

Financial Sector Performance Review Report June 2018



This report presents the performance of the Bhutanese financial sector on peer group basis (excluding National Pension & Provident Fund) for the period ended Q2FY'18 in comparison to the previous year's corresponding quarter. This report has been prepared by the Department of Financial Regulation & Supervision 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.

DEPARTMENT OF FINANCIAL REGULATION & SUPERVISION



Overview

The overall soundness of the financial sector remains satisfactory in June 2018 as shown in *Table 1* below. The Risk Weighted Capital Adequacy Ratio (RWCAR) has slightly declined to 16.17% as compared to June 2017 but it is well above the minimum regulatory requirement of 12.5% (including the capital conservation buffer of 2.5%). On the other hand, the Gross NPL Ratio (NPL to loan ratio) stood at 11.52% which is a 3.11% drop from the previous quarter (March 2018). With regard to the earnings of financial sector, the financial institutions recorded a net profit (after tax) of Nu. 802.72 million in June 2018.

Table 1

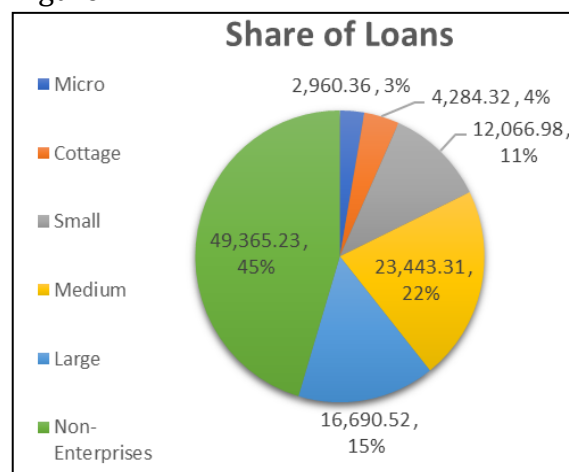
Highlights of the Financial Institutions (Financial Sector Indicators for last 1 yr)				
Indicators	Jun-17	Dec-17	Mar-18	Jun-18
Capital				
RWCAR (12.5%)	17.27%	16.02%	14.54%	16.17%
Core CAR (7.5%)	14.19%	13.31%	11.83%	12.95%
Leverage Ratio (5%)	10.44%	9.78%	9.01%	9.81%
Asset Quality				
Gross NPL Ratio	11.36%	7.98%	14.63%	11.52%
Net NPL to Net Loan	4.01%	1.40%	6.06%	4.34%
Single Largest Borrower	15.88%	15.49%	14.67%	15.08%
Provision to NPL	57.82%	70.58%	52.49%	54.16%
Ten Largest Borrower	17.39%	15.20%	15.35%	15.31%
NPL	Nu. 10.80b	Nu. 8.24b	Nu. 15.56b	Nu. 12.54b
Loan	Nu. 95.06b	Nu. 103.32b	Nu. 106.38b	Nu. 108.81b
Earning				
Return on Asset (RoA)	-0.47%	0.67%	-0.89%	0.52%
Return on Equity (RoE)	-3.14%	4.80%	-6.65%	3.91%
Profit After Tax (PaT)	Nu. -654.13m	Nu. 997.36m	Nu. -1,359.83m	Nu. 802.72m
Liquidity				
Loans to Deposits ratio	73.36%	77.02%	75.82%	78.86%
Statutory Liquidity Requirement ratio	30.65%	27.37%	29.92%	28.65%
Liquidity Position	Nu. 15.41b	Nu. 12.02b	Nu. 15.75b	Nu. 13.96b
Statutory Liquidity Requirement	Nu. 24.02b	Nu. 25.43b	Nu. 26.15b	Nu. 26.13b

The asset base of the financial sector has increased by 8.15% for the period ended June 2018. The majority of total assets comprises of loans with 62.45%.

Financial sector's total loans to the economy stands at Nu. 108.81 billion, as compared to Nu. 95.06 billion in June 2017, showing an increase by 14.47%. Housing sector has the highest loan exposure with Nu. 25.72 billion, followed by Service & Tourism and Trade & Commerce sectors with Nu. 25.21 billion and Nu. 15.02 billion respectively.

As depicted by the Figure 1 below, the share of loan to Medium enterprises constitute 22% (Nu. 23.44 billion), followed by Large and Small enterprises with 15% (Nu. 16.69 billion) and 11% (Nu. 12.07 billion) respectively. The loan to Micro and Cottage enterprises accounted only 7% (Nu. 7.24 billion) of the total loans. Remaining 45% (Nu.49.37 billion) of the loans went towards Non enterprises.

Figure 1



Total deposits of the banks stood at Nu. 113.48 billion, which has increased by 8.50% as compared to the previous quarter. Statutory Liquidity Requirement

(SLR) were also maintained well above the minimum regulatory requirements of 20% for Banks and 10% for Non-Banks for the period under review.

1. Assets/ Liabilities

The assets of the financial sector have increased by 8.15% (Nu.12.15 billion), which stood at Nu. 161.15 billion in June 2018 as compared to Nu. 149 billion in June 2017. Around 62.45% of the expansion in total assets has been contributed by loans (net of specific provision and interest in suspense). In terms of asset composition, 86.27% of the total assets are held by banks and the remaining 13.73% by the non-banks.

1.1 Banks

Total assets of the banking sector have increased by 8.45%, from Nu. 128.20 billion in June 2017 to Nu.139.03 billion in June 2018. Rapid growth in loans (net of specific provision and interest in suspense) by Nu. 12.43 billion has contributed significantly in the growth of assets of the banking sector.

1.2 Non-Banks

The non-banking sector continued to grow with an increase of its assets by 6.36% (Nu. 1.32 billion). Total assets increased from Nu. 20.80 billion in June 2017 to Nu. 22.12 billion in June 2018. Similar to Banking sector, the increase in asset size was brought about by an increase in total loans (net of specific provision and interest in suspense).

