



**Our Vision:** *“The most preferred bank driven by passion for service excellence.”*

**Our Mission:** *“Pursue growth through innovative banking products and services with adoption of smart technologies.”*

## **Board of Directors**



**Mr. Tshenchok Thinlay**  
**CHAIRPERSON**



**Ms. Rinzin Lhamu**  
**INDEPENDENT DIRECTOR**



**Mr. Nawang Gyetse**  
**INDEPENDENT DIRECTOR**



**Mr. Tashi Tshering**  
**DIRECTOR**



**Mr. Pema Tshering**  
**DIRECTOR/MEMBER SECRETARY**

## **Management Team**

Mr. Pema Tshering	Chief Executive Officer
Ms. Kritika Pradhan	Chief, Banking Department
Ms. Kencho Pemo	Chief, Credit Department
Mr. Probin Pradhan	Chief, IT Department
Mr. Gyam Agay Dorjee Namgyal	Offtg. Chief, Finance & Accounts Department
Mr. Tshering Tobgay	Company Secretary
Mr. Chencho Dorji	Chief, Compliance
Mr. Jigme Dorji	Offtg. ADM/HR Department

## **Branch Managers**

Mr. Sonam Tobgay	Thimphu Branch
Mr. Tashi Dhendup	Phuentsholing Branch
Mr. Tandin Tshering	Wangdue Branch
Mr. Tsheltrim Dorjee	Gelephu Branch
Ms. Tshewang Dema	Paro Branch
Mr. Durga Prasad Subba	Mongar Branch
Mr. Rinchen Tshewang	Samdrup Jongkhar Branch
Mr. Tashi Dorji	Samtse Branch
Mr. Tshering Duba	Tashigang Branch
Mr. Dili Ram Ghimeray	Trongsa Branch

## A BRIEF INFORMATION ON T BANK LIMITED

T Bank Limited was established as a commercial bank on March 12, 2010. As of December 31, 2023, it operates ten branches across the country.

The Bank aligns its mandates with its Five -Years Corporate Strategy Plan 2022-2026 (CSP 2022-2026), developed in 2022. This corporate strategy document of the T Bank aims to provide strategies for leadership, management, coordination and decision-making in response to the complexities, changes and competitions faced by the bank.

The development of new corporate strategy document has defined the Bank's new vision, mission and core values.

### **Vision Statement:**

*“The most preferred bank driven by passion for service excellence”.*

### **Mission Statement:**

*“Pursue growth through innovative banking products and services with adoption of smart technologies”.*

### **Core Values:**

- *Customer Centricity,*
- *Integrity (the quality of being honest and having strong moral principles) and,*
- *Innovation.*

## **OWNERSHIP**

The share holding pattern of the bank as of 31 December 2023:

<b>S.N</b>	<b>Share Holders Name</b>	<b>Total shares held</b>
1	Ashi S. Dorji	20%
2	Dasho Wangchuk Dorji	20%
3	Dasho Topgyal Dorji	20%
4	General Public	40%

## **DIRECTORS' REPORT 2023**

On behalf of the Board of Directors and the management of T Bank Limited, I am honoured to present the Bank's 14<sup>th</sup> Director's Report for the Financial Year 2023.

### **OPERATIONAL HIGHLIGHTS**

The bank's commendable financial performance in the aftermath of the COVID-19 pandemic can be largely credited to several key factors;

The timely strategic guidance provided by the Board of Directors played a pivotal role in navigating the challenges posed by the pandemic. This guidance involved assessing risks, identifying opportunities and setting clear objectives to steer the bank towards recovery and growth.

The effective execution of the strategic plan by the management team is crucial in translating vision into action. This likely involved making tough decisions, reallocating resources and implementing operational changes to adapt to the evolving economic landscape.

