

Highlights on the Financial Sector Performance

September 2022



This report presents the highlights on the performance of the Bhutanese financial sector on peer group basis for the period ended Q3FY'22 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



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1. Highlights of the Financial Institutions¹

Highlights of the Financial Institutions					
Indicators	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Capital					
RWCAR	13.55%	15.48%	15.55%	15.00%	14.67%
Core CAR	10.18%	11.82%	11.91%	11.43%	10.73%
Leverage Ratio	6.06%	6.78%	6.83%	6.60%	6.15%
Asset Quality					
Gross NPL Ratio	12.38%	8.89%	9.78%	8.64%	7.81%
Net NPL to Net Loan	3.23%	0.48%	1.63%	0.97%	-0.15%
Single Largest Borrower	20.80%	21.89%	19.16%	21.39%	19.90%
Provision to NPL	59.03%	77.31%	67.20%	70.30%	80.70%
Ten Largest Borrower	15.92%	15.63%	14.95%	14.80%	14.85%
NPL	Nu. 21.77b	Nu. 15.66b	Nu. 17.56b	Nu. 16.06b	Nu. 14.98b*
Loan	Nu. 175.79b	Nu. 176.21b	Nu. 179.57b	Nu. 185.91b	Nu. 191.96b
Earning					
Return on Asset (RoA)	1.18%	1.79%	1.40%	1.98%	1.14%
Return on Equity (RoE)	11.55%	17.04%	13.29%	18.40%	11.12%
Profit After Tax (PaT)	Nu. 2.61b	Nu. 3.99b	Nu. 3.37b	Nu. 4.85b	Nu. 2.45b
Liquidity					
Loans to Deposits ratio (banks)	99.36%	73.02%	73.23%	74.29%	76.15%
Statutory Liquidity Requirement ratio	29.74%	32.64%	32.32%	29.66%	28.70%
Liquidity Position	Nu. 22.79b	Nu. 29.84b	Nu. 29.52b	Nu. 24.14b	Nu. 23.01b
Statutory Liquidity Requirement	Nu. 39.95b	Nu. 41.61b	Nu. 42.08b	Nu. 43.2b	Nu. 45.39b

* NPL figure for September 2022 consists of charged-off loans amounting Nu. 3.3b

1.1 Highlights of the Financial Institutions - By Banks and Non-Banks

Indicators	Sep-22		
	Banks	Non-Banks	Total FI(s)
Capital			
RWCAR	14.09%	18.51%	14.67%
Core CAR	10.67%	11.13%	10.73%
Leverage Ratio	6.98%	10.15%	6.15%
Asset Quality			
Gross NPL Ratio	4.85%	18.34%	7.81%
Single Largest Borrower	19.69%	21.40%	19.90%
Provision to NPL	72.67%	90.56%	80.70%

¹ The reporting Financial Institution include Banks; BNBL, BoBL, DPNBL, TBank, BDBL, Non-Banks; RICBL, BIL, and NPPF.

<i>Ten Largest Borrower</i>	14.77%	15.37%	14.85%
<i>NPL</i>	Nu. 7.28b*	Nu. 7.7b*	Nu. 14.98b*
<i>Loan</i>	Nu. 149.97b	Nu. 41.99b	Nu. 191.96b
Earning			
<i>Return on Asset (RoA)</i>	0.56%	1.57%	1.14%
<i>Return on Equity (RoE)</i>	5.92%	10.27%	11.12%
<i>Profit After Tax (PaT)</i>	Nu. 1.06b	Nu. 1.39b	Nu. 2.45b
Liquidity			
<i>Loans to Deposits ratio (banks)</i>	76.15%		76.15%
<i>Statutory Liquidity Requirement ratio</i>	29.64%	19.78%	28.70%
<i>Liquidity Position</i>	Nu. 20.79b	Nu. 2.22b	Nu. 23.01b
<i>Statutory Liquidity Requirement</i>	Nu. 43.13b	Nu. 2.27b	Nu. 45.39b

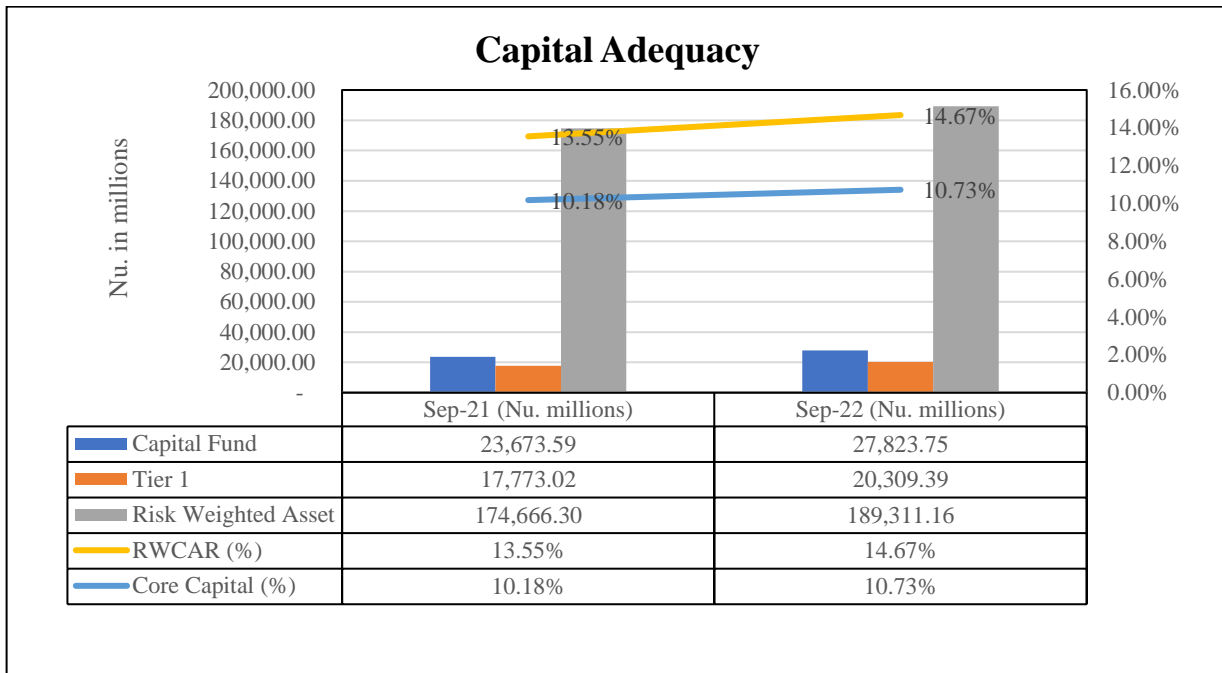
*NPL for Banks and Non-Banks are inclusive of charged-off loans

