

FINANCIAL SECTOR PERFORMANCE REVIEW REPORT

December 2018



This report presents the performance of the Bhutanese financial sector on peer group basis (excluding National Pension & Provident Fund) for the period ended Q4FY'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
ROYAL MONETARY AUTHORITY OF BHUTAN**



Overview

The Table 1 below shows an overview of performance of the financial sector as of December 2018. The Risk Weighted Capital Adequacy Ratio (RWCAR) has declined to 15.12% from 16.02% as compared to December 2017 but it is above the minimum regulatory requirement of 12.5% (including the capital conservation buffer of 2.5%). Similarly, the Gross NPL Ratio (NPL to loan ratio) has also deteriorated which stood at 10.43%, which is a 2.45% increase from the previous year 2017. With regard to the earnings of the financial sector, the financial institutions recorded a net profit (after tax) of Nu. 474.78 million in December 2018 which has also decreased from Nu. 997.36 million in 2017.

Table 1

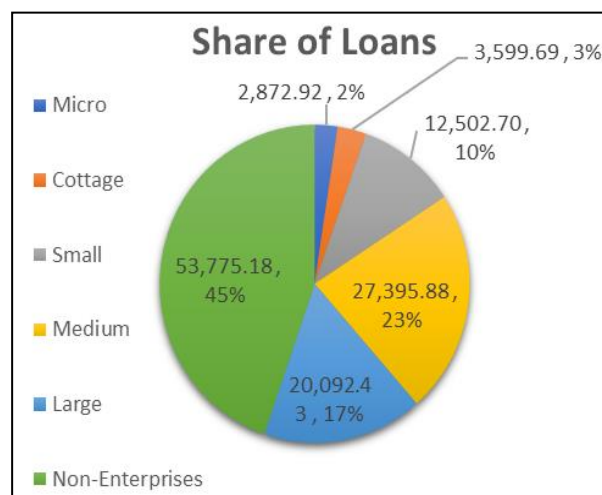
Highlights of the Financial Institutions (Financial Sector Indicators for last 1 yr)				
Indicators	Dec-17	Jun-18	Sep-18	Dec-18
Capital				
RWCAR (12.5%)	16.02%	16.17%	16.26%	15.12%
Core CAR (7.5%)	13.31%	12.95%	12.61%	11.80%
Leverage Ratio (5%)	9.78%	9.81%	9.53%	9.43%
Asset Quality				
Gross NPL Ratio	7.98%	11.52%	12.43%	10.43%
Net NPL to Net Loan	1.40%	4.34%	5.12%	2.07%
Single Largest Borrower	15.49%	15.08%	14.25%	13.56%
Provision to NPL	70.58%	54.16%	51.87%	68.59%
Ten Largest Borrower	15.20%	15.31%	14.13%	13.56%
NPL	Nu. 8.24b	Nu. 12.54b	Nu. 14.2b	Nu. 12.54b
Loan	Nu. 103.32b	Nu. 108.81b	Nu. 114.25b	Nu. 120.24b
Earning				
Return on Asset (RoA)	0.67%	0.52%	0.56%	0.30%
Return on Equity (RoE)	4.80%	3.91%	4.30%	2.29%
Profit After Tax (PaT)	Nu. 997.36m	Nu. 802.72m	Nu. 876.18m	Nu. 474.78m
Liquidity				
Loans to Deposits ratio	77.02%	78.86%	81.77%	85.69%
Statutory Liquidity Requirement ratio	27.37%	28.65%	26.03%	22.24%
Liquidity Position	Nu. 12.02b	Nu. 13.96b	Nu. 10.49b	Nu. 5.16b
Statutory Liquidity Requirement	Nu. 25.43b	Nu. 26.13b	Nu. 26.52b	Nu. 26.64b

The asset base of the financial sector has increased by 4.4% for the period ended December 2018. The majority of the total asset comprises of loans (net of provision

and interest in suspense) with 66.98%. Financial sector’s total loans to the economy stands at Nu. 120.24 billion, as compared to Nu. 103.32 billion in December 2017, showing an increase of 16.38%. Housing sector has the highest loan exposure with Nu. 28.89 billion, followed by Service & Tourism and Trade & Commerce sectors with Nu. 28.85 billion and Nu. 16.54 billion respectively.

As depicted in *Figure 1*, the share of loan to Medium enterprises constitutes 23% (Nu. 27.4 billion), followed by Large and Small enterprises with 17% (Nu. 20.09 billion) and 10% (Nu. 12.5 billion) respectively. The loans to Micro and Cottage enterprises accounted for 5% only (Nu. 6.47 billion). Remaining 45% (Nu. 53.78 billion) are loans to non-enterprises.

Figure 1



Total deposit of the banks stood at Nu. 116.17 billion, which is an increase by 6.02% as compared to December quarter of 2017. Statutory Liquidity Requirement (SLR) for banks and non-banks were maintained

above the minimum regulatory requirement of 20% and 10% respectively. For banks SLR stood at 23.23% and for non-banks it stood at 15.98%.

1. Assets/ Liabilities

As depicted in table 2, the total asset of the financial sector has increased by 4.4% (Nu. 6.92 billion), which stood at Nu. 164.19 billion in December 2018 as compared to Nu. 157.28 billion in December 2017. Around 66.98% of the growth in total assets was contributed by loans (net of specific provision and interest in suspense). In terms of asset composition, 87% of the total assets are held by banks and the remaining 13% by the non-banks.

1.1 Banks

Total assets of the banking sector have increased by 6.36%, from Nu. 134.55 billion in December 2017 to Nu. 143.11 billion in December 2018. Rapid growth in loans (net of specific provision and interest in suspense) by Nu. 15 billion has contributed significantly in the growth of assets of the banking sector.

1.2 Non-Banks

Total assets of non-banking sector decreased by 7.24% (Nu. 1.65 billion), from Nu. 22.72 billion in December 2017 to Nu. 21.08 billion in December 2018. The decrease in asset size was mainly due to decrease in total loans (net of specific provision and interest in suspense) by Nu. 1.47 billion.