The unwavering dedication demonstrated by the bank's employees is also instrumental in achieving commendable financial performance. Despite enduring the prolonged impact of the pandemic and facing significant staff attrition, the remaining workforce likely demonstrated resilience, adaptability and strong work ethic to uphold bank's operations and serve its customers effectively.

Adhering to the regulations and policies, the bank ensures compliance and mitigates regulatory risks, which in turn contributes to its overall financial performance.

#### **International Remittance**

During 2023, post-COVID-19 pandemic, the bank was able to facilitate the transfer of a total sum of USD 26.78 million from abroad i.e. a sum of AUD 33.42 million via remittances from Australia and an additional USD 4.39 million from Kuwait/ USA/Japan/Qatar/Dubai through international remittance platforms in 2023.

#### **New initiatives**

The Bank made consistent efforts to enhance and implement new services for improved efficiency and customer convenience.

The Bank introduced the issuance of Visa Debit & Credit cards that can be used across the world and Rupay card that can be used in India on 4<sup>th</sup> September 2023. Additional customer

contact platforms like T Bank's WhatsApp Business account were implemented on 20<sup>th</sup> November 2023 to ease the contact experience of our valued clients. The Bank also implemented the instant Audio Notification service for successful QR payments via NQR Sound Box and Mobile Devices on 22<sup>nd</sup> December 2023. Apart from these, the Bank on boarded an additional remittance partner from 15<sup>th</sup> May 2023 to promote inward remittances from Kuwait.

### **Digitization of the Bank**

At T Bank, we are committed and dedicated to continued improvement of our digital capabilities to adapt to the changing technological landscape and offer smart banking solutions to our customers. Throughout the year, we have made significant progress in upgrading our digital infrastructure to ensure the relevance and efficiency of our products and processes.

Our recent advancements include the migration and up-gradation of our Core Banking Systems (CBS) to Oracle Flexcube v14.7 and Oracle Internet Banking (OBDX) to v22.2. We are also pleased to announce the issuance of VISA Debit and Credit Cards, along with Rupay Debit cards, expanding our offerings to better meet the diverse needs of our customers.

Aligned with our vision of customer-centricity, we have revamped and enhanced our TPay Mobile application and TPayRemit Mobile application, introducing a wide range of services aimed at providing simple, reliable, and convenient banking solutions. Furthermore, to improve the efficiency and reliability of our data reporting and management systems, we have incorporated SAP systems for financial accounting and ERP systems for Human Resource data management.

As part of our commitment to providing seamless banking services, we have recently introduced the acceptance of BHIM UPI QR transactions, catering to the convenience of tourists visiting Bhutan. Additionally, we are actively working on incorporating various payment channels such as Master Cards, JCB Cards, UnionPay Cards, and Discovery Cards to further expand our payment options and meet the evolving needs of our customers.

### **Cyber Security:**

Ensuring the security of our customers' data and transactions remains a top priority for us. In 2023, we successfully completed ISO 27001 certifications as part of our ongoing efforts to strengthen information security against cyber threats. Furthermore, we are currently working towards obtaining PCI DSS certification to further secure our cards business and ensure the highest standards of data protection and compliance.

### **Future Outlook:**

Moving forward, T Bank remains committed to driving innovation and leveraging technology to enhance customer experiences and deliver sustainable growth. We will continue to invest in our digital infrastructure, explore strategic partnerships, and prioritize cybersecurity to stay at the forefront of the banking industry.

## **FINANCIAL PERFORMANCE**

The financial statements for 2023 have been prepared in compliance with the Bhutanese Accounting Standards (BAS).

Although the financial sector of the country is yet to reach pre-pandemic normalcy, the bank recorded a very good financial performance for the year 2023. The profit before tax (PBT) increased by 79.13 % from Nu.253.18 million in 2022 to Nu. 453.53 million in 2023.