2. Assets/ Liabilities- By Banks and Non-banks

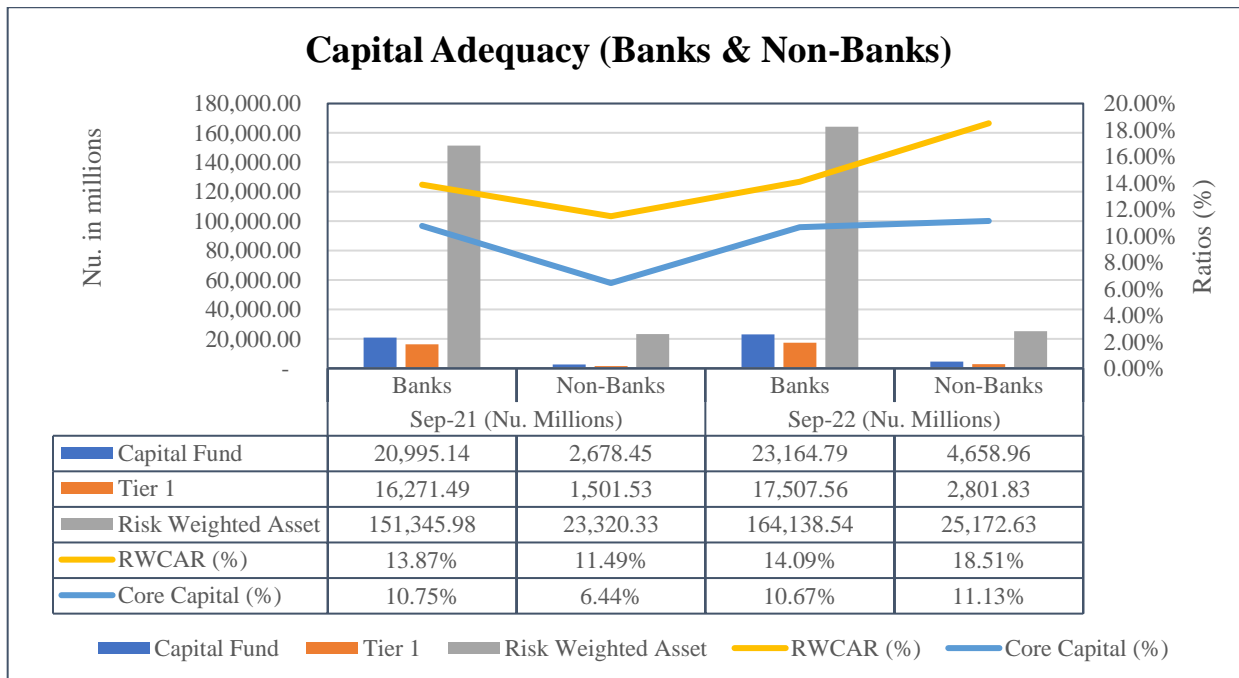
Assets	Sep- 21 (Nu. millions)		Sep- 22 (Nu. millions)	
	Banks	Non-Banks	Banks	Non-Banks
Cash & Bank balances	55,160.49	23,930.80	52,598.67	30,868.84
Marketable securities	22,024.33	3,729.49	29,147.73	272.96
Loans & Advances (net of provisions)	124,541.30	34,545.53	144,251.76	35,744.00
Equity Investment	878.26	5,238.55	1,173.09	5,606.02
Fixed Assets	2,935.11	1,980.15	2,815.38	3,046.07
Other Assets	4,077.67	2,745.40	8,809.30	3,676.31
Total	209,617.16	72,169.93	238,795.92	79,214.20

Liabilities	Sep- 21 (Nu. millions)		Sep- 22 (Nu. millions)	
	Banks	Non-Banks	Banks	Non-Banks
Paid up capital	8,990.89	1,700.00	8,990.89	1,700.00
Reserves	13,089.63	3,214.15	14,798.23	8,004.21
Deposit Liabilities	176,921.93	-	197,154.32	-
Bonds & borrowing	534.51	1,775.58	391.79	455.56
Interest provision	5,296.64	233.12	5,992.52	182.42
Fund	-	60,663.01	-	63,399.33
Other liabilities	4,783.55	4,584.07	11,468.17	5,472.69
Total	209,617.15	72,169.93	238,795.92	79,214.20