Table 2

Asset	Dec-18 (Nu. millions)	Dec-17 (Nu. millions)
Cash & Bank balances	36,738.38	40,343.90
Marketable securities	12,142.49	15,232.89
Loans & Advances (net of provisions)	109,971.57	96,436.04
Equity Investment	609.34	648.65
Fixed Assets	2,215.21	1,916.60
Other Assets	2,516.41	2,697.40
Total	164,193.40	157,275.49

On the liability side, substantial growth in deposits by Nu. 6.6 billion was the major contribution 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 the non-banking sector was the insurance fund with 38% followed by current and other liabilities with 35%. As of December 2018, the non-banking sector had an Insurance Fund of Nu. 7.91 billion which comprised of Life Insurance, General Insurance and Group Insurance funds.

Table 3

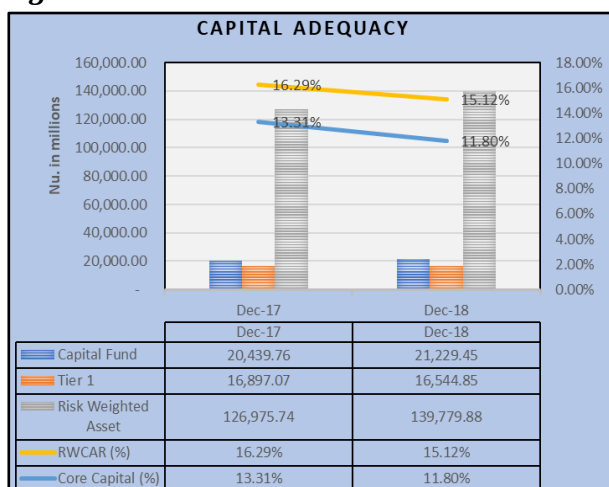
Liabilities	Dec-18 (Nu. Millions)	Dec-17 (Nu. Millions)
Paid up capital	9,517.25	8,949.25
Reserves	11,729.93	12,276.67
Deposit Liabilities	116,171.31	109,571.69
Bonds & borrowing	5,007.81	5,912.62
Interest provision	3,694.19	3,471.57
Insurance Fund	7,910.38	6,556.13
Other liabilities	10,162.53	10,537.56
Total	164,193.40	157,275.49

2. Capital and Reserves

Capital is the main source of financial support and acts 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 December 2018 stood at Nu. 21.23 billion, as compared to Nu. 20.44 billion in December 2017, indicating an increase of Nu. 789.69 million. The capital fund of banking sector amounted to Nu. 19.66 billion and for non-banking sector, it amounted to Nu. 1.57 billion in December 2018.

Figure 2



¹In this case, the capital fund is the total capital fund without deducting the NPL of related party. But for calculation of CAR ratio, the NPL of related party needs to be deducted as required under section 1.5 (iv) of Prudential Regulations 2017.

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

2.1 Capital Adequacy

Risk-Weighted Capital Adequacy Ratio (RWCAR) of the financial sector in December 2018 stood at 15.12% as compared to 16.29% in December 2017 showing a decrease of 1.17% (as depicted in Figure 2). The decrease in RWCAR is primarily on account of increase in NPL by Nu. 4.3 billion which requires 150% risk weights.

Similarly, Core capital ratio² of the financial sector has also decreased from 13.31% in December 2017 to 11.8% in December 2018.

2.2 Capital Adequacy, Banking and Non-banking sectors

The RWCAR³ of the banking sector has increased by 0.23% while the RWCAR for non-banks has decreased by 7.09%. In December 2018, the RWCAR of banking sector stood at 16.71% while for non-banks, the ratio stood at 6.89%.

Similarly, the core capital ratio for banks stood at 13.2% while for non-banks it stood at 4.55% 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 December 2018 stood at 9.43%, maintaining 4.43% above

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

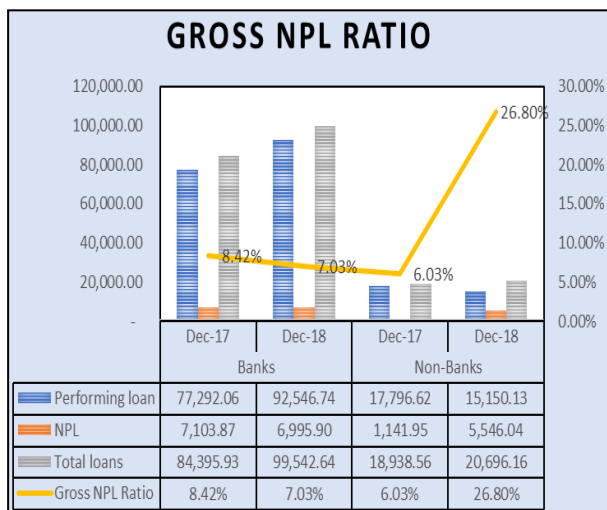
³ The RWCAR signifies the availability of capital to support the business of the financial institutions. The NPL of related parties has been deducted from the capital fund when assessing RWCAR.

the regulatory requirement of 5%. The Leverage ratio of banking and non-banking sectors stood at 10.15% and 4.57% respectively.

3. Asset Quality

Analysis on the loan classification of the financial sector indicated that both loans and NPL have increased by Nu. 16.9 billion and Nu. 4.3 billion respectively. Financial sector’s total loan to the economy amounted Nu. 120.24 billion in December 2018 while the NPL amounted to Nu. 12.54 billion. Gross NPL ratio (NPL to total loans) of the financial sector increased to 10.43% in December 2018 as compared to 7.98% in December 2017.

Figure 3



Gross NPL ratio of banking sector has decreased by 1.39%, from 8.42% in December 2017 to 7.03% during the period

under review. Whereas, the Gross NPL ratio for non-banking sector has increased by 20.76%, from 6.03% in December 2017 to 26.79% in December 2018.

