183.08	2672.06
SLR position (%)	29.55%	25.95%	-3.60%	23.46%	12.81%	-10.65%	28.79%	24.05%	-4.74%

amounted to Nu.24.86billion against the minimum requirement of Nu.19.18million.

Though the financial sector has maintained liquidity in excess of the actual requirement, it has however decreased as compared to the June 2015. The decrease in the liquidity of financial sector is mainly due to the decrease in the quick assets of nonbanks by Nu.661.28million which has ultimately lead to decrease in the overall quick asset.

The decrease in the quick asset of the financial sector was contributed by decrease in bank's balances with the RMA(excluding CRR) by Nu.2.80billion followed by decrease in financial sector's Demand Deposit with commercial banks in Bhutan by Nu.792.57million (Bank's Demand Deposit with commercial bank decreased by Nu.496.59million and non bank's deposits with commercial bank has decreased by Nu.295.98 million).

Further, the Credit to Deposit ratio of the banking sector slightly increased by 0.19%, from 86.43% in June 2015 to 86.62% during the period under review.(Annexure I)

Financial Soundness Indicators of Financial institutions (March 2015-2016)

Indicators	Jun-15	Jun-16
Capital		
RWCAR(10%)	17.21%	16.93%
Core CAR(5%)	13.14%	13.27%
Leverage Ratio	12.58%	11.80%
Asset Quality		
Gross NPL Ratio	9.46%	9.10%
Provision to NPL	53.89%	54.71%
Net NPL to Net Loan	3.59%	3.39%
Single Largest Borrower(30% of CF)	16.21%	14.72%
Ten Largest Borrower(30% of Loan)	16.42%	15.85%
Earning		
Return on Asset(ROA)	0.54%	0.25%
Return on Equity(ROE)	3.06%	1.50%
Profit After Tax(in million)	Nu.582.73	Nu.310.22
Liquidity		
Loans to Deposits ratio	86.43%	86.62%
Statutory Liquidity Requirement(%)	28.79%	24.05%
Statutory Liquidity Requirement limit (in Nu. billion)	Nu.16.51	Nu.19.18
Liquidity Position(Nu. In billion)	Nu.8.83	Nu.5.68

Consolidated Deposit by Type for June 2015 and June 2016

Consolidated Deposit by Type - June 2016			Figure in Nu. Million		
Deposits by type	Total		% change	Holding (June 2016)	Holding (June 2015)
	Jun-15	Jun-16			
Demand Deposits	38589.65	42196.84	9.35%	51.16%	54.35%
Current Deposits	19691.10	20934.19	6.31%	25.38%	27.73%
Savings Deposits	18898.54	21262.65	12.51%	25.78%	26.62%
Time Deposits	32413.93	40277.55	24.26%	48.84%	45.65%
Fixed Deposits	31282.30	39026.45	24.76%	47.32%	44.06%
Recurring Deposits	1131.63	1251.10	10.56%	1.52%	1.59%
Total	71003.58	82474.39	16.16%	100.00%	100.00%

Consolidated Bucket-wise Loan Classification of Financial Institutions (figures in Million Nu.)

Details	Banks		NBFIs		TOTAL		% Change
	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	
Performing loans	55,398.50	64,435.27	9,344.27	14,290.70	64,742.76	78,725.98	21.60%
Standard	51,647.24	60,537.59	6,385.64	13,043.01	58,032.88	73,580.60	26.79%
Watch (up to 90 days)	3,751.25	3,897.69	2,958.63	1,247.69	6,709.88	5,145.38	-23.32%
Non-performing loans	5,972.13	7,001.07	795.60	877.27	6,767.73	7,878.34	16.41%
Substandard (91 to 180 days)	1,649.01	1,810.03	519.53	548.03	2,168.54	2,358.06	8.74%
Doubtful (181 to 18months)	1,823.63	2,132.52	141.48	93.84	1,965.11	2,226.36	13.29%
Loss (18months & above)	2,499.49	3,058.53	134.59	235.39	2,634.08	3,293.92	25.05%
Total	61,370.63	71,436.34	10,139.86	15,167.97	71,510.49	86,604.32	21.11%
Gross NPL Ratio	9.73%	9.80%	7.85%	5.78%	9.46%	9.10%	

Consolidated Interest Income and Interest Expense of Financial Institutions for June 2016 & June 2015 (figures in Nu. Million)