Table 2

Asset	Jun-17 (Nu. millions)	Jun-18 (Nu. millions)
Cash & Bank balances	41,502.08	41,717.75
Marketable securities	15,286.31	13,618.94
Loans & Advances (net of provisions)	87,761.05	100,635.00
Equity Investment	632.01	648.65
Fixed Assets	1,715.64	1,967.06
Other Assets	2,104.51	2,563.83
Total	149,001.60	161,151.22

On the liability side, substantial growth in deposits by Nu. 8.89 billion was the major reason for the increase in liabilities of the financial sector. Around 81% of the banking sector liabilities was constituted by the deposit liabilities. Likewise, the major component of non-banking sector was the insurance fund with 49.54% followed by bonds and borrowing with 16.84%. As of June 2018, the non-banking sector had an Insurance Fund of Nu.10.96 billion which comprised of Life Insurance, General Insurance, Group Insurance and other funds.

Table 3

Liabilities	Jun-17 (Nu. Millions)	Jun-18 (Nu. Millions)
Paid up capital	8,949.25	9,073.25
Reserves	11,720.02	12,624.17
Deposit Liabilities	104,587.56	113,479.22
Bonds & borrowing	6,731.64	4,657.94
Interest provision	3,224.05	3,647.53
Insurance Fund	8,264.67	10,957.64
Other liabilities	5,524.40	6,711.47
Total	149,001.60	161,151.22

2. Capital and Reserves

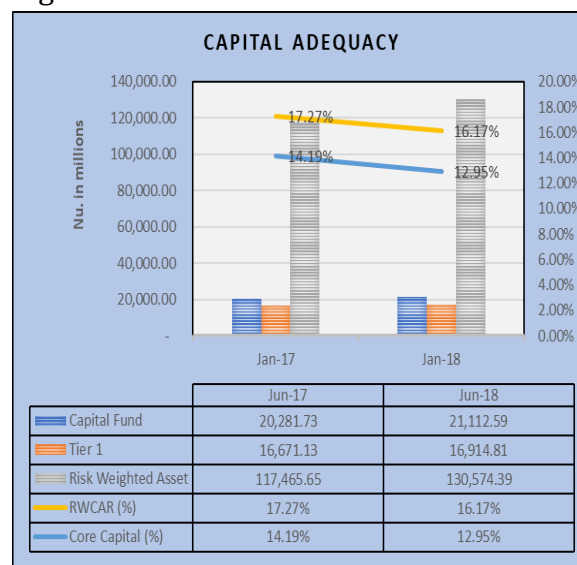
Capital is the main source of financial support and act as a buffer that enables financial institutions to absorb a level of losses without the interest of creditors and depositors being adversely affected, and thus protects the interest of the creditors and depositors in the event of liquidation. Besides absorbing the unanticipated shocks, it also signals that the institution will continue to honor its obligations.

Capital fund¹ of the financial sector for the period ended June 2018 amounted to Nu. 21.11 billion, as compared to Nu. 20.28 billion in June 2017, indicating an increase of Nu. 830.86 million. The

¹In this case, the capital fund is the total capital fund without deducting the NPL of related party. The total capital fund and the capital fund used for calculation of CAR ratio will not tally since the NPL of related party has been deducted from the latter as required by the section 1.5 (iv) of Prudential Regulations 2017.

capital fund of banking sector amounted to Nu. 17.59 billion and for non-banking sector, it amounted to Nu. 3.52 billion during the period under review.

Figure 2



2.1 Capital Adequacy

Risk Weighted Capital Adequacy Ratio (RWCAR) of the financial sector for June 2018 stood at 16.17% as compared to 17.27% in June 2017 showing a decrease of 0.87% (as depicted in Figure 2). The decrease in RWCAR is primarily on account of increase in total Risk Weighted Assets (RWA) by Nu. 13.11 billion. The analysis of components reveals that the increase in RWAs has been exclusively contributed by the increase in NPL by Nu. 1.73 billion requiring a higher risk weight of 150%.

Similarly, Core capital ratio² of the financial sector has also decreased from

²With effect from September 2016, financial institutions are required to maintain a minimum core capital of 7.5%..

14.19% in June 2017 to 12.95% in June 2018.

2.2 Capital Adequacy Banking and Non-banking sectors

The RWCAR³ of the both the banking and non-banking sector has decreased by 0.84% and 2.28% respectively. The increase in the risk weighted asset has led to the decrease in the ratio. For June 2018, the RWCAR of banking sector stood at 16.40% while for non-banks, the ratio stood at 15.09%.

The core capital ratio for banks stood at 13.18% while for non-banks it stood at 11.91% during the period under review.

2.3 Leverage Ratio

Leverage ratio acts as a supplementary measure to capital adequacy ratio by ensuring that the financial institutions maintain adequate levels of capital at all times. The Leverage ratio for the financial sector for the period ended June 2018 stood at 9.81%, maintaining 4.81% higher than the regulatory requirement of 5%. The Leverage ratio of banking and non-banking sectors stood at 9.43% and 12.35% respectively.

3. Asset Quality

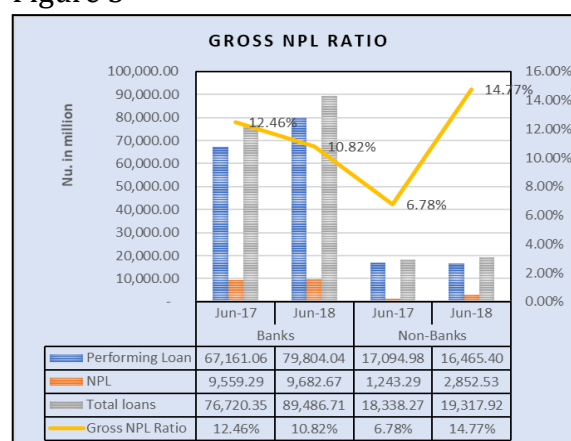
Analysis on the loan classification of the financial sector indicated that both loans and NPL have increased by Nu. 13.75 billion and Nu. 1.73 billion respectively.

including a capital conservation buffer of 2.5% from Tier 1 capital.

Financial Sector’s total loans to the economy amounted Nu. 108.80 billion in June 2018 while the NPL amounted to Nu. 12.53 billion.

Gross NPL ratio (NPL to total loans) of the financial sector slightly increased to 11.52% in June 2018 as compared to 11.36% in June 2017.

Figure 3



³ The RWCAR signifies the availability of capital to support the business of the financial institutions. The NPL of related parties has been deducted from the capital fund when assessing RWCAR.