In December 2018, out of the total NPL of Nu. 12.54 billion, NPL classified under the loss category⁴ (which includes the term expired loans and loans under litigation cases) comprised of 67.13% amounting to Nu. 8.42 billion followed by the Substandard category⁵ with 18.14% amounting to Nu. 2.27 billion and Doubtful category⁶ with 14.73% (Nu. 1.85 billion).

3.1 Sectoral Loans and Advances

Loans and advances of the financial sector increased by Nu. 16.9 billion during the period under review. Relatively, loans are concentrated in few sectors such as Housing, Service & Tourism and Trade & Commerce sectors.

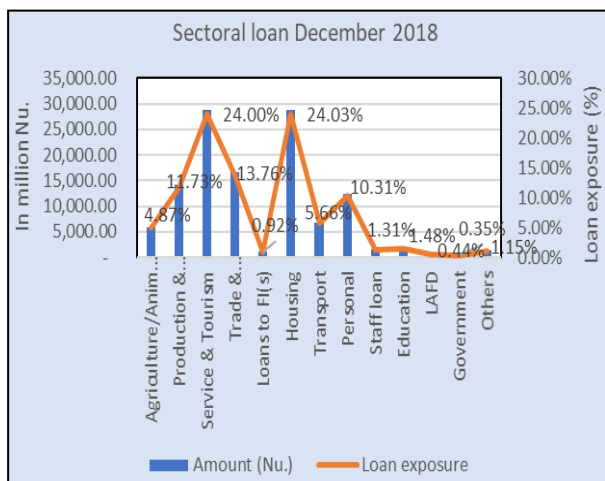
The sector-wise analysis reveals that out of the total loans of Nu. 120.24 billion, the Housing sector has the highest loans with Nu. 28.89 billion (24.03%) followed by Service & Tourism sector with Nu. 28.85 billion (24%) and Trade & Commerce sector with Nu. 16.54 billion (13.76%).

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

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 4



In terms of absolute increase in loans for the period ended December 2018, the loans to Service & Tourism sector experienced the most rapid increase by Nu. 5.99 billion followed by loans to Housing sector by Nu. 5.47 billion and Trade & Commerce sector by Nu. 2.34 billion.

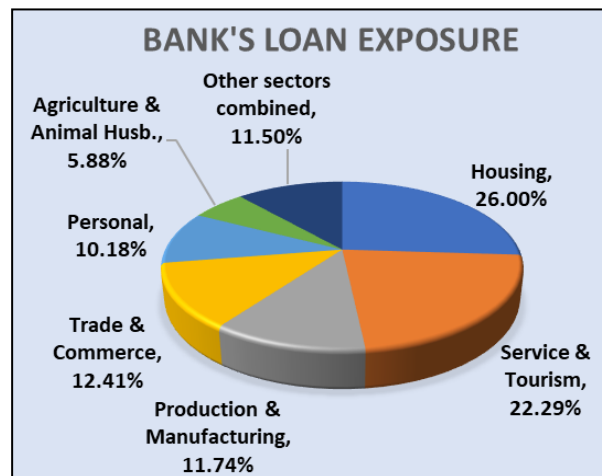
From the total loan outstanding, 83% (Nu. 99.54 billion) comprises of loans provided by the banking sector and remaining 17% (Nu. 20.7 billion) by non-banking sector. The loans of both the banking and non-banking sector has increased by Nu. 15.15 billion and Nu. 1.76 billion respectively.

3.1.1 Banks

The analysis of the loan portfolio for December 2018 shows that the banking sector has loans highly exposed towards Housing sector with 26% (Nu. 25.88 billion) and Service & Tourism sector with 22.29% (Nu. 22.19 billion), followed by Trade & Commerce sector with 12.41% (Nu. 12.35 billion) and Production & Manufacturing

with 11.74% (Nu. 11.69 billion) as illustrated by Figure 5 below.

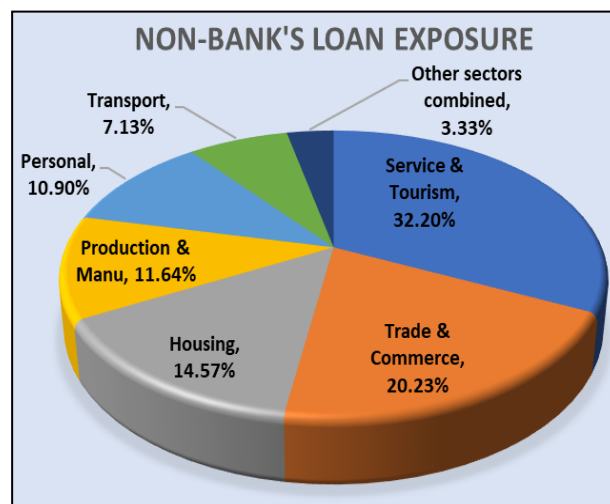
Figure 5



3.1.2 Non-Banks

For the non-banking sector, the highest loan exposure was observed in Service & Tourism sector with 32.2% (Nu. 6.66 billion), followed by Trade & Commerce and Housing sectors with 20.23% (Nu. 4.19 billion) and 14.57% (Nu. 3.02 billion) respectively as depicted in Figure 6 below.