3. Capital and Reserves²

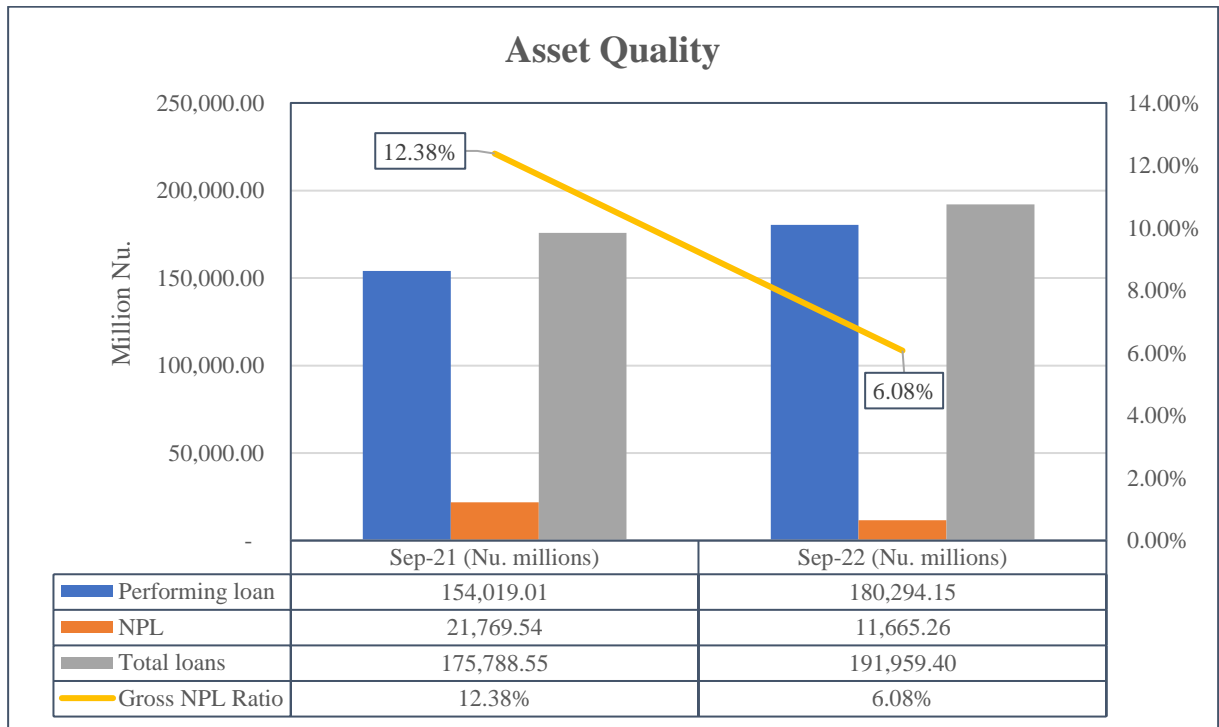


3.1 Capital and Reserves- By Banks and Non-Banks

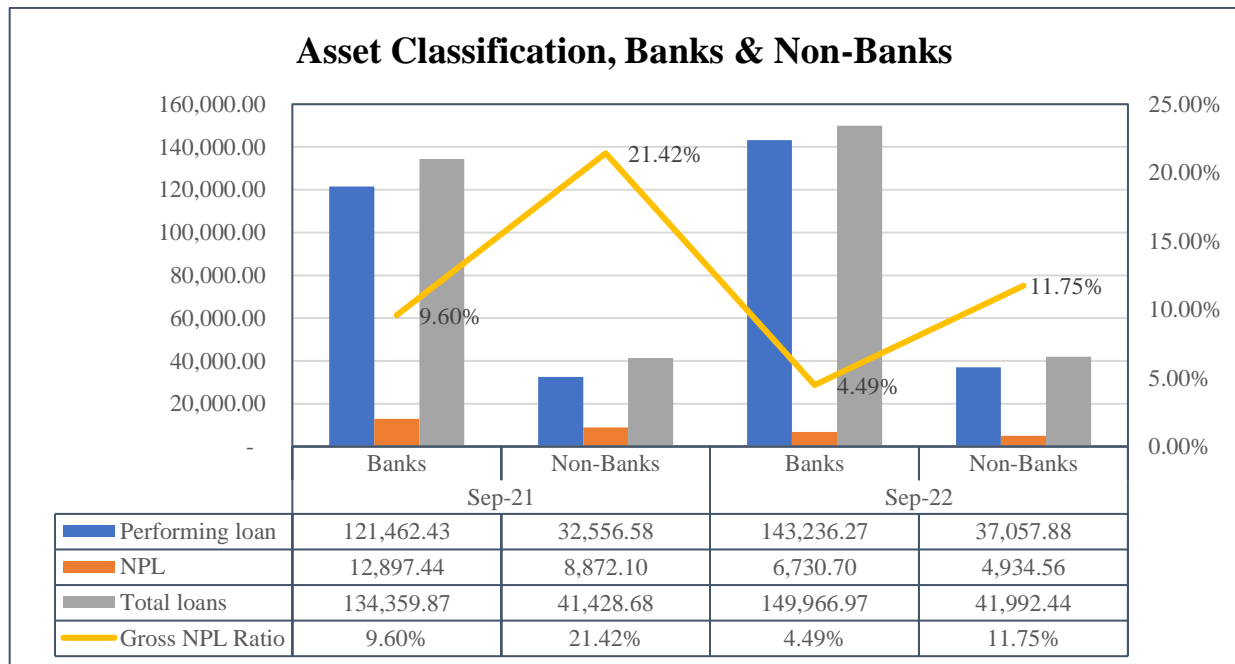


² For computation of RWCAR, related party NPLs are deducted from the Capital Fund