Gross NPL ratio of banking sector has decreased by 1.64%, from 12.46% to 10.82% during the period under review. Whereas, the Gross NPL ratio for non-banking sector has increased by 7.99%, from 6.78% in June 2017 to 14.77% in June 2018.

During June 2018, out of the total NPL of Nu.12.53 billion, NPL classified under the loss category⁴ (which includes the term

⁴principal and interest overdue by more than 365 days with 100% provisioning..

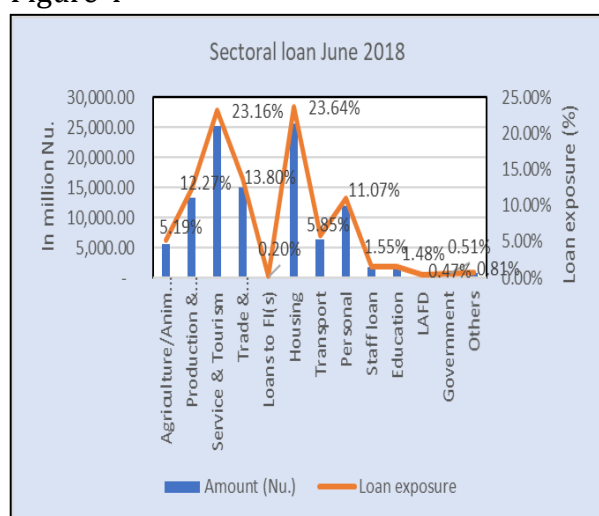
expired loans and loans under litigation cases) comprised of 45.93% amounting to Nu. 5.76 billion followed by the Substandard category⁵ with 38.48% amounting to Nu. 4.82 billion and Doubtful category⁶ with 15.59% (Nu. 1.95 billion).

3.1 Sectoral Loans and Advances

Loans and advances of the financial sector increased by Nu. 13.75 billion during the period under review. Relatively loans are highly exposed to Housing, Service & Tourism and Trade & Commerce sectors.

The sector-wise analysis reveals that out of the total loans of Nu. 108.81 billion, Housing sector has the highest loan with Nu. 25.72 billion (23.64%) followed by Service & Tourism sector with Nu. 25.21 billion (23.16%) and Trade & Commerce sector with Nu. 15.02 billion (13.8%).

Figure 4



In terms of absolute increase in loans for the period ended June 2018, the loans to Service & Tourism sector experienced the most rapid increase by Nu. 5.19 billion followed by loans to Housing sector by Nu. 4.01 billion and Trade & Commerce by Nu. 1.72 billion.

From the total loan outstanding, 82.25% (Nu. 89.49 billion) comprises of loans provided by the banking sector and remaining 17.75% (Nu. 19.32 billion) were provided by non-banking sector. The loans for both the banking and non-banking sector has increased by Nu. 12.77 billion and Nu. 980.30 million respectively.

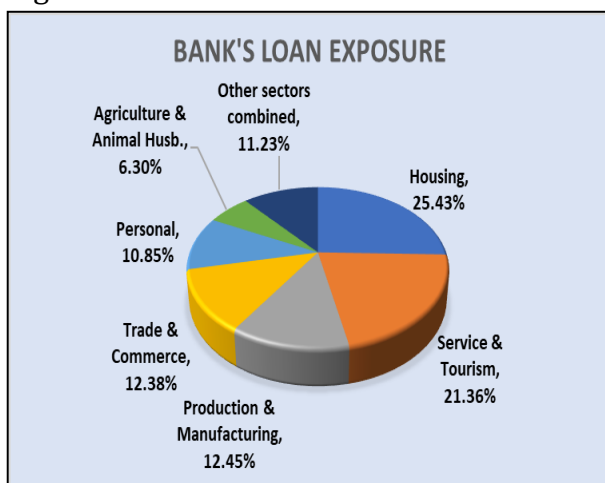
3.1.1 Banks

The analysis of the loan portfolio for June 2018 shows that the banking sector has loans highly exposed towards Housing sector with 25.43% (Nu. 22.76 billion) and Service & Tourism sector with 21.36% (Nu. 19.12 billion), followed by Production & Manufacturing sector with 12.45% (Nu. 11.14 billion) and Trade & Commerce Sector with 12.38% (Nu. 11.08 billion) as illustrated by Figure 5 below.

⁵principal and interest payment overdue by 91 days to 180 days with 20% provisioning.

⁶principal and interest payment overdue by 181 days to 365 days with 50% provisioning.

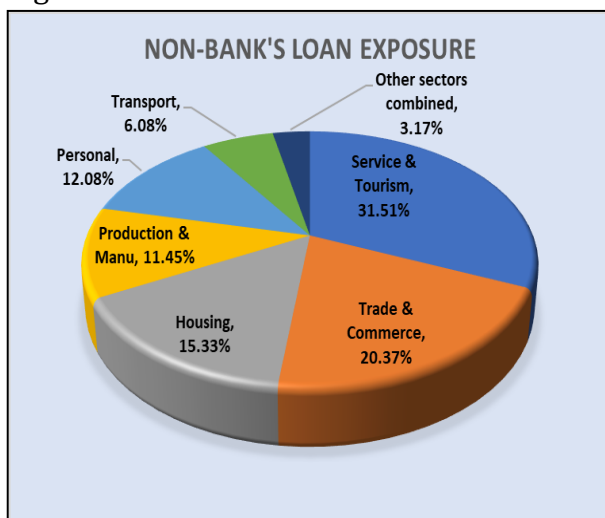
Figure 5



3.1.2 Non-Banks

For non-banking sector, the highest loan exposure was observed in Service & Tourism sector with 31.51% amounting to Nu. 6.09 billion, followed by Trade & Commerce and Housing sectors with 20.37% (Nu. 3.94 billion) and 15.33% (Nu. 2.96 billion) respectively (Figure 6).