Figure 6

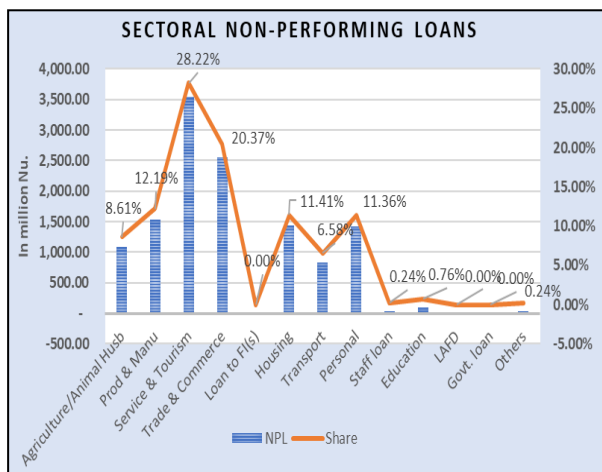


4. Credit Quality/ Sectoral NPL of Financial sector

The asset quality of the financial sector has deteriorated with the increase in NPL from Nu. 8.25 billion in December 2017 to Nu. 12.54 billion in December 2018, showing an increase of Nu. 4.29 billion.

Analysis on the sectoral NPL of the financial sector for December 2018 reveals that Service & Tourism has the highest share with 28.22%, followed by Trade & Commerce with 20.37%, Production & Manufacturing with 12.2% and Housing (11.41%).

Figure 7

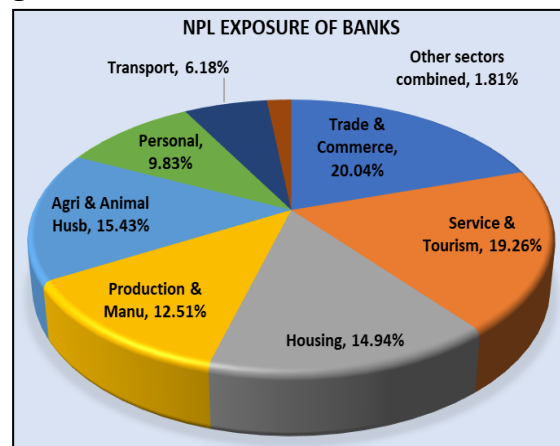


4.1 Banks

Non-Performing Loans of the banking sector has decreased by Nu. 107.98 million, from Nu. 7.1 billion in December 2017 to Nu. 6.99 billion in December 2018 against the loan growth of Nu. 16.9 billion. As depicted in Figure 8 for the banking sector, the highest NPL was seen in Trade & Commerce with Nu. 1.4 billion (20.04%), followed by Service & Tourism with Nu. 1.35 billion (19.26%) and

Agriculture & Animal Husbandry sectors with Nu. 1.08 billion (15.43%).

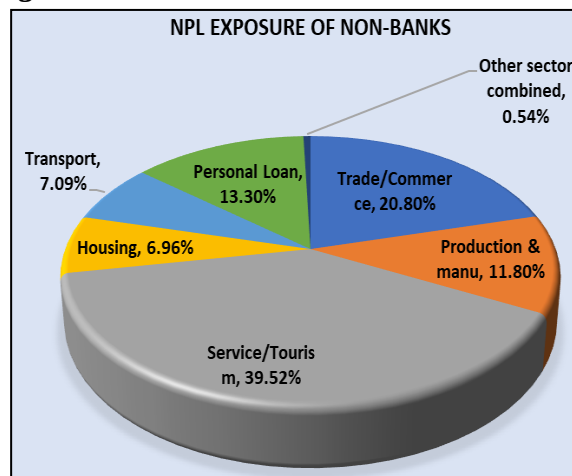
Figure 8



4.2 Non-Banks

The NPL of the non-banking sector has increased by Nu. 4.41 billion; from Nu. 1.14 billion in December 2017 to Nu. 5.55 billion in December 2018. The highest NPL during the period under review was recorded in Service & Tourism sector with Nu. 2.19 billion (39.52%) followed by Trade & Commerce sector with Nu. 1.15 billion (20.8%) and Personal loan with Nu. 737.44 million (13.3%) 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

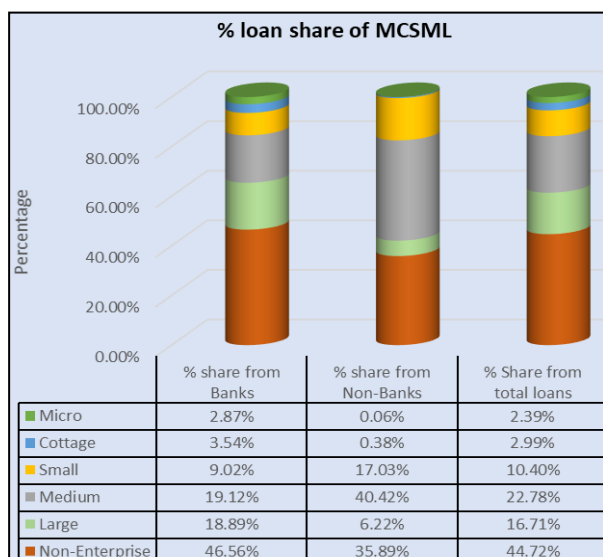


Figure 10 depicts loans to Micro, Cottage, Small, Medium and Large (MCSML)⁷ enterprises and loans to the non-enterprises⁸. As of December 2018, the loans to MCSML amounted to Nu. 66.46 billion and loan to non-enterprise stood at Nu. 53.78 billion. The loan to MCSML has increased to Nu. 66.46 billion in December 2018 from Nu. 57.33 billion in December 2017, showing a growth of 16% (↑Nu. 9.14 billion).

As depicted in *Figure 10*, from the total loans of Nu. 120.24 billion provided by the financial sector, the share of loans to

medium enterprises has the highest exposure with 22.78% (Nu. 27.4 billion) followed by large enterprise and small enterprise with 16.71% (Nu. 20.09 billion) and 10.4% (Nu. 12.5 billion) respectively. The loan to micro and cottage enterprises comprised of only 5.38% (Nu. 6.47 billion) of the total loans.

5.1 Banks

For the banking sector, the loan to medium enterprises constituted 19.12% (Nu. 13.03 billion) while loan to large enterprises constituted 18.89% (Nu. 18.81 billion). The loans to micro, cottage and small enterprises constitutes of 15.43% (Nu. 15.36 billion).