4. Asset Quality³

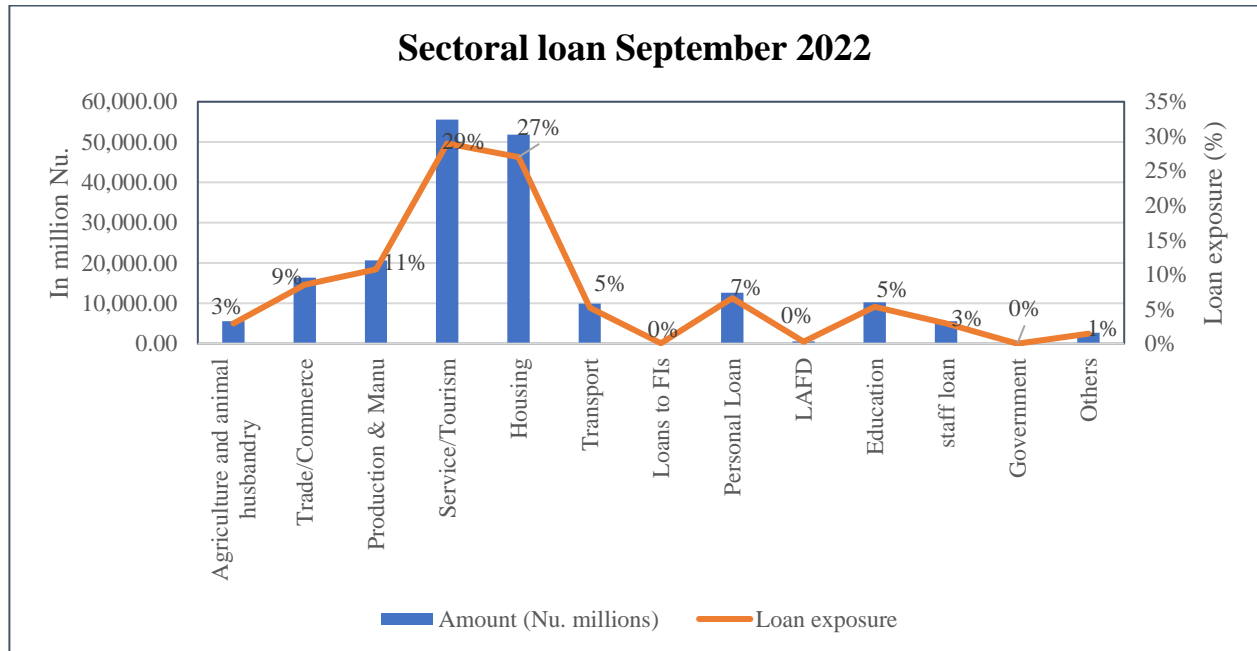


4.1 Asset Quality- By Banks and Non-Banks

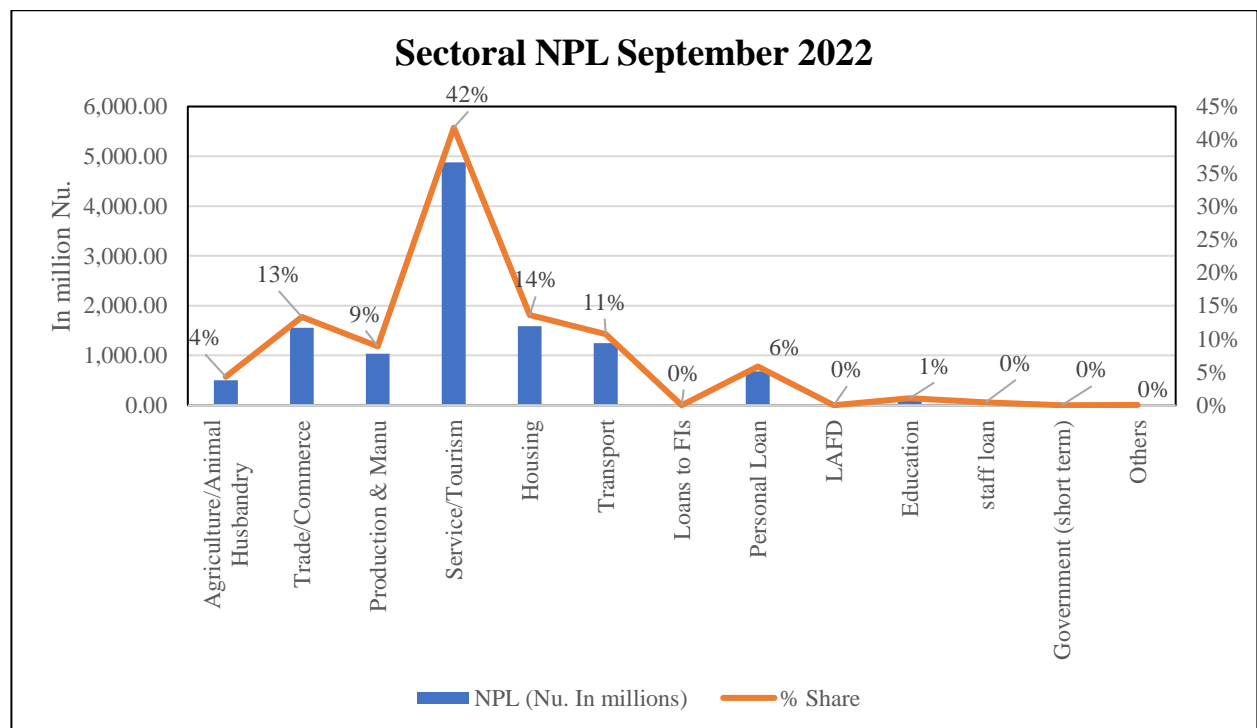


³ For the purpose of analysis, charged-off loans are excluded in this graph

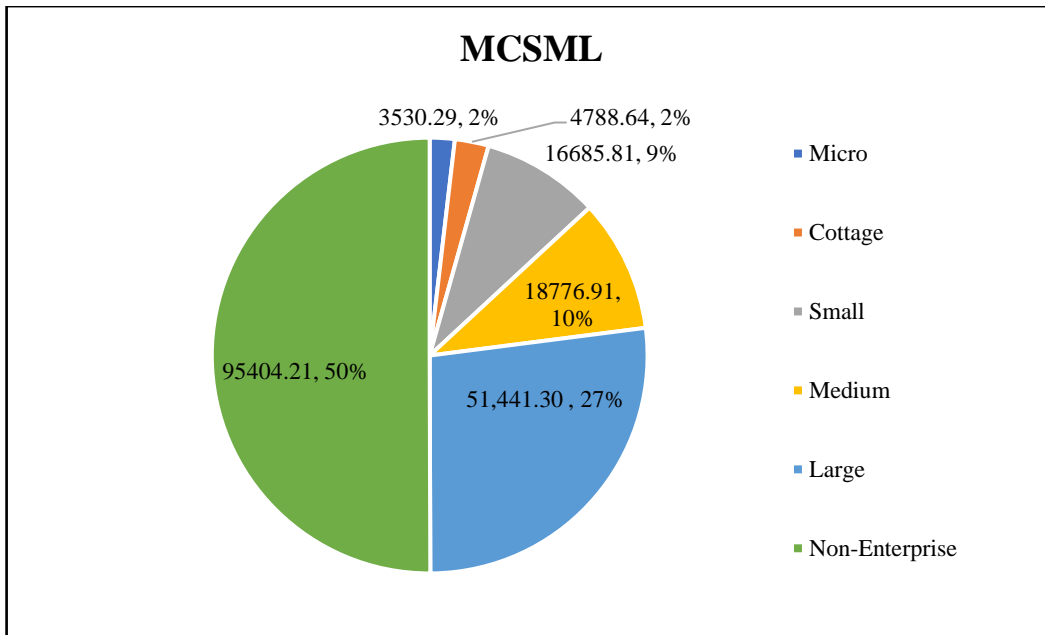