Figure 6

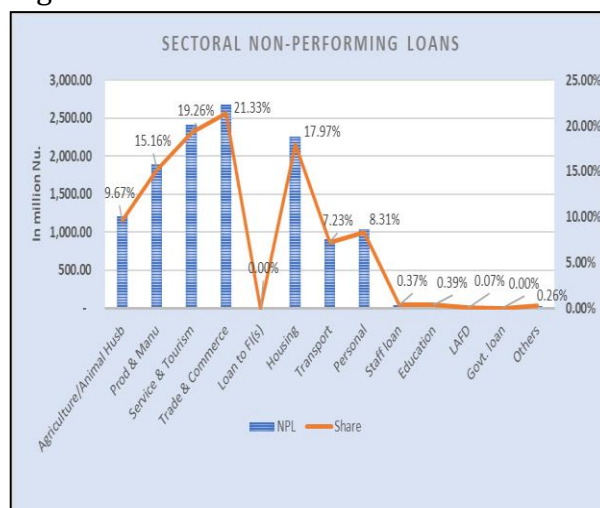


4. Credit Quality/ Sectoral NPL of Financial sector

Asset quality has deteriorated with the increase in NPL from Nu. 10.8 billion in June 2017 to Nu. 12.53 billion in June 2018, showing an increase of Nu. 1.73 billion.

Analysis on the sectoral NPL of the financial sector for June 2018 reveals that Trade/Commerce has the highest share with 21.33%, followed by Service/Tourism (19.26%), Housing sector (17.97%) and Production & Manufacturing (15.16%).

Figure 7

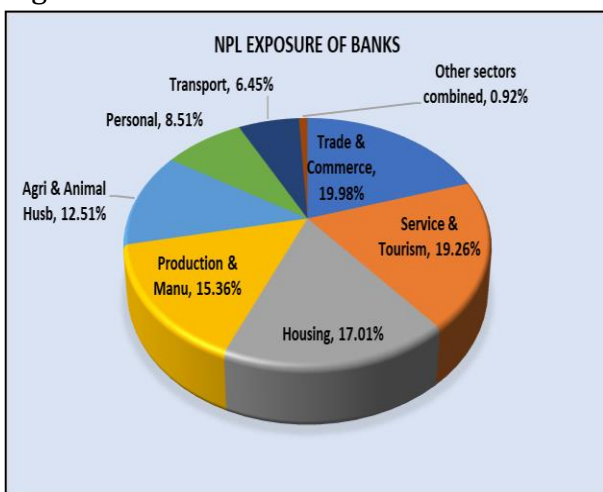


4.1 Banks

Non-Performing Loans of banking sector has increased by Nu. 123.38 million, from Nu. 9.56 billion in June 2017 to Nu. 9.68 billion in June 2018 against the loan growth of Nu. 12.77 billion. Figure 8 depicts the NPL of Banking sector. Highest NPL was seen in Trade &

Commerce with Nu. 1.93 billion (19.98%), followed by Service & Tourism with Nu. 1.86 billion (19.26%) and Housing sectors with Nu. 1.65 billion (17.01%).

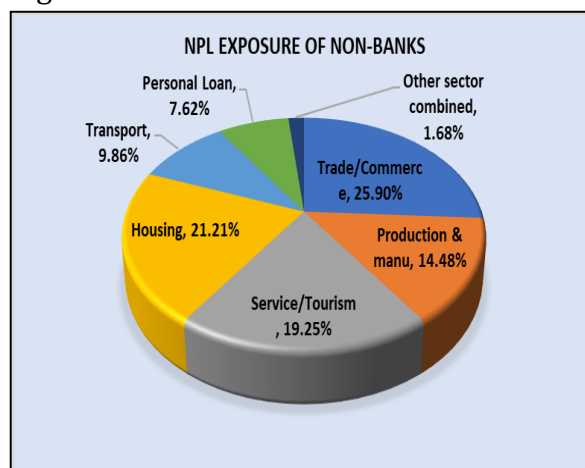
Figure 8



4.2 Non-Banks

The NPL of non-banking sector has increased by Nu. 1.61 billion; from Nu. 1.24 billion in June 2017 to Nu. 2.85 billion in June 2018. The highest NPL during the period under review was recorded in Trade & Commerce with Nu. 738.85 million (25.90%) followed by Housing with Nu. 605.12 million (21.21%) and Service & Tourism with Nu. 549.01 million (19.25%) as depicted in Figure 9.

Figure 9



5. Loans to Micro, Cottage, Small, Medium and Large enterprises (MCSML)

MCSML sector contributes significantly towards national GDP, employment generation and export earnings.

Figure 10

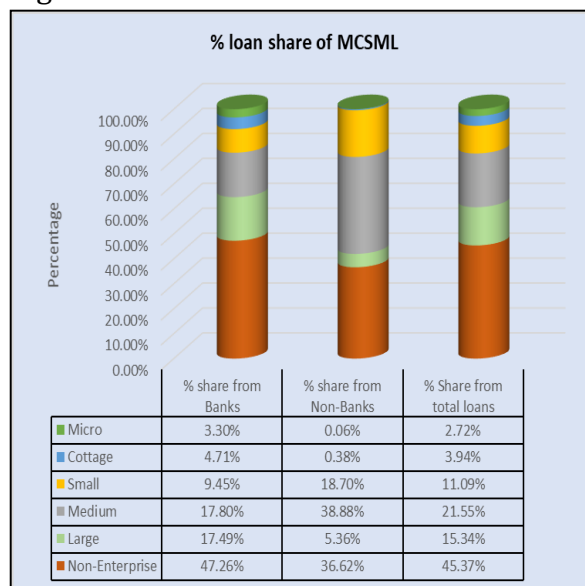


Figure 10 depicts loan exposure to Micro, Cottage, Small, Medium and Large

(MCSML)⁷ enterprises and loans to the non-enterprise sector⁸. As of June 2018, the loans to MCSML amounted Nu. 59.45 billion and loan to non-enterprise stood at Nu. 49.36 billion. The loan to MCSML has increased to Nu. 59.45 billion in June 2018 from Nu. 51.42 billion in June 2017, showing a growth of 15.61% (↑Nu. 8.02 billion).

As depicted in the figure 10, from the total loans of Nu. 108.81 billion in the financial sector, the share of loan to medium enterprises has the highest which constitutes of 21.55% (Nu. 23.44 billion) followed by large enterprise and small enterprise with 15.34% (Nu. 16.69 billion) and 11.09% (Nu. 12.07 billion) respectively. The loan to micro and cottage enterprises comprised of only 6.66% (Nu. 7.24 billion) of the total loans.