5.2 Non-Banks

For the non-banking sector, loan to medium and small enterprises constituted of 40.42% (Nu. 8.36 billion) and 17.03% (Nu. 3.53 billion) respectively, while loan to large enterprises constituted 6.22% (Nu. 1.29 billion). The loan to micro and cottage enterprises have the minimum share of 0.06% (Nu. 11.71 million) and 0.38% (Nu. 79.18 million) respectively.

The analysis on the loan trend of MCSML and non-enterprise reveals that all the loans to MCSML and non-enterprise are on an increasing trend over the years. The highest increase in the trend was observed in Large enterprise which has increased by Nu. 1.93 billion as compared to 2017. The increase was mainly attributed to the significant

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

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

increase in loans to Service & Tourism by Nu. 1.86 billion.

However, the loan to Small enterprise has decreased by Nu. 147.06 million as compared to 2017, and it was mainly caused by the decrease in loans to Agriculture sector by Nu. 58.14 million.

Figure 11

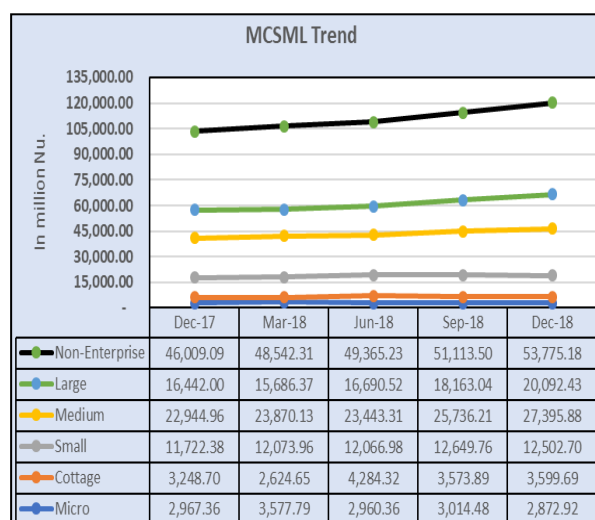


Table 4

Sectoral MCSML Loans (December 2018)				In million Nu.				
Sl no	Sector	Micro	Cottage	Small	Medium	Large	Total	% Share of Total Loan
1	Agriculture & Animal Husb.	2,454.75	2,562.04	589.58	254.00	0.00	5,860.38	4.87%
2	Prod & Manu	48.69	92.23	1,913.34	5,141.99	6,902.58	14,098.84	11.73%
3	Service	73.66	309.37	3,793.10	14,301.26	10,376.32	28,853.71	24.00%
4	Trade & Commerce	295.81	636.04	6,206.68	7,698.62	1,704.22	16,541.37	13.76%
5	Loan to FI(s)	0.00	0.00			1,109.31	1,109.31	0.92%
	Total	2,872.92	3,599.69	12,502.70	27,395.88	20,092.43	66,463.61	55.28%

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

Table 5

Loan and NPL of MFIs			
Sl no	Particulars	Dec-17	Dec-18
1	Total Loan Sanctioned	Nu. 297.50m	Nu. 613.31m
2	Total Loan Outstanding	Nu. 216.90m	Nu. 446.49m
3	Total NPL	Nu. 30.54m	Nu. 45.79m
4	Total no. of loan a/cs	3,630	5,758
5	NPL to loan ratio	14.08%	10.26%

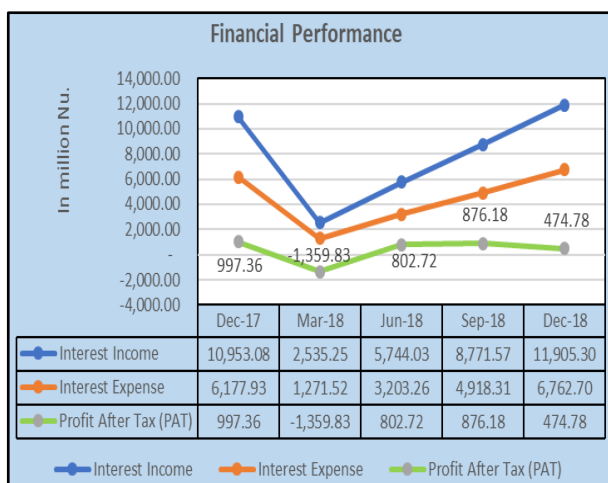
RMA issued registration certificates to five Micro-Finance Institutions which include Rural Enterprise Development Corporation Ltd. (REDCL), RENEW Micro-Finance Pvt. Ltd. (RENEW), Bhutan Care Credit Ltd. (BCC), Bhutan Association of Women Entrepreneurs (BAOWE) and Tarayana Foundation. The MFIs currently operate in all 20 Dzongkhags benefiting both the rural and urban clients. As of December 2018, only three out of five MFIs were operational with a total loan of Nu. 613.31 million sanctioned as depicted in *Table 5*.

The loan outstanding grew by Nu. 229.59 million from Nu. 216.9 million in December 2017 to Nu. 446.49 million in December 2018. Total Non-Performing Loan of MFIs in December 2018 stood at Nu. 45.79 million indicating an NPL to loan ratio of 10.26%.

7. Financial Performance

The profit after tax of financial sector has declined by Nu. 522.58 million as compared to 2017, as depicted in the Figure 12 below. The total profit (after tax) stood at Nu. 474.78 million.

Figure 12



In terms of profitability indicators for December 2018; Return on Assets (ROA) stood at 0.3% and Return on Equity (ROE) at 2.29%.

7.1 Banks

The banking sector has generated a profit of Nu. 2.31 billion in December 2018, which is an increase by Nu. 1.74 billion as compared to December 2017. This was mainly due to the increase in Interest Income by 13.41% (Nu. 1.17 billion), and operating income by 30% (Nu. 214.2 million).

