

Highlights on the Financial Sector Performance

September 2020



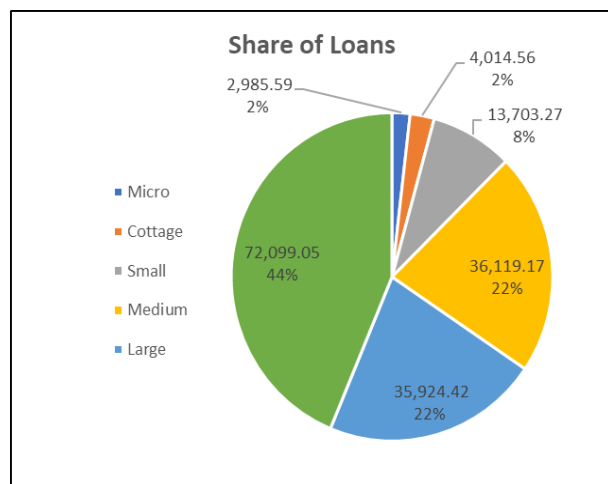
This report presents the highlights on the performance of the Bhutanese financial sector on peer group basis for the period ended Q3FY'20 in comparison to the previous year's corresponding quarter. This report has been prepared by the Department of Financial Regulation & Supervision of the Royal Monetary 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
ROYAL MONETARY AUTHORITY OF BHUTAN**

Highlights of the Financial Institutions¹

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Indicators	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Capital					
RWCAR (12.5%)	12.77%	14.22%	12.97%	11.65%	12.42%
Core CAR (7.5%)	10.18%	11.35%	10.37%	9.20%	9.77%
Leverage Ratio (5%)	7.98%	7.56%	7.04%	6.16%	6.42%
Asset Quality					
Gross NPL Ratio	18.39%	10.86%	17.72%	16.35%	15.45%
Net NPL to Net Loan	6.56%	1.98%	7.61%	6.03%	5.20%
Single Largest Borrower	14.88%	16.93%	17.74%	15.63%	17.45%
Provision to NPL	56.86%	68.57%	50.15%	54.90%	57.66%
Ten Largest Borrower	12.23%	18.04%	12.30%	13.66%	14.15%
NPL	Nu. 24.47b	Nu. 16.76b	Nu. 28.16b	Nu. 26.59b	Nu. 25.5b
Loan	Nu. 133.08b	Nu. 154.33b	Nu. 158.93b	Nu. 162.93b	Nu. 164.8b
Earning					
Return on Asset (RoA)	-1.52%	1.06%	-1.15%	-0.08%	-0.53%
Return on Equity (RoE)	-12.58%	9.14%	-9.90%	-0.75%	-4.88%
Profit After Tax (PaT)	Nu. -2.5b	Nu. 1.55b	Nu. 4.7m	Nu. -155.01m	Nu. -1.01b
Liquidity					
Loans to Deposits ratio	84.43%	92.03%	83.56%	81.12%	79.23%
Statutory Liquidity Requirement ratio	22.78%	23.32%	24.14%	25.76%	27.04%
Liquidity Position	Nu. 6.3b	Nu. 7.49b	Nu. 9.02b	Nu. 12.22b	Nu. 14.73b
Statutory Liquidity Requirement	Nu. 29.3b	Nu. 31.17b	Nu. 31.75b	Nu. 33.18b	Nu. 34.25b

1. Share of Loans to Micro, Cottage, Small, Medium, Large & Non-Enterprise



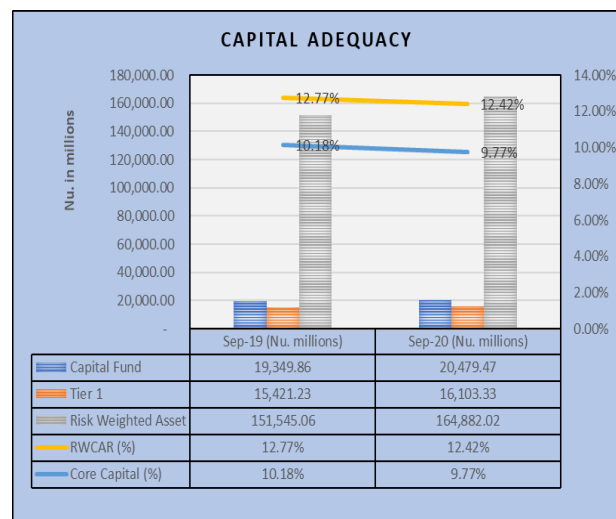
¹ The reporting Financial Service Providers include Banks; BNBL, BoBL, DPNBL, TBank, BDBL, Non-Banks; RICBL, BIL, NPPF and MFIs