4.2 Sectoral Loans and Advances



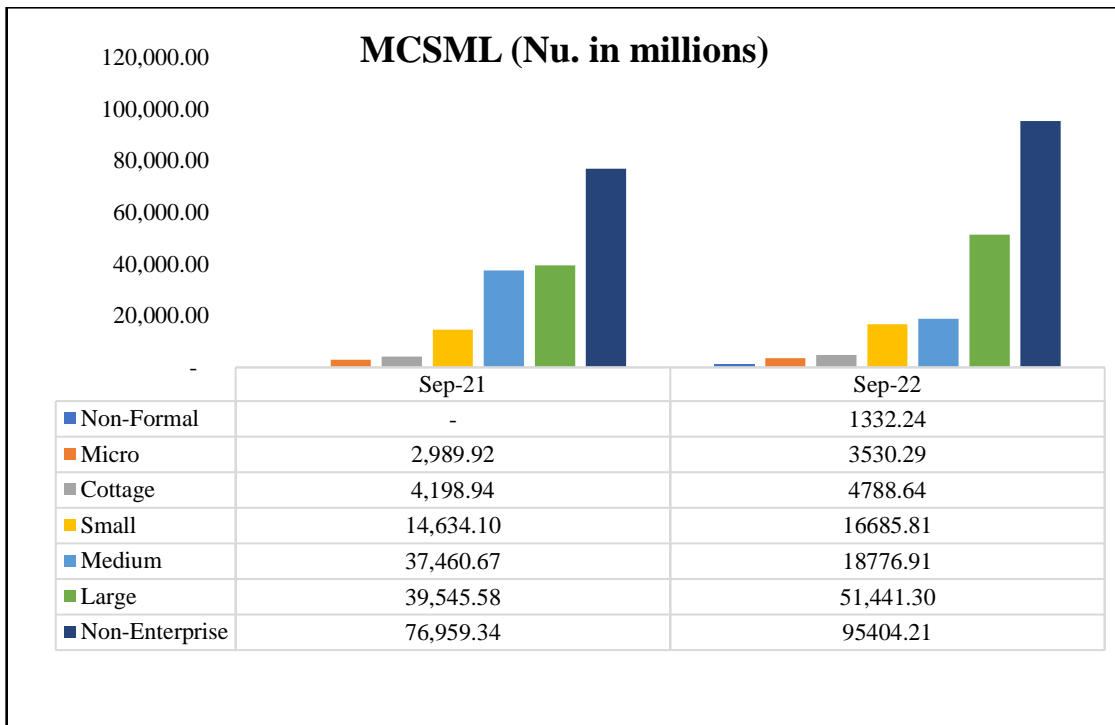
4.3 Sectoral NPL of Financial sector



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



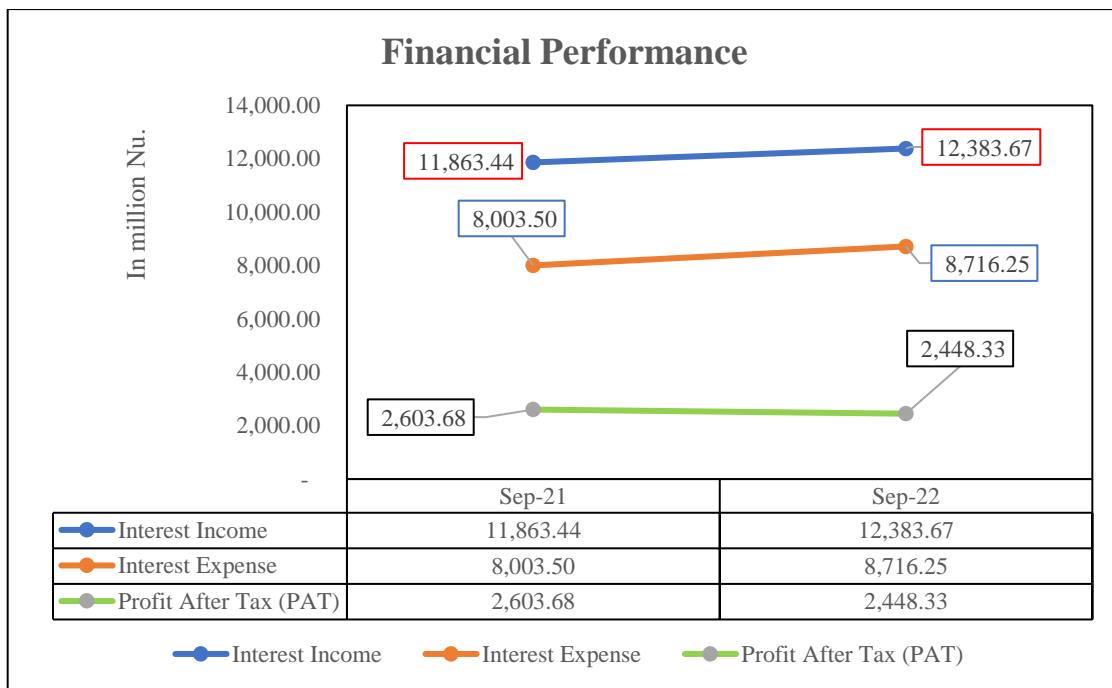
4.5 Loans to Micro, Cottage, Small, Medium, Large & Non-Enterprise