5.1 Banks

For the banking sector, the loan to medium enterprises constituted 17.80% (Nu. 15.93 billion) while loan to large enterprises constituted 17.49% (Nu. 15.66 billion). The loans to micro, cottage and small enterprises constituted 17.45% (Nu. 15.61 billion).

5.2 Non-Banks

Similarly, for non-banking sector, loan to medium and small enterprises constituted of 38.88% (Nu. 7.51 billion) and 18.70% (Nu. 3.61 billion) respectively, while loan to large enterprises constituted 5.36% (Nu. 1.04 billion). The loan to micro and cottage enterprises have the minimum share of 0.06% (Nu. 11.51 million) and 0.38% (Nu. 73.23 million) respectively.

The analysis on the loan trend of MCSML and non-enterprise revealed that all the loans to MCSML and non-enterprise are on increasing trend over the quarters. The highest jump in the trend was observed in Cottage enterprise which has increased by Nu. 1.66 billion as compared to the previous quarter of March 2018. The increase was mainly attributed to the significant increase in loans to Agriculture and Service sectors by Nu. 1.53 billion.

However, the loan to Micro enterprise has decreased by Nu. 617.42 million as compared to March 2018, and it was mainly caused by a noticeable decrease in loans to Agriculture and Trade & Commerce sectors by Nu. 578.84 million.

⁷ MCSML comprise of Agriculture, Production & Manufacturing, Trade & commerce, Service & Tourism and Loans to FIs sector.

⁸ Non-Enterprise sector comprises of Housing, Personal, Transport, Staff loan, Education loan, Loan Against Fixed Deposits, Loans to Government and others.

Figure 11

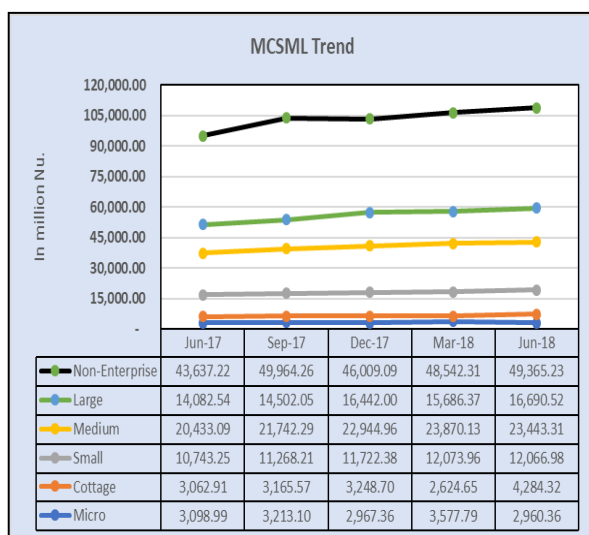


Table 4

Sectoral MCSML Loans (June 2018)				In million Nu.				% Share of Total Loan
Sl no	Sector	Micro	Cottage	Small	Medium	Large	Total	
1	Agriculture & Animal Husb.	2,555.41	2,340.57	518.46	234.18	0.00	5,648.63	5.19%
2	Prod & Manu	43.37	89.08	1,952.97	4,944.33	6,321.29	13,351.03	12.27%
3	Service	60.15	1,212.25	3,567.02	11,746.74	8,619.17	25,205.33	23.16%
4	Trade & Commerce	301.43	642.42	6,028.53	6,518.04	1,527.24	15,017.66	13.80%
5	Loan to FI(s)	0.00	0.00	0.00	0.01	222.82	222.83	0.20%
	Total	2,960.36	4,284.32	12,066.98	23,443.31	16,690.52	59,445.48	54.63%

6. Access to Finance through Micro Finance Institutions (MFIs)

Table 5

Loan and NPL of MFIs (June 2018)		
Sl no	Particulars	Total
1	Total Loan Sanctioned	Nu. 465.03m
2	Total Loan Outstanding	Nu. 345.65m
3	Total NPL	Nu. 37.47m
4	Total no. of loan a/cs	4,903
5	NPL to loan ratio	10.84%

RMA issued registration certificates to four Micro-Finance Institutions which include Rural Enterprise Development Corporation Ltd. (REDCL), RENEW Micro-Finance Pvt. Ltd. (RENEW), Bhutan Care Credit Ltd. (BCC) and Bhutan Association of Women Entrepreneurs (BAOWE).

The MFIs currently operate in all 20 Dzongkhags benefiting both the rural and urban clients. Women borrowers constitutes more than 90 % of the total clients of MFIs.

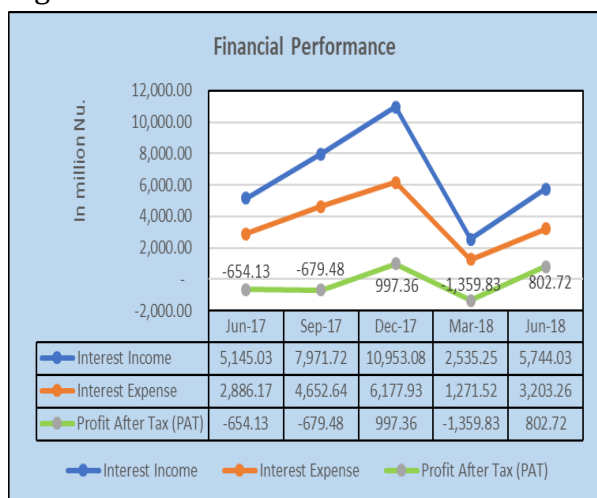
As depicted in the *Table 5*, as of June 2018, the four MFIs have sanctioned total loan of Nu. 465.03 million to 4,903 clients with the total loan outstanding of Nu. 345.65 million.

The loan outstanding grew by Nu. 179.68 million from Nu. 165.97 million in June 2017 to Nu. 345.65 million in June 2018. The loan growth was mainly contributed by huge growth in loans by REDCL. Total Non-Performing Loan of MFIs amounted to Nu. 37.47 million indicating an NPL to loan ratio of 10.84%.

7. Financial Performance

The performance of the financial sector has improved as both the banks and non-banks have generated a combined net-profit (after tax) of Nu. 802.72 million in June 2018. None of the Financial Institutions have incurred losses in June 2018.

Figure 12



Accordingly, profitability indicators have improved in June 2018; Return on Assets (ROA) stood at 0.52% and Return on Equity (ROE) at 3.91%.