2. Assets/ Liabilities

Assets	Sep-19 (Nu. millions)	Sep- 20 (Nu. millions)
Cash & Bank balances	60,572.18	69,816.27
Marketable securities	6,255.69	10,159.07
Loans & Advances (net of provisions)	130,983.25	146,831.67
Equity Investment	6,689.92	6,253.38
Fixed Assets	3,287.36	4,712.82
Other Assets	3,932.84	5,768.38
Total	211,721.25	243,541.59

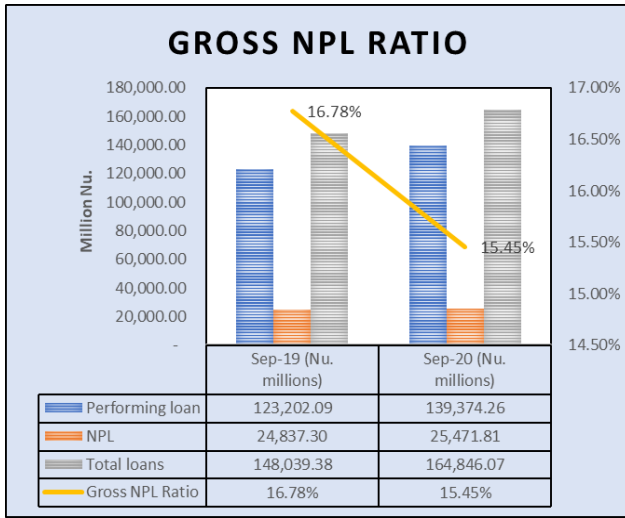
Liabilities	Sep-19 (Nu. millions)	Sep- 20 (Nu. millions)
Paid up capital	10,550.89	10,690.90
Reserves	9,101.72	11,743.73
Deposit Liabilities	131,221.55	156,442.81
Bonds & borrowing	3,872.36	3,486.03
Interest provision	3,631.32	4,286.03
Fund	42,687.53	48,305.86
Other liabilities	10,655.87	8,586.24
Total	211,721.25	243,541.59

3. Capital and Reserves²

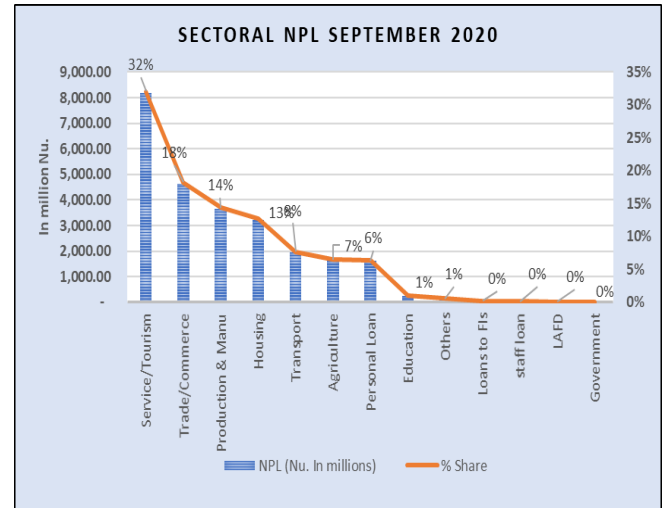


² For computation of RWCAR, related party NPLs are deducted from the Capital Fund