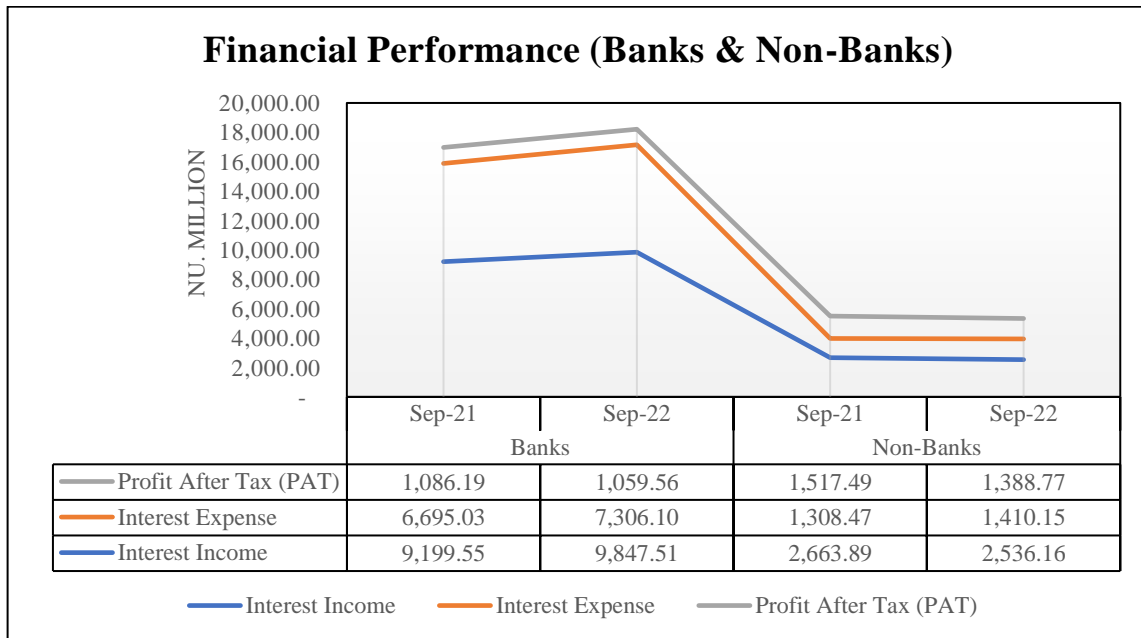
4.6 Access to Finance through Micro Finance Institutions (MFIs) and CSI Bank

Loan and NPL of MFIs and CSI bank (Nu. In million)			
Sl. no	Particulars	Sep-21	Sep-22
1	Total Loan Sanctioned	2,427.53	3,260.85
2	Total Loan Outstanding	1,938.98	2,610.08
3	Total NPL	193.50	197.30
4	Total no. of Loan a/cs	9,548	13,890
5	NPL to loan ratio	9.98%	7.56%

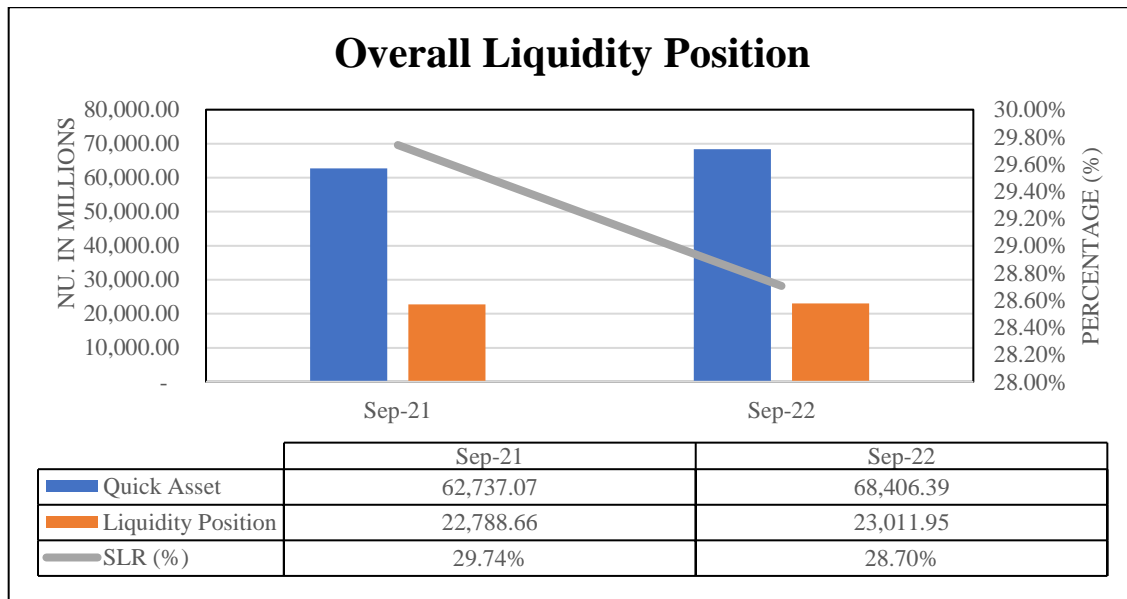
5. Profitability (Overall)



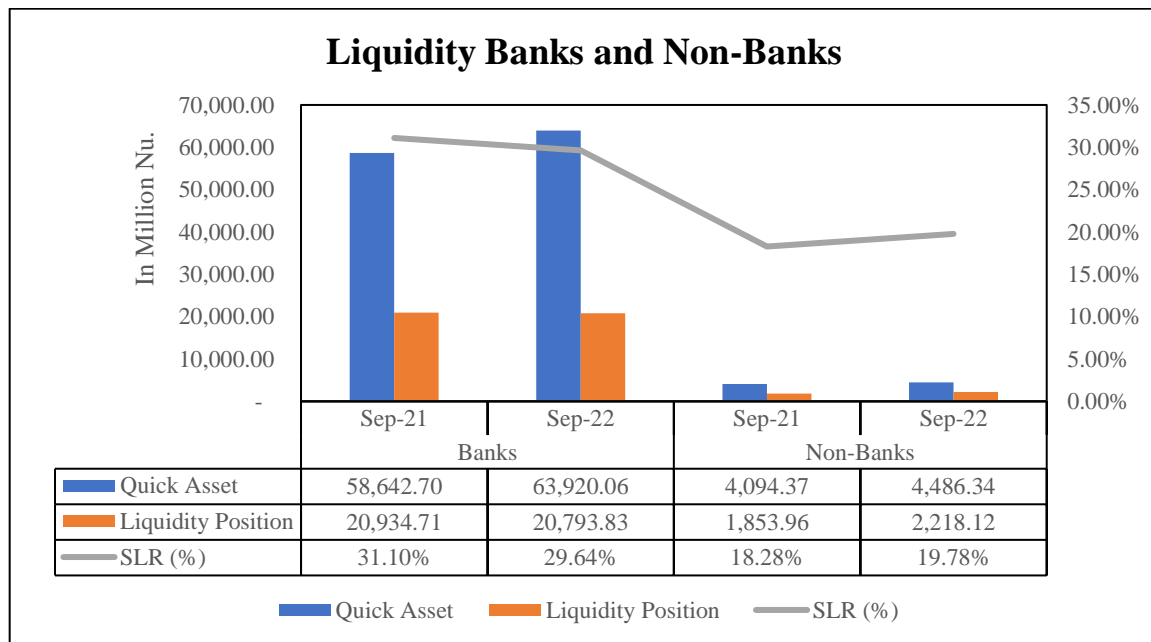
5.1 Profitability-By Banks and Non-Banks