Particulars	Banks		Non-Banks		Total			Absolute change
	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Change %	
<u>Interest Income</u>								
Loans and Overdrafts	3,161.43	3,625.01	581.11	869.68	3,742.54	4,494.70	20.10%	752.15
Fixed and Other Deposits	147.01	237.32	64.64	11.78	211.65	249.10	17.69%	37.45
CRR	0.00	0.00	0.00	0.00	0.00	0.00		0.00
RMA Bills	3.07	29.45	0.00	0.00	3.07	29.45	857.78%	26.37
Government Securities	1.62	1.62	0.00	0.00	1.62	1.62	-0.27%	0.00
Others	28.45	101.14	0.00	2.70	28.45	103.84	264.93%	75.38
sub-total	3,341.59	3,994.53	645.75	884.16	3,987.34	4,878.69	22.35%	891.35
<u>Interest Expenses</u>								
Demand Deposits (CD & SD)	404.66	430.80	0.00	0.00	404.66	430.80	6.46%	26.14
Time Deposit (RD & FD)	1,040.40	1,320.92	0.00	0.00	1,040.40	1,320.92	26.96%	280.51
Bonds	37.61	37.58	48.06	195.71	85.67	233.29	172.31%	147.62
Borrowings	38.34	31.79	60.95	108.75	99.29	140.54	41.55%	41.25
Others	15.01	14.92	199.03	214.70	214.05	229.62	7.27%	15.57
sub-total	1,536.03	1,836.01	308.04	519.16	1,844.07	2,355.17	27.72%	511.09

Sectoral Loan Trend June 2016 & June 2015 (Figures in Million Nu.)

Sector	Banks		Non-Banks		Total Loans		% Change	% Holding (June 2016)	% Holding (June 2015)
	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15			
Agriculture/Animal	4456.90	3,486.49	0.96	0.00	4,457.86	3,486.49	27.86	5.15%	4.88%
Trade/Commerce	12822.34	7,775.11	6,548.09	3,476.58	19,370.43	11,251.69	72.16	22.37%	15.73%
Manu/Industry	7086.46	8,769.76	1,598.15	1,319.17	8,684.61	10,088.94	-13.92	10.03%	14.11%
Service/Tourism	10560.44	12,037.77	763.45	357.97	11,323.89	12,395.73	-8.65	13.08%	17.33%
Housing	16217.29	15,171.71	3,026.74	2,430.08	19,244.02	17,601.79	9.33	22.22%	24.61%
Transport	3313.81	1,712.61	1,221.26	674.35	4,535.07	2,386.95	89.99	5.24%	3.34%
Loan Against Share	277.37	550.85	125.47	116.43	402.84	667.28	-39.63	0.47%	0.93%
Personal Loan	9186.85	9,174.38	1,429.27	1,498.33	10,616.12	10,672.71	-0.53	12.26%	14.92%
LAFD	1275.61	1,077.69	0.00		1,275.61	1,077.69	18.37	1.47%	1.51%
Government (short term)	4605.47	-	0.00	0.00	4,605.47	0.00		5.32%	0.00%
Credit Card	11.27	8.77	0.00	0.00	11.27	8.77	28.51	0.01%	0.01%
Others	1622.54	1,605.50	454.59	266.96	2,077.13	1,872.46	10.93	2.40%	2.62%
Totals	71436.34	61,370.63	15,167.97	10,139.86	86,604.32	71,510.49	21.11	100.00%	100.00%

Sectoral NPL Trend June 2016 and June 2015 (figures in Nu. Million)

Sector	Banks		Non-Banks		Total NPLs		% Change	% NPL Holding (June 2016)	% NPL Holding (June 2015)
	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15			
Agriculture/Animal	710.65	484.92	0.00	0.00	710.65	484.92	46.55	9.02%	7.17%
Trade/Commerce	1668.50	1,172.33	344.23	217.16	2,012.72	1,389.49	44.85	25.55%	20.53%
Manu/Industry	1161.80	1,256.52	50.57	60.21	1,212.37	1,316.73	-7.93	15.39%	19.46%
Service/Tourism	1364.31	734.38	19.94	11.75	1,384.24	746.12	85.53	17.57%	11.02%
Housing	925.59	1,047.00	73.80	47.32	999.39	1,094.31	-8.67	12.69%	16.17%
Transport	337.82	354.86	168.71	155.50	506.53	510.37	-0.75	6.43%	7.54%
Loan Against Share	1.09	28.74	4.00	0.00	5.09	28.74	-82.29	0.06%	0.42%
Personal Loan	792.71	850.76	195.83	302.35	988.54	1,153.11	-14.27	12.55%	17.04%
LAFD	1.14	0.50	0.00	0.00	1.14	0.50	128.66	0.01%	0.01%
Government (short term)	0.00	-	0.00	0.00	0.00	0.00		0.00%	0.00%
Credit Card	5.26	3.15	0.00	0.00	5.26	3.15	67.07	0.07%	0.05%
Others	23.28	38.99	20.19	1.31	43.46	40.30	7.85	0.55%	0.60%
Totals	7,001.07	5,972.13	877.27	795.60	7,878.34	6,767.73	16.41	100.00%	100.00%