7.1 Banks

The banking sector has generated a profit of Nu. 579.63 million in June 2018 against a loss of Nu. 777.89 million in the same quarter of last year. This was mainly due to the increase in Interest Income by 12.52%, operating income by 42.21% and a huge reduction in loan provisions for Banks by Nu. 1.15 billion. Even though the NPL has increased by Nu. 123.38 million, a significant decrease in Doubtful category of loans by Nu. 761.82 million (which requires a provision of 50%) and increase of loans in Substandard category by Nu. 139.43 million (which requires a provision of only 20%) have caused the fall in the total loan provision amount of the Banking sector.

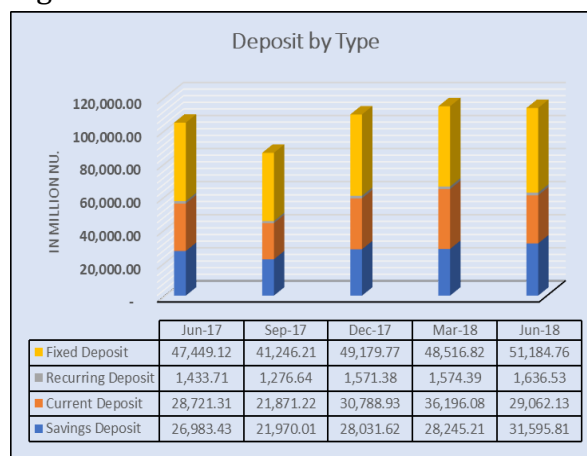
7.2 Non-Banks

Non-banking sector has also generated a profit of Nu. 223.08 million as of June 2018 which is an increase by Nu. 99.33 million as compared to June 2017. Similar to banking sector, the increase in the profit was mainly brought about by increase in Interest Income and Operating Income by 8.02% and 1.33% respectively and reduction in total provision amount by Nu. 52.14 million during the period under review.

8. Deposit (Banking Sector)

On the funding side, deposit base has increased by 8.50% in June 2018 as compared to June 2017. The total deposits have reached Nu. 113.48 billion in June 2018 as compared to Nu. 104.59 billion in June 2017.

Figure 13



The total Current Account & Savings Account (CASA), stood at Nu. 60.66 billion in June 2018. The CASA deposits have witnessed a growth during the period under review. The current deposit has increased by 1.19% (Nu.

340.82 million). Similarly, the savings deposit has also increased by 17.09% (by Nu. 4.61 billion). The Individuals constituted the highest CASA deposits of Nu. 50.77 billion (83.70% of the total CASA Deposits).

Time Deposits which include Fixed Deposit and Recurring Deposit have increased from Nu. 48.88 billion in June 2017 to Nu. 52.86 billion in June 2018 indicating a growth of 8.06%.

Out of total deposits, Demand Deposits⁹ (Current and Saving) accounted for 53.45% and Time Deposits (Fixed and Recurring) accounted for 46.55%. To elaborate further, the Current Deposit accounted for 25.61% while the Savings Deposit accounted for 27.84% of the total deposits. The share of Fixed Deposit accounted for 45.10% while Recurring Deposit accounted for 1.44% of the same.

Analysis on the deposit data reveals that customer deposits¹⁰ – which comprise 86.29% of total deposits and are stable in nature, have increased by 12.37% in June 2018 as compared to June 2017. On the other hand, Financial Institution (banks and non- banks) deposits have declined by 10.83% .

⁹ Demand Deposits are also known as CASA

¹⁰ Customer deposit includes all the current, saving, fixed and recurring deposits made by individuals, government, corporations and private & public companies (other than banking and non-banking financial institutions)

In terms of deposits by customer type - Retail Deposits stood at Nu. 75.37 billion and Corporate Deposits at Nu. 38.11 billion. The Retail Deposits have witnessed a growth of 12.50% while the Corporate Deposits witnessed a growth of 1.37% from June 2017.

Credit to Deposit ratio of the banking sector stood at 78.86% indicating a growth of 5.51% from June 2017.

9. Liquidity

On the liquidity front, the banks and non-banks are required to maintain a minimum statutory liquidity ratio in the form of quick assets of 20% and 10% respectively.

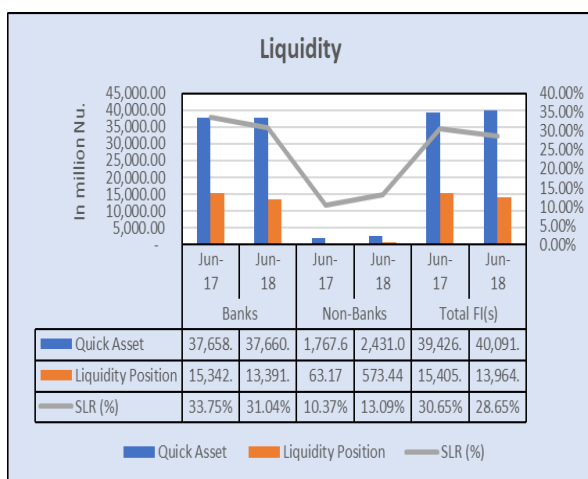
The overall liquidity position of the financial sector remained comfortable by maintaining liquidity in the form of quick assets in excess of the actual requirement. The quick assets amounted to Nu. 40.09 billion against the minimum requirement of Nu. 26.13 billion indicating an availability of sufficient buffers to meet most payment obligations.

During the period ended June 2018, financial sector has maintained Statutory Liquidity Ratio (SLR) at 28.65% which is a drop by 2% as compared to the previous year's corresponding quarter. This drop in SLR was primarily due to the increase in deposit liabilities. However, the SLR ratio is still maintained well above the regulatory requirement.

SLR position of the banking sector stood at 31.04% and for non-banking sector at 13.09% in June 2018. When compared to June 2017, SLR position for non-banks improved by 2.72% mainly due to the increase in quick assets of non-banks by Nu. 663.39 million.

Both the banking and non-banking sectors have maintained its requirement of 20% and 10% respectively during the period under review.

Figure 14



[ANNEXURE I](#)

a) Deposit by Customer June 2017- 2018 (figures in million Nu.)