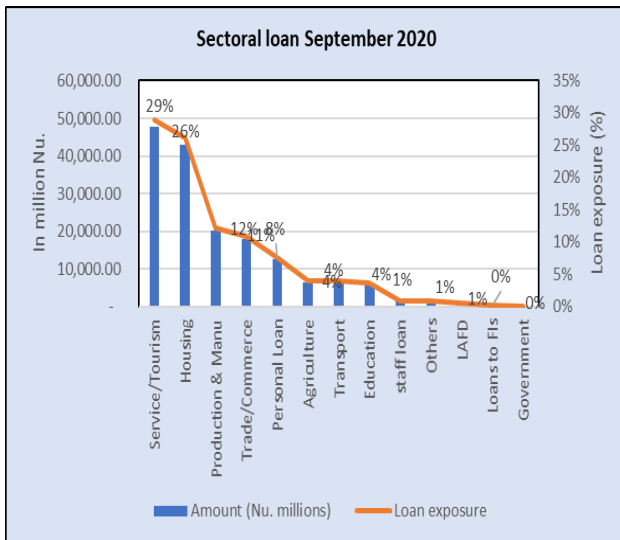
3. Asset Quality



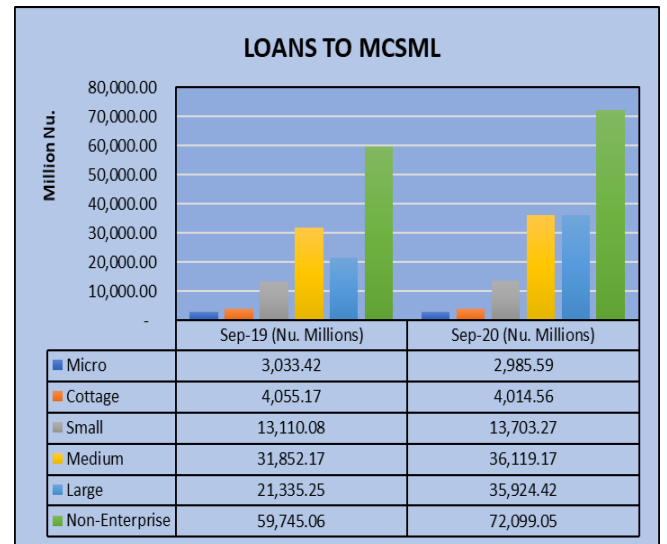
3.2 Sectoral NPL of Financial sector



3.1 Sectoral Loans and Advances



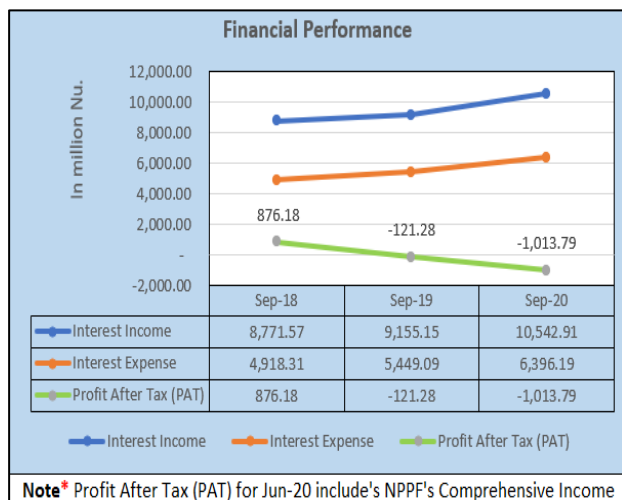
4. Loans to MCSML



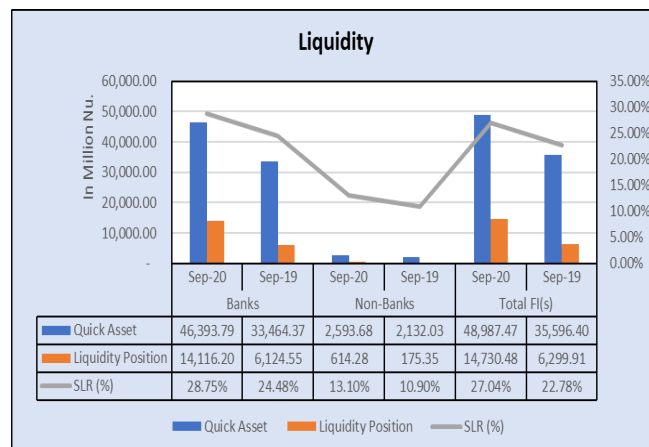
4. Access to Finance through Micro Finance Institutions (MFIs) and CSI Bank