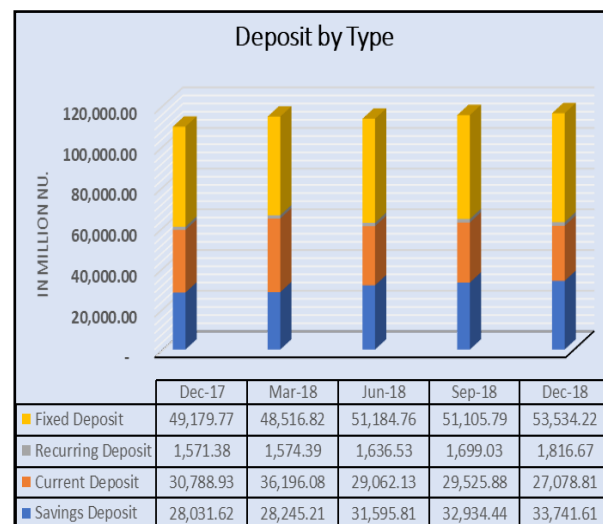
7.2 Non-Banks

The non-banking sector incurred a huge loss of Nu. 1.84 billion as of December 2018. The loss was solely attributed to huge increase in NPL by Nu. 4.4 billion with additional provisioning expenses of Nu. 2.78 billion. Increase in interest and operating expenses and decrease in interest income also contributed to the loss of non-banks during the period under review.

8. Deposit (Banking Sector)

On the funding side, the deposit has increased by 6.02% in December 2018 as compared to December 2017. The total deposits stood at Nu. 116.17 billion in December 2018 as compared to Nu. 109.57 billion in December 2017.

Figure 13



The total Current Account & Savings Account (CASA)⁹, stood at Nu. 60.82 billion in December 2018. The CASA deposits have witnessed growth during the period under review by 3.4% (Nu. 2 billion). The Individuals constituted the highest CASA deposits of Nu. 53.47 billion (88% of the total CASA Deposits).

Term Deposits, which includes Fixed, and Recurring Deposits have increased from Nu. 50.75 billion in December 2017 to Nu. 55.35 billion in December 2018 indicating a growth of 9.06%.

⁹ CASA is also known as Demand deposits

Out of total deposits, Demand Deposits (Current and Saving) accounted for 52.35% and Term Deposits (Fixed and Recurring) accounted for 47.65%. To elaborate further, the Current Deposit accounted for 23.31% while the Saving Deposits accounted for 29.04% of the total deposits. The share of Fixed Deposit accounted for 46.08% while Recurring Deposit accounted for 1.56% of the total deposit.

Analysis on the deposit data reveals that customer deposits¹⁰ – which comprise 85% of total deposits have increased by 6.52% (Nu. 6.08 billion) in December 2018 as compared to December 2017. Deposits of financial institution (banks and non-banks) have also increased by 3.16% (Nu. 516.52 million).

In terms of deposits by customer type - Retail Deposits stood at Nu. 78.12 billion and Corporate Deposits at Nu. 38.05 billion. The Retail Deposits have witnessed a growth of 12.39% while the Corporate Deposits witnessed a decline of 5.02% from December 2017.

Credit to Deposit ratio of the banking sector stood at 85.69% indicating increase of 8.67% from December 2017.

9. Liquidity

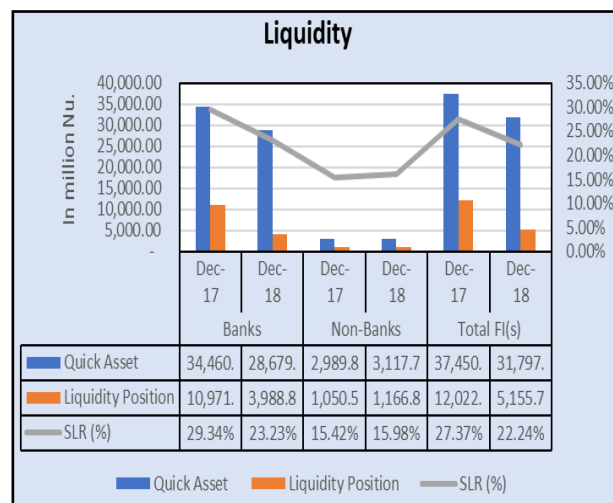
On the liquidity front, the banks and non-banks are required to maintain a minimum statutory liquidity ratio in the form of quick assets of 20% and 10% respectively. The overall liquidity position of the financial

sector remained comfortable by maintaining liquidity in the form of quick assets in excess of the regulatory requirement. The quick assets amounted to Nu. 31.8 billion against the minimum requirement of Nu. 26.64 billion indicating availability of liquidity to meet payment obligations.

During the period ended December 2018, the financial sector has maintained Statutory Liquidity Ratio (SLR) at 22.24% which has decreased by 5.13% as compared 2017. This drop in SLR was primarily due to the increase in total liabilities by Nu. 164.19 billion, which mainly consists of deposits.

SLR position of the banking sector stood at 23.23% and 15.98% for non-banks. When compared to December 2017, SLR position of the banks has declined by 6.11%, while for non-banks SLR position has slightly improved by 0.56%.

