



DRUK PNB BANK LTD
CO: THIMPHU

BALANCE SHEET
AS ON
31.12.2017

INDEPENDENT AUDITORS' REPORT

To The Members of
DRUK PNB BANK LIMITED
THIMPU, BHUTAN

Report on the Audit of the Financial Statements

Opinion

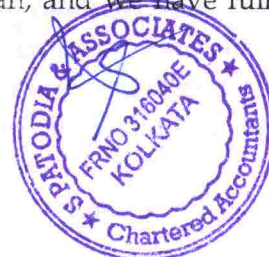
We have audited the accompanying financial statements of Druk PNB Bank Limited (DPNBL), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of DPNBL give the information required by the Companies Act of Bhutan, 2016 in the manner so required and give a true and fair view in conformity with the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Board of Bhutan ("AASBB")

- a) in the case of the statement of financial position, of the state of affairs of the Company as at 31stDecember, 2017;
- b) in the case of the statement of comprehensive income, of the financial performance for the year ended on that date;
- c) in the case of the statement of changes in equity, of the changes in equity for the year ended on that date; and
- d) in the case of the consolidated statement of cash flows, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bhutan, and we have fulfilled our



other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Board of Bhutan ("AASBB") read with the Companies Act of Bhutan, 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