Loan and NPL of MFIs and CSI Bank (Nu. in millions)			
Sl no	Particulars	Sep-20	Sep-19
1	Total Loan Sanctioned	Nu. 1,966.11m	Nu. 816.99m
2	Total Loan Outstanding	Nu. 1,816.51m	Nu. 542.84m
3	Total NPL	Nu. 375.99m	Nu. 74.31m
4	Total no. of loan a/cs	8,543	7,040
5	NPL to loan ratio	20.70%	13.69%

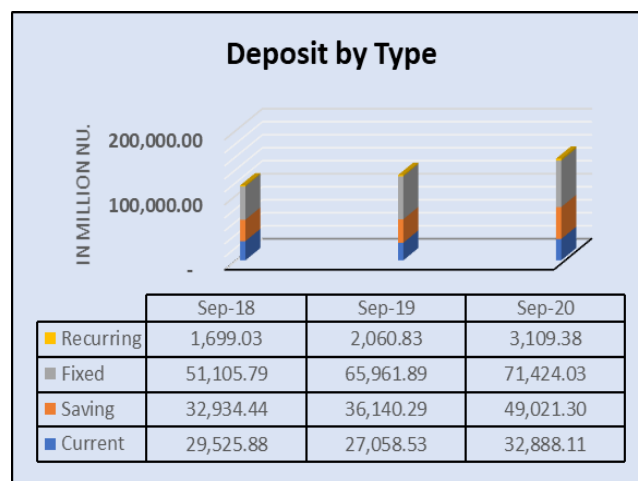
5. Financial Performance



6. Liquidity



7. Deposits (Banking Sector)



a) Deposit by Customer September 2019- 2020 (figures in million Nu.)

Table 1

Deposits by Customer	Total Deposits (Nu. Millions)			
	Sep-19	Sep-20	% change	% holding
Corporate deposits	59,193.19	66,759.75	12.78%	42.67%
Government	11,894.86	17,441.57	46.63%	11.15%
Government Corp.	13,243.13	15,089.88	13.94%	9.65%
Public Companies	3,924.32	981.80	-74.98%	0.63%
Private Co.	4,399.33	5,422.55	23.26%	3.47%
Commercial Banks	15,756.52	15,635.72	-0.77%	9.99%
NBFIs	9,975.02	12,188.22	22.19%	7.79%
Retail deposits	72,028.36	89,683.06	24.51%	57.33%
Individuals	69,919.72	89,130.59	27.48%	56.97%
Foreign Currency	2,108.64	552.48	-73.80%	0.35%
Total	131,221.55	156,442.81	19.22%	100.00%

b) SECTORAL LOAN September 2019-2020 (figures in million Nu.)

Table 2

Sector	Total Loans		% Change	% Holding
	Sep-19	Sep-20		
Agriculture/Animal Husbandry	6,335.26	6,553.70	3.45%	3.98%
Trade/Commerce	18,591.51	17,852.73	-3.97%	10.83%
Production & Manufacturing	18,118.99	20,107.63	10.98%	12.20%
Service/Tourism	38,083.54	47,772.72	25.44%	28.98%
Housing	38,031.80	43,064.14	13.23%	26.12%
Transport	6,706.37	6,470.47	-3.52%	3.93%
Loans to FIs	503.79	460.23	-8.65%	0.28%
Personal Loan	12,019.23	12,570.67	4.59%	7.63%
LAFD	1,294.12	1,012.37	-21.77%	0.61%
Education	5,492.98	6,038.00	9.92%	3.66%
Staff Loan	1,621.20	1,531.25	-5.55%	0.93%
Government	0.00	0.00	0.00%	0.00%
Others	1,240.60	1,412.15	13.83%	0.86%
Totals	148,039.38	164,846.07	11.35%	100%

c) SECTORAL NPL September 2019-2020 (figures in million Nu.)