Figure 14



¹⁰Customer 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)

ANNEXURE I

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

Table 1

Deposits by Customer	Total Deposits			
	Dec-17	Dec-18		
Corporate deposits	40,058.53	38,045.73	-5.02%	32.75%
Government	3,536.28	3,663.75	3.60%	3.15%
Government Corp.	13,168.25	12,420.64	-5.68%	10.69%
Public Companies	997.96	1,019.69	2.18%	0.88%
Private Co.	6,021.78	4,090.86	-32.07%	3.52%
Commercial Banks	8,317.87	8,151.70	-2.00%	7.02%
NBFIs	8,016.39	8,699.08	8.52%	7.49%
Retail deposits	69,513.16	78,125.58	12.39%	67.25%
Individuals	66,240.33	76,926.97	16.13%	66.22%
Foreign Currency	3,272.84	1,198.61	-63.38%	1.03%
Total	109,571.69	116,171.31	6.02%	100.00%

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

Table 2

Classification	Banks		Non-Banks		TOTAL		% Change
	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	
Performing loans	77,292.06	92,546.74	17,796.62	15,150.13	95,088.68	107,696.87	13.26%
Standard	71,690.76	84,680.17	15,011.41	13,041.71	86,702.18	97,721.88	12.71%
Watch (up to 90 days)	5,601.30	7,866.58	2,785.20	2,108.41	8,386.51	9,974.99	18.94%
Non-performing loans	7,103.87	6,995.90	1,141.95	5,546.04	8,245.81	12,541.94	52.10%
Substandard (91 to 180 days)	1,256.21	1,017.57	103.03	1,256.93	1,359.24	2,274.50	67.34%
Doubtful (181 to 365 days)	1,100.32	825.85	98.30	1,022.07	1,198.62	1,847.93	54.17%
Loss (366& above)	4,747.34	5,152.47	940.61	3,267.04	5,687.95	8,419.51	48.02%
Total	84,395.93	99,542.64	18,938.56	20,696.16	103,334.49	120,238.81	16.36%

ANNEXURE II

c) SECTORAL LOAN December 2017-2018 (figures in million Nu.)

Table 3

Sector	Banks		Non-Banks		Total Loans		% Change	% Holding
	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17		
Agriculture/Animal Husbandry	5,852.82	5,682.29	7.56	7.98	5,860.38	5,690.27	2.99%	4.87%
Trade & Commerce	12,353.96	10,409.15	4,187.41	3,789.06	16,541.37	14,198.21	16.50%	13.76%
Production & manu	11,690.27	11,160.69	2,408.57	2,201.33	14,098.84	13,362.01	5.51%	11.73%
Service/Tourism	22,189.64	17,260.46	6,664.07	5,596.95	28,853.71	22,857.41	26.23%	24.00%
Housing	25,877.39	20,312.17	3,015.57	3,109.82	28,892.96	23,421.99	23.36%	24.03%
Transport	5,329.57	4,372.41	1,474.89	1,138.11	6,804.45	5,510.52	23.48%	5.66%
Loans to FIs	1,109.31	1,217.49	0.00	0.00	1,109.31	1,217.49	-8.89%	0.92%
Personal Loan	10,134.26	9,316.39	2,256.71	2,441.72	12,390.97	11,758.11	5.38%	10.31%
LAFD	525.34	788.30	0.00	0.00	525.34	788.30	-33.36%	0.44%
Education	1,674.34	1,271.99	102.42	43.39	1,776.75	1,315.39	35.07%	1.48%
Staff loan	1,178.10	1,317.90	397.49	466.77	1,575.59	1,784.67	-11.72%	1.31%
Government (short term)	420.43	469.33	0.00	0.00	420.43	469.33	-10.42%	0.35%
Others	1,207.21	817.36	181.48	143.43	1,388.68	960.79	44.54%	1.15%
Totals	99,542.63	84,395.93	20,696.16	18,938.56	120,238.79	103,334.49	16.36%	100%

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

Table 4

Sector	Banks		Non-Banks		Total NPLs		% Change	% Holding
	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17		
Agriculture/Animal Husbandry	1,079.70	1,171.76	0.41	0.65	1,080.11	1,172.41	-7.87%	8.61%
Trade/Commerce	1,401.80	1,295.39	1,153.48	179.15	2,555.28	1,474.54	73.29%	20.37%
Production & manu	875.05	668.81	654.41	180.35	1,529.46	849.16	80.11%	12.19%
Service/Tourism	1,347.44	1,681.22	2,191.85	323.13	3,539.29	2,004.34	76.58%	28.22%
Housing	1,045.09	1,209.48	386.01	40.53	1,431.09	1,250.01	14.49%	11.41%
Transport	432.55	366.71	392.99	84.06	825.54	450.76	83.14%	6.58%
Loan to FIs	0.00	0.00	0.00	0.00	0.00	0.00		0.00%
Personal Loan	687.63	651.56	737.44	323.02	1,425.07	974.58	46.22%	11.36%
LAFD	0.53	1.03	0.00	0.00	0.53	1.03	-48.10%	0.00%
Education	76.05	5.80	18.65	0.67	94.70	6.46	1365.62%	0.76%
Staff loan	19.96	15.95	10.19	10.38	30.15	26.33	14.52%	0.24%
Government (short term)	0.00	0.00	0.00	0.00	0.00	0.00	-200.00%	0.00%
Others	30.10	36.17	0.62	0.00	30.71	36.17	-15.09%	0.24%
Totals	6,995.90	7,103.87	5,546.04	1,141.95	12,541.94	8,245.81	52.10%	100.00%