Table 1

Deposits by Customer	Total Deposits			
	Jun-17	Jun-18		
Corporate deposits	37,591.74	38,106.95	1.37%	33.58%
Government	3,864.44	4,970.39	28.62%	4.38%
Government Corp.	7,943.50	9,907.42	24.72%	8.73%
Public Companies	4,201.54	3,144.12	-25.17%	2.77%
Private Co.	4,139.03	4,530.78	9.46%	3.99%
Commercial Banks	9,261.63	7,739.58	-16.43%	6.82%
NBFIs	8,181.60	7,814.66	-4.48%	6.89%
Retail deposits	66,995.82	75,372.28	12.50%	66.42%
Individuals	64,890.97	72,857.49	12.28%	64.20%
Foreign Currency	2,104.85	2,514.79	19.48%	2.22%
Total	104,587.56	113,479.22	8.50%	100.00%

b) Consolidated Loan Classification June 2017- 2018 (figures in million Nu.)

Table 2

	Banks		Non-Banks		TOTAL		% Change
	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	
Performing loans	67,161.08	79,810.12	17,094.33	16,465.40	84,255.41	96,275.52	14.27%
Standard	63,666.43	74,930.92	10,018.70	14,670.87	73,685.13	89,601.79	21.60%
Watch (up to 90 days)	3,494.65	4,879.20	7,075.63	1,794.53	10,570.28	6,673.72	-36.86%
Non-performing loans	9,559.29	9,682.67	1,243.29	2,852.53	10,802.57	12,535.19	16.04%
Substandard (91 to 180 days)	2,783.69	2,923.12	613.13	1,900.25	3,396.82	4,823.37	42.00%
Doubtful (181 to 365 days)	2,264.46	1,502.64	262.02	451.27	2,526.48	1,953.90	-22.66%
Loss (366& above)	4,511.14	5,256.91	368.13	501.01	4,879.27	5,757.92	18.01%
Total	76,720.36	89,492.79	18,337.62	19,317.92	95,057.98	108,810.71	14.47%

ANNEXURE II**c) SECTORAL LOAN June 2017-2018 (figures in million Nu.)****Table 3**

Sector	Banks		Non-Banks		Total Loans		% Change	% Holding
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17		
Agriculture/Animal Husbandry	5,639.98	5,061.97	8.65	7.51	5,648.63	5,069.48	11.42%	5.19%
Trade & Commerce	11,081.85	9,309.34	3,935.81	3,985.08	15,017.66	13,294.41	12.96%	13.80%
Production & manu	11,138.98	10,677.60	2,212.05	2,079.56	13,351.03	12,757.16	4.66%	12.27%
Service/Tourism	19,117.99	15,019.64	6,087.33	4,998.30	25,205.33	20,017.94	25.91%	23.16%
Housing	22,756.81	18,633.48	2,961.38	3,071.40	25,718.19	21,704.88	18.49%	23.64%
Transport	5,192.15	3,922.36	1,174.18	1,081.12	6,366.33	5,003.48	27.24%	5.85%
Loans to FIs	222.83	281.77	0.00	0.00	222.83	281.77	-20.92%	0.20%
Personal Loan	9,708.42	9,716.98	2,334.25	2,459.28	12,042.66	12,176.26	-1.10%	11.07%
LAFD	509.01	1,052.88	0.00	0.00	509.01	1,052.88	-51.65%	0.47%
Education	1,557.01	575.07	55.94	0.00	1,612.96	575.07	180.48%	1.48%
Staff loan	1,241.12	1,222.26	440.05	493.10	1,681.17	1,715.36	-1.99%	1.55%
Government (short term)	557.51	515.19	0.00	0.00	557.51	515.19	8.21%	0.51%
Others	769.12	731.82	108.27	162.27	877.40	894.09	-1.87%	0.81%
Totals	89,492.79	76,720.36	19,317.92	18,337.62	108,810.71	95,057.98	14.47%	100%

d) SECTORAL NPL June 2017-2018 (figures in million Nu.)

Table 4

Sector	Banks		Non-Banks		Total NPLs		% Change	% Holding
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17		
Agriculture/Animal Husbandry	1,210.85	1,157.62	1.50	1.46	1,212.35	1,159.08	4.60%	9.67%
Trade/Commerce	1,934.71	2,158.83	738.85	288.83	2,673.56	2,447.66	9.23%	21.33%
Production & manu	1,486.99	1,304.46	413.06	17.52	1,900.05	1,321.98	43.73%	15.16%
Service/Tourism	1,864.65	2,125.37	549.01	237.39	2,413.66	2,362.75	2.15%	19.26%
Housing	1,647.37	1,374.97	605.12	74.94	2,252.49	1,449.91	55.35%	17.97%
Transport	624.82	414.61	281.14	191.10	905.96	605.71	49.57%	7.23%
Loan to FIs	0.01	0.00	0.00	0.00	0.01	0.00		0.00%
Personal Loan	824.03	946.47	217.39	418.53	1,041.43	1,365.00	-23.71%	8.31%
LAFD	8.25	11.46	0.00	0.00	8.25	11.46	-28.05%	0.07%
Education	28.83	16.36	19.67	0.00	48.51	16.36	196.55%	0.39%
Staff loan	22.20	9.30	23.85	13.40	46.05	22.70	102.85%	0.37%
Government (short term)	0.00	0.00	0.00	0.00	0.00	0.00	-259.96%	0.00%
Others	29.95	39.84	2.93	0.12	32.88	39.95	-17.71%	0.26%
Totals	9,682.67	9,559.29	2,852.53	1,243.29	12,535.19	10,802.57	16.04%	100.00%

e) Micro, Cottage, Small, Medium, Large (MCSML) and Non-enterprise loan for June 2018 (figures in million Nu.)