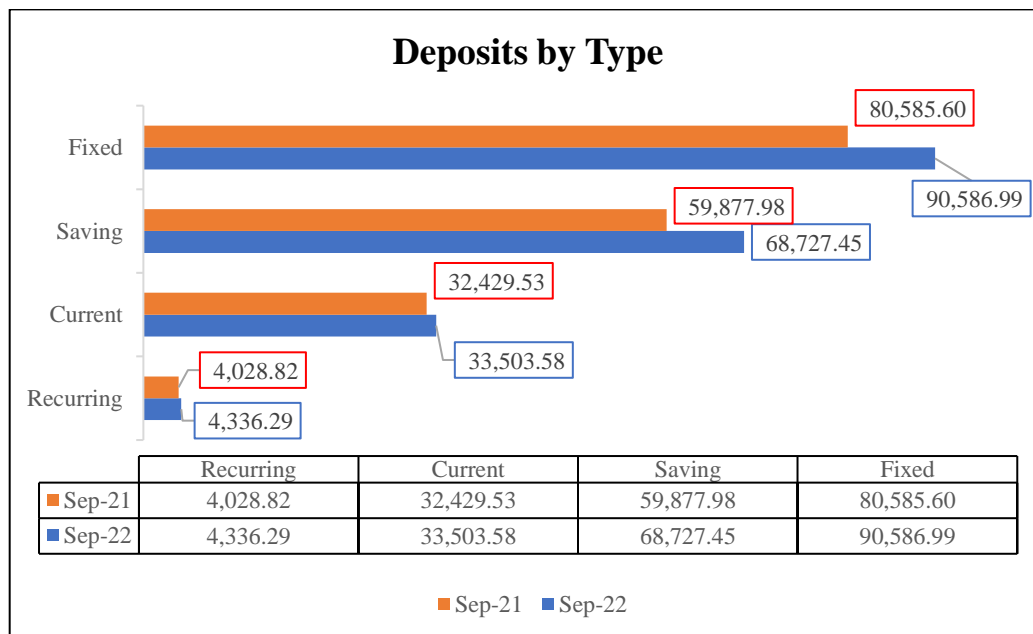
6. Liquidity (Overall)



6.1 Liquidity- By Banks and Non-Banks



7. Deposits (Banking Sector)



ANNEXURE I

a) Deposit by Customer September 2021- 2022 (figures in million Nu.)

Deposits by Customer	Total Deposits		% change	% Holding (2022)
	Sep-22	Sep-21		
Corporate deposits	75,911.08	65,763.58	15.43%	38.50%
Government	15,945.98	15,628.69	2.03%	8.09%
Government Corp.	22,344.78	20,452.98	9.25%	11.33%
Public Companies	1,074.97	647.90	65.92%	0.55%
Private Companies	9,012.52	9,887.17	-8.85%	4.57%
Commercial Banks	8,435.96	5,686.61	48.35%	4.28%
NBFIs	19,096.87	13,460.23	41.88%	9.69%
Retail deposits	121,243.25	111,158.36	9.07%	61.50%
Individuals	120,239.32	110,767.44	8.55%	60.99%
Foreign Currency	1,003.92	390.92	156.81%	0.51%
Total	197,154.32	176,921.94	11.44%	100.00%

b) SECTORAL LOAN September 2021- 2022 (figures in million Nu.)

Sector	Total Loans		% Change	% Holding (September 2022)
	Sep-22	Sep-21		
Agriculture/Animal Husbandry	5,611.66	6,651.24	-15.63%	2.92%
Trade/Commerce	16,385.26	20,126.97	-18.59%	8.54%
Production & Manu	20,659.12	22,066.28	-6.38%	10.76%
Service/Tourism	55,595.39	49,673.70	11.92%	28.96%
Housing	51,834.10	45,533.84	13.84%	27.00%
Transport	9,980.41	6,968.22	43.23%	5.20%
Loans to FIs	99.76	311.02	-67.93%	0.05%
Personal Loan	12,673.39	12,854.68	-1.41%	6.60%
LAFD	542.73	1,423.66	-61.88%	0.28%
Education	10,248.77	6,760.76	51.59%	5.34%
Staff loan	5,580.89	1,808.22	208.64%	2.91%
Government (short term)	-	-		0.00%
Others	2,747.92	1,609.96	70.68%	1.43%
Totals	191,959.40	175,788.55	9.20%	100%

c) SECTORAL NPL September 2021- 2022 (figures in million Nu.)⁴

Sector	Total NPLs		% Change	% Holding (Jun 2022)
	Sep-22	Sep-21		
Agriculture/Animal Husbandry	501.04	1,141.61	-56.11%	4.30%
Trade/Commerce	1,554.39	3,922.46	-60.37%	13.32%
Production & Manu	1,034.59	4,000.10	-74.14%	8.87%
Service/Tourism	4,877.77	7,059.61	-30.91%	41.81%
Housing	1,586.96	2,609.08	-77.52%	13.60%
Transport	1,246.05	1,352.82	-7.89%	10.68%
Loans to FIs	0.00	0.00		0.00%
Personal Loan	682.04	1,356.92	-49.74%	5.85%
LAFD	0.00	12.82	-100.00%	0.00%
Education	123.18	146.85	-16.12%	1.06%
staff loan	52.44	21.07	148.87%	0.45%
Government (short term)	0.00	0.00		0.00%
Others	6.81	146.21	-95.34%	0.06%
Totals	11,665.26	21,769.54	-55.51%	100.00%