Table 3

Sector	Total NPLs		% Change	% Holding
	Sep-19	Sep-20		
Agriculture/Animal Husbandry	1,746.66	1,661.48	-4.88%	6.52%
Trade/Commerce	5,146.67	4,646.04	-9.73%	18.24%
Production & Manufacturing	2,754.03	3,660.77	32.92%	14.37%
Service/Tourism	7,519.64	8,169.17	8.64%	32.07%
Housing	3,275.16	3,224.56	-1.54%	12.66%
Transport	1,785.99	1,959.92	9.74%	7.69%
Loans to FIs	0.00	49.61		0.19%
Personal Loan	2,096.68	1,619.55	-22.76%	6.36%
LAFD	7.05	25.19	257.46%	0.10%
Education	340.51	259.00	-23.94%	1.02%
Staff Loan	59.66	47.35	-20.63%	0.19%
Government (short term)	0.00	0.00	-100.00%	0.00%
Others	105.24	149.16	41.73%	0.59%
Totals	24,837.30	25,471.81	2.55%	100.00%

MCSML and Non enterprise Loan as of September 2020					
Sl no.	Sector	Total FIs			
		Loan Outstanding	NPL	% share of each category	% share of total outstanding
(1) MICRO	AGRICULTURE	2,521.43	514.95	84.45%	1.53%
	PROD & MANU	57.91	19.10	1.94%	0.04%
	SERVICE	94.47	36.48	3.16%	0.06%
	TRADE&COMMERCE	311.79	107.17	10.44%	0.19%
	LOANS TO FIs	-	-	0.00%	0.00%
	MICRO TOTAL	2,985.59	677.69	100.00%	1.81%
(2) COTTAGE	AGRICULTURE	2,850.59	843.18	71.01%	1.73%
	PROD & MANU	85.83	27.88	2.14%	0.05%
	SERVICE	349.57	136.16	8.71%	0.21%
	TRADE&COMMERCE	728.56	234.68	18.15%	0.44%
	LOANS TO FIs	-	-	0.00%	0.00%
	COTTAGE TOTAL	4,014.56	1,241.90	100.00%	2.44%
(3) SMALL	AGRICULTURE	804.44	195.87	5.87%	0.49%
	PROD & MANU	1,291.48	497.00	9.42%	0.78%
	SERVICE	5,104.93	1,783.98	37.25%	3.10%
	TRADE&COMMERCE	6,502.42	1,777.65	47.45%	3.94%
	LOANS TO FIs	-	-	0.00%	0.00%
	SMALL TOTAL	13,703.27	4,254.50	100.00%	8.31%
(4) MEDIUM	AGRICULTURE	377.24	107.49	1.04%	0.23%
	PROD & MANU	6,181.67	1,458.12	17.11%	3.75%
	SERVICE	20,724.91	5,099.52	57.38%	12.57%
	TRADE&COMMERCE	8,835.35	2,503.68	24.46%	5.36%
	LOANS TO FIs	-	-	0.00%	0.00%
	MEDIUM TOTAL	36,119.17	9,168.81	100.00%	21.91%
(5) LARGE	AGRICULTURE	-	-	0.00%	0.00%
	PROD & MANU	13,286.57	1,658.67	36.98%	8.06%
	SERVICE	20,703.02	1,113.03	57.63%	12.56%
	TRADE&COMMERCE	1,474.61	22.87	4.10%	0.89%
	LOANS TO FIs	460.23	49.61	1.28%	0.28%
	LARGE TOTAL	35,924.42	2,844.17	100.00%	21.79%
Non-Enterprise	HOUSING	43,064.14	3,224.56	59.73%	26.12%
	TRANSPORT	6,470.47	1,959.92	8.97%	3.93%
	PERSONAL	14,502.17	1,619.55	20.11%	8.80%
	STAFF LOAN	1,531.25	47.35	2.12%	0.93%
	Education Loan	4,106.50	259.00	5.70%	2.49%
	Loan Against Fixed Deposits	1,012.37	25.19	1.40%	0.61%
	Loans to the Govt	-	-	0.00%	0.00%
	Others	1,412.15	149.16	1.96%	0.86%
	Non- Enterprise TOTAL	72,099.05	7,284.73	100.00%	43.74%
GRAND TOTAL	164,846.07	25,471.81			