Sl no.	Sector	Banks				Non Banks				Total FIs			
		Loan Outstanding	NPL	% loan share of each category	% loan share of total outstanding	Loan Outstanding	NPL	% loan share of each category	% loan share of total outstanding	Loan Outstanding	NPL	% loan share of each category	% loan share of total outstanding
(1) MICRO	AGRICULTURE	2,555.31	537.15	86.65%	2.86%	0.10	0.00	0.88%	0.00%	2,555.41	537.15	86.32%	2.35%
	PROD & MANU	42.78	16.34	1.45%	0.05%	0.59	0.00	5.09%	0.00%	43.37	16.34	1.47%	0.04%
	SERVICE	56.62	31.65	1.92%	0.06%	3.52	0.00	30.59%	0.02%	60.15	31.65	2.03%	0.06%
	TRADE&COMMERCE	294.13	116.53	9.97%	0.33%	7.30	1.10	63.44%	0.04%	301.43	117.63	10.18%	0.28%
	LOANS TO FIs	0.00	0.00	0.00%	0.00%	0.00	1.89	0.00%	0.00%	0.00	1.89	0.00%	0.00%
	MICRO TOTAL	2948.85	701.68	100.00%	3.30%	11.51	2.98	100.00%	0.06%	2960.36	704.66	100.00%	2.72%
(2) COTTAGE	AGRICULTURE	2,338.37	523.04	55.53%	2.61%	2.20	1.16	3.00%	0.01%	2,340.57	524.20	54.63%	2.15%
	PROD & MANU	87.03	20.75	2.07%	0.10%	2.05	0.98	2.80%	0.01%	89.08	21.73	2.08%	0.08%
	SERVICE	1,195.98	142.66	28.40%	1.34%	16.27	2.68	22.22%	0.08%	1,212.25	145.34	28.30%	1.11%
	TRADE&COMMERCE	589.71	158.67	14.00%	0.66%	52.71	17.88	71.98%	0.27%	642.42	176.55	14.99%	0.59%
	LOANS TO FIs	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%	0.00%
	COTTAGE TOTAL	4,211.09	845.12	100.00%	4.71%	73.23	22.71	100.00%	0.38%	4,284.32	867.83	100.00%	3.94%
(3) SMALL	AGRICULTURE	516.69	106.05	6.11%	0.58%	1.77	0.00	0.05%	0.01%	518.46	106.05	4.30%	0.48%
	PROD & MANU	1,678.53	399.60	19.85%	1.88%	274.44	60.85	7.60%	1.42%	1,952.97	460.45	16.18%	1.79%
	SERVICE	1,893.83	419.15	22.40%	2.12%	1,673.19	383.85	46.32%	8.66%	3,567.02	803.00	29.56%	3.28%
	TRADE&COMMERCE	4,365.68	894.99	51.64%	4.88%	1,662.85	292.00	46.03%	8.61%	6,028.53	1,186.99	49.96%	5.54%
	LOANS TO FIs	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%	0.00%
	SMALL TOTAL	8,454.73	1,819.79	100.00%	9.45%	3,612.25	736.70	100.00%	18.70%	12,066.98	2,556.49	100.00%	11.09%
(4) MEDIUM	AGRICULTURE	229.60	44.61	1.44%	0.26%	4.58	0.33	0.06%	0.02%	234.18	44.94	1.00%	0.22%
	PROD & MANU	3,573.23	422.13	22.43%	3.99%	1,371.10	102.52	18.25%	7.10%	4,944.33	524.65	21.09%	4.54%
	SERVICE	7,730.82	1,141.39	48.52%	8.64%	4,015.92	161.38	53.46%	20.79%	11,746.74	1,302.77	50.11%	10.80%
	TRADE&COMMERCE	4,398.03	764.52	27.61%	4.91%	2,120.00	334.14	28.22%	10.97%	6,518.04	1,098.66	27.80%	5.99%
	LOANS TO FIs	0.01	0.01	0.00%	0.00%	0.00	0.00	0.00%	0.00%	0.01	0.01	0.00%	0.00%
	MEDIUM TOTAL	15,931.69	2,372.66	100.00%	17.80%	7,511.61	598.38	100.00%	38.88%	23,443.31	2,971.04	100.00%	21.55%
(5) LARGE	AGRICULTURE	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%	0.00%
	PROD & MANU	5,757.42	628.17	36.78%	6.43%	563.87	248.71	54.47%	2.92%	6,321.29	876.87	37.87%	5.81%
	SERVICE	8,240.74	129.79	52.64%	9.21%	378.43	0.00	36.55%	1.96%	8,619.17	129.79	51.64%	7.92%
	TRADE&COMMERCE	1,434.30	0.00	9.16%	1.60%	92.95	92.95	8.98%	0.48%	1,527.24	92.95	9.15%	1.40%
	LOANS TO FIs	222.82	0.00	1.42%	0.25%	0.00	0.00	0.00%	0.00%	222.82	0.00	1.34%	0.20%
	LARGE TOTAL	15,655.28	757.96	100.00%	17.49%	1,035.24	341.65	100.00%	5.36%	16,690.52	1,099.62	100.00%	15.34%
Non-Enterprise	HOUSING	22,756.81	1,647.37	53.81%	25.43%	2,961.38	605.12	41.86%	15.33%	25,718.19	2,252.49	52.10%	23.64%
	TRANSPORT	5,192.15	624.82	12.28%	5.80%	1,174.18	281.14	16.60%	6.08%	6,366.33	905.96	12.90%	5.85%
	PERSONAL	9,708.42	824.03	22.96%	10.85%	2,334.25	217.39	33.00%	12.08%	12,042.66	1,041.43	24.40%	11.07%
	STAFF LOAN	1,241.12	22.20	2.93%	1.39%	440.05	23.85	6.22%	2.28%	1,681.17	46.05	3.41%	1.55%
	Education Loan	1,557.01	28.83	3.68%	1.74%	55.94	19.67	0.79%	0.29%	1,612.96	48.51	3.27%	1.48%
	Loan Against Fixed Deposits	509.01	8.25	1.20%	0.57%	0.00	0.00	0.00%	0.00%	509.01	8.25	1.03%	0.47%
	Loans to the Govt	557.51	0.00	1.32%	0.62%	0.00	0.00	0.00%	0.00%	557.51	0.00	1.13%	0.51%
	OTHERS	769.12	29.95	1.82%	0.86%	108.27	2.93	1.53%	0.56%	877.40	32.88	1.78%	0.81%
	Non- Enterprise TOTAL	42,291.15	3,185.45	100.00%	47.26%	7,074.07	1,150.11	100.00%	36.62%	49,365.23	4,335.56	100.00%	45.37%
GRAND TOTAL	89,492.79	9,682.67			19,317.92	2,852.53			108,810.71	12,535.19			