⁴ NPL excluding charged-off loans

d) MCSML and Non enterprise Loan as of September 2022 (figures in million Nu.)⁵

Sl.no	Sector	Loan Outstanding	NPL	% Loan share of each category	% Loan share of total outstanding	
MICRO	AGRICULTURE AND ANIMAL HUSBANDRY	1,960.72	189.05	55.5%	1.02%	
	TRADE AND COMMERCE	571.98	47.75	16.2%	0.30%	
	PRODUCTION & MANUFACTURING	82.28	3.40	2.3%	0.04%	
	SERVICE SECTOR	225.87	68.68	6.4%	0.12%	
	HOUSING SECTOR	595.45	75.79	16.9%	0.31%	
	TRANSPORT	16.87	0.67	0.5%	0.01%	
	PERSONAL LOANS	73.35	6.77	2.1%	0.04%	
	EDUCATION LOANS	3.04	-	0.1%	0.00%	
	STAFF INCENTIVE LOANS	0.52	-	0.0%	0.00%	
	OTHERS	0.21	-	0.0%	0.00%	
	Subtotal	3,530.29	392.11	100.0%	1.84%	
COTTAGE	AGRICULTURE AND ANIMAL HUSBANDRY	1,321.59	125.56	27.6%	0.69%	
	TRADE AND COMMERCE	514.10	53.85	10.7%	0.27%	
	PRODUCTION & MANUFACTURING	453.62	118.81	9.5%	0.24%	
	SERVICE SECTOR	2,140.98	449.13	44.7%	1.12%	
	HOUSING SECTOR	291.41	14.58	6.1%	0.15%	
	TRANSPORT	41.47	3.94	0.9%	0.02%	
	PERSONAL LOANS	17.56	0.86	0.4%	0.01%	
	EDUCATION LOANS	0.79	-	0.0%	0.00%	
	STAFF INCENTIVE LOANS	0.04	-	0.0%	0.00%	
	OTHERS	7.07	-	0.1%	0.00%	
	Subtotal	4,788.63	766.73	100.0%	2.49%	
SMALL	AGRICULTURE AND ANIMAL HUSBANDRY	499.83	51.04	3.0%	0.26%	
	TRADE AND COMMERCE	6,501.49	640.66	39.0%	3.39%	
	PRODUCTION & MANUFACTURING	1,781.99	246.53	10.7%	0.93%	
	SERVICE SECTOR	6,884.92	788.86	41.3%	3.59%	
	HOUSING SECTOR	567.50	12.55	3.4%	0.30%	
	TRANSPORT	318.37	36.37	1.9%	0.17%	
	PERSONAL LOANS	84.44	10.82	0.5%	0.04%	
	EDUCATION LOANS	1.19	-	0.0%	0.00%	
	STAFF INCENTIVE LOANS	0.30	-	0.0%	0.00%	
	OTHERS	45.78	-	0.3%	0.02%	
	Subtotal	16,685.81	1,786.83	100.0%	8.69%	
MEDIUM	AGRICULTURE AND ANIMAL HUSBANDRY	41.88	-	0.2%	0.02%	
	TRADE AND COMMERCE	2,960.74	236.99	15.8%	1.54%	
	PRODUCTION & MANUFACTURING	3,900.75	64.31	20.8%	2.03%	
	SERVICE SECTOR	11,191.32	878.67	59.6%	5.83%	
	HOUSING SECTOR	295.31	7.35	1.6%	0.15%	
	TRANSPORT	250.38	35.82	1.3%	0.13%	
	PERSONAL LOANS	60.77	27.12	0.3%	0.03%	
	OTHERS	75.76	-	0.4%	0.04%	
		Subtotal	18,776.91	1,250.26	100.0%	9.78%
	LARGE	AGRICULTURE AND ANIMAL HUSBANDRY	5.48	0.91	0.01%	0.00%
TRADE AND COMMERCE		4,233.28	311.31	8.23%	2.21%	
PRODUCTION & MANUFACTURING		13,875.01	545.49	26.97%	7.23%	
SERVICE SECTOR		30,384.81	2,264.94	59.07%	15.83%	
HOUSING SECTOR		1,235.18	399.27	2.40%	0.64%	
TRANSPORT		1,280.22	63.92	2.49%	0.67%	
LOANS TO Fis		99.76	-	0.19%	0.05%	
PERSONAL LOANS		120.18	54.15	0.23%	0.06%	
EDUCATION LOANS		3.50	-	0.01%	0.00%	
OTHERS		203.89	-	0.40%	0.11%	
	Subtotal	51,441.31	3,639.99	100.0%	26.80%	
Non-Enterprise	AGRICULTURE AND ANIMAL HUSBANDRY	1,572.04	114.24	1.65%	0.82%	
	TRADE AND COMMERCE	1,560.22	257.91	1.64%	0.81%	
	PRODUCTION & MANUFACTURING	533.51	52.07	0.56%	0.28%	
	SERVICE SECTOR	4,310.48	412.62	4.52%	2.25%	
	HOUSING SECTOR	48,424.17	1,077.41	50.76%	25.23%	
	TRANSPORT	7,917.06	1,066.52	8.30%	4.12%	
	PERSONAL LOANS	12,310.33	582.33	12.90%	6.41%	
	LAFD	542.73	-	0.57%	0.28%	
	EDUCATION LOANS	10,240.12	123.18	10.73%	5.33%	
	STAFF INCENTIVE LOANS	5,578.33	52.43	5.85%	2.91%	
OTHERS	2,415.22	6.81	2.53%	1.26%		
	Subtotal	95,404.21	3,745.52	100.00%	49.70%	
Non-Formal	AGRICULTURE AND ANIMAL HUSBANDRY	210.11	20.25	15.8%	0.11%	
	TRADE AND COMMERCE	43.45	5.92	3.3%	0.02%	
	PRODUCTION & MANUFACTURING	31.96	3.97	2.4%	0.02%	
	SERVICE SECTOR	457.01	14.86	34.3%	0.24%	
	HOUSING SECTOR	425.08	-	31.9%	0.22%	
	TRANSPORT	156.04	38.82	11.7%	0.08%	
	PERSONAL LOANS	6.75	-	0.5%	0.00%	
	EDUCATION LOANS	0.13	-	0.0%	0.00%	
	STAFF INCENTIVE LOANS	1.71	-	0.1%	0.00%	
		Subtotal	1,332.24	83.82	100.0%	0.69%
	Grand Total	191,959.40	11,665.26			

⁵ NPL excluding charged-off loans