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

MCSML and Non enterprise Loan as of December 2018						Figures in Nu. Million							
SI no.	Sector	Banks				Non Banks				Total FIs			
		Loan Outstanding	NPL	% share of each category	% share of total outstanding	Loan Outstanding	NPL	% share of each category	% share of total outstanding	Loan Outstanding	NPL	% share of each category	% share of total outstanding
(1) MICRO	AGRICULTURE	2,454.75	418.57	85.79%	2.47%	-	-	0.00%	0.00%	2,454.75	418.57	85.44%	2.04%
	PROD & MANU	48.10	15.22	1.68%	0.05%	0.60	0.00	5.09%	0.00%	48.69	15.22	1.69%	0.04%
	SERVICE	69.58	29.76	2.43%	0.07%	4.08	1.14	34.83%	0.02%	73.66	30.90	2.56%	0.06%
	TRADE&COMMERCE	288.78	94.47	10.09%	0.29%	7.04	3.72	60.08%	0.03%	295.81	98.20	10.30%	0.25%
	LOANS TO FIs	0.00	0.00	0.00%	0.00%	-	-	0.00%	0.00%	-	-	0.00%	0.00%
	MICRO TOTAL	2,861.21	558.02	100.00%	2.87%	11.71	4.86	100.00%	0.06%	2,872.92	562.88	100.00%	2.39%
(2) COTTAGE	AGRICULTURE	2,560.15	519.07	72.72%	2.57%	1.90	0.41	2.40%	0.01%	2,562.04	519.48	71.17%	2.13%
	PROD & MANU	89.56	19.35	2.54%	0.09%	2.68	1.62	3.38%	0.01%	92.23	20.97	2.56%	0.08%
	SERVICE	285.56	96.23	8.11%	0.29%	23.81	5.98	30.07%	0.12%	309.37	102.21	8.59%	0.26%
	TRADE&COMMERCE	585.24	147.24	16.62%	0.59%	50.80	17.78	64.15%	0.25%	636.04	165.02	17.67%	0.53%
	LOANS TO FIs	0.00	-	0.00%	0.00%	-	-	0.00%	0.00%	-	-	0.00%	0.00%
	COTTAGE TOTAL	3,520.51	781.89	100.00%	3.54%	79.18	25.78	100.00%	0.38%	3,599.69	807.67	100.00%	2.99%
(3) SMALL	AGRICULTURE	587.98	94.17	6.55%	0.59%	1.60	(0.00)	0.05%	0.01%	589.58	94.17	4.72%	0.49%
	PROD & MANU	1,652.97	373.03	18.41%	1.66%	260.37	79.72	7.39%	1.26%	1,913.34	452.75	15.30%	1.59%
	SERVICE	2,128.29	393.12	23.71%	2.14%	1,664.81	740.59	47.23%	8.04%	3,793.10	1,133.72	30.34%	3.15%
	TRADE&COMMERCE	4,608.38	564.50	51.33%	4.63%	1,598.30	451.51	45.34%	7.72%	6,206.68	1,016.00	49.64%	5.16%
	LOANS TO FIs	-	-	0.00%	0.00%	0.00	-	0.00%	0.00%	-	-	0.00%	0.00%
	SMALL TOTAL	8,977.62	1,424.81	100%	9.02%	3,525.08	1,271.82	100%	17.03%	12,502.70	2,696.64	100.00%	10.40%
(4) MEDIUM	AGRICULTURE	249.94	47.89	1.31%	0.25%	4.06	0.00	0.05%	0.02%	254.00	47.89	0.93%	0.21%
	PROD & MANU	3,628.83	404.32	19.07%	3.65%	1,513.17	309.59	18.09%	7.31%	5,141.99	713.90	18.77%	4.28%
	SERVICE	9,901.63	828.32	52.03%	9.95%	4,399.63	1,444.14	52.60%	21.26%	14,301.26	2,272.46	52.20%	11.89%
	TRADE&COMMERCE	5,250.79	595.60	27.59%	5.27%	2,447.83	680.46	29.26%	11.83%	7,698.62	1,276.06	28.10%	6.40%
	LOANS TO FIs	-	-	0.00%	0.00%	-	-	0.00%	0.00%	-	-	0.00%	0.00%
	MEDIUM TOTAL	19,031.19	1,876.13	100%	19.12%	8,364.69	2,434.19	100%	40.42%	27,395.88	4,310.32	100.00%	22.78%
(5) LARGE	AGRICULTURE	-	0.00	0.00%	0.00%	-	-	0.00%	0.00%	-	-	0.00%	0.00%
	PROD & MANU	6,270.82	63.14	33.35%	6.30%	631.76	263.48	49.09%	3.05%	6,902.58	326.62	34.35%	5.74%
	SERVICE	9,804.58	0.00	52.14%	9.85%	571.75	0.00	44.43%	2.76%	10,376.32	(0.00)	51.64%	8.63%
	TRADE&COMMERCE	1,620.77	0.00	8.62%	1.63%	83.44	0.00	6.48%	0.40%	1,704.22	(0.00)	8.48%	1.42%
	LOANS TO FIs	1,109.31	0.00	5.90%	1.11%	-	-	0.00%	0.00%	1,109.31	-	5.52%	0.92%
	LARGE TOTAL	18,805.48	63.14	100%	18.89%	1,286.95	263.48	100%	6.22%	20,092.43	326.62	100.00%	16.71%
Non-Enterprise	HOUSING	25,877.39	1,045.09	55.83%	26.00%	3,015.57	386.01	40.59%	14.57%	28,892.96	1,431.09	53.73%	24.03%
	TRANSPORT	5,329.57	432.55	11.50%	5.35%	1,474.89	390.79	19.85%	7.13%	6,804.45	823.33	12.65%	5.66%
	PERSONAL	10,134.26	687.63	21.87%	10.18%	2,256.71	737.44	30.38%	10.90%	12,390.97	1,425.07	23.04%	10.31%
	STAFF LOAN	1,178.10	19.96	2.54%	1.18%	397.49	10.19	5.35%	1.92%	1,575.59	30.15	2.93%	1.31%
	Education Loan	1,674.34	76.05	3.61%	1.68%	102.42	18.65	1.38%	0.49%	1,776.75	94.70	3.30%	1.48%
	Loan Against Fixed Deposits	525.34	0.53	1.13%	0.53%	-	-	0.00%	0.00%	525.34	0.53	0.98%	0.44%
	Loans to the Govt	420.43	0.00	0.91%	0.42%	-	-	0.00%	0.00%	420.43	(0.00)	0.78%	0.35%
	Others	1,207.21	30.08	2.60%	1.21%	181.48	0.62	2.44%	0.88%	1,388.68	30.70	2.58%	1.15%
	Non-Enterprise TOTAL	46,346.63	2,291.90	100.00%	46.56%	7,428.55	1,543.69	100%	35.89%	53,775.18	3,835.59	100.00%	44.72%
	GRAND TOTAL	99,542.63	6,995.89			20,696.16	5,543.83			120,238.79	12,539.72		