The total operating income increased by 14.65% from Nu.597.93 million in 2022 to Nu. 685.52 million in 2023. On the other hand, the total operating expenses reduced by 32.71 % from Nu. 344.74 million in 2022 to Nu. 231.99 million in 2023. The reduction is mainly due to the loan loss provision as in FY 2023, there was a write back of Nu.89.11 million.

The total assets of the bank increased by 14.08 % from Nu. 17,319.38 million in 2022 to Nu. 19,757.21 million in 2023. This increase in assets is primarily due to growth in loans and advances by 20.79 % from Nu. 10,654.02 million in 2022 to Nu. 12,868.78 million in 2023 and Debt instruments by 54.38% from Nu.864.85 million in 2022 to Nu.1,335.18 million in 2023.However, other financial assets and other assets reduced by 91.91% and 15.07%.

The total liabilities of the bank increased by 13.74 % from Nu. 16,054.10 million in 2022 to Nu. 18,260.71 million in 2023. It is primarily due to growth in customer's deposit by 9.08 % from Nu. 12,510.87 million in 2022 to Nu. 13,646.62 million in 2023.

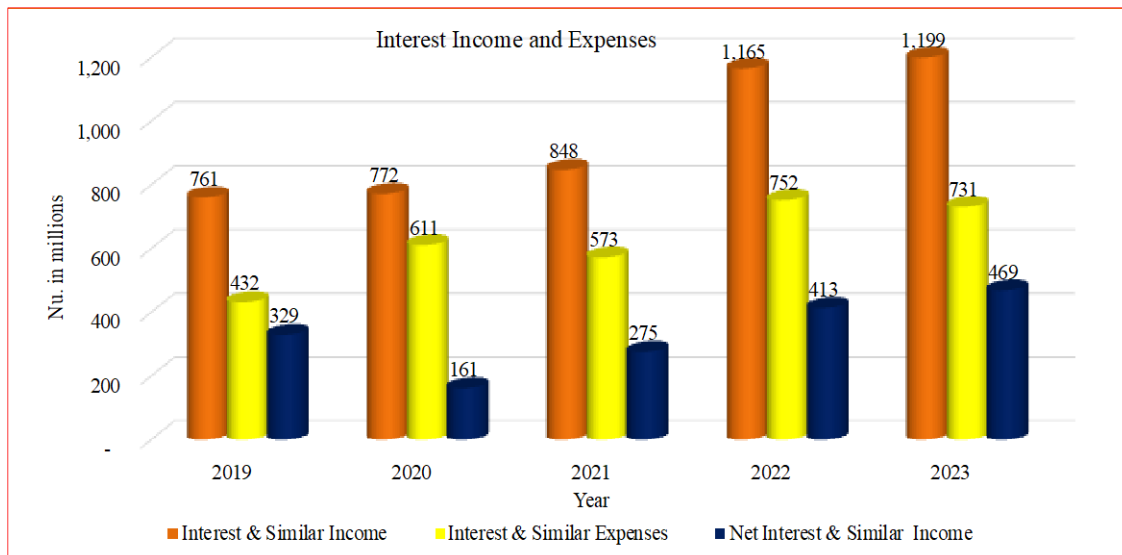
The total paid-up capital increased by 10% from Nu. 600,252,230.00 to Nu.660,272,690 in 2023 due to issue of Bonus shares at the ratio of 1:10 (one share for every 10 shares held). The total reserves increased by 23.41 % from Nu. 665.03 million in 2022 to Nu. 836.22 million in 2023, which is due to appropriation of profit for the year and reduction in the Asset Pending Foreclosure Reserve of Nu.11.23 million.

The total shareholder's fund increased by 18.27 % from Nu. 1,265.28 million in 2022 to Nu. 1,496.49 million in 2023.

### Interest Income and Expense:

The interest and similar income increased by 2.93% from Nu. 1,165.08 million in 2022 to Nu. 1,199.20 million in 2023. The interest and similar expenses reduced by 2.83 % from Nu. 751.93 million in 2022 to Nu. 730.68 million in 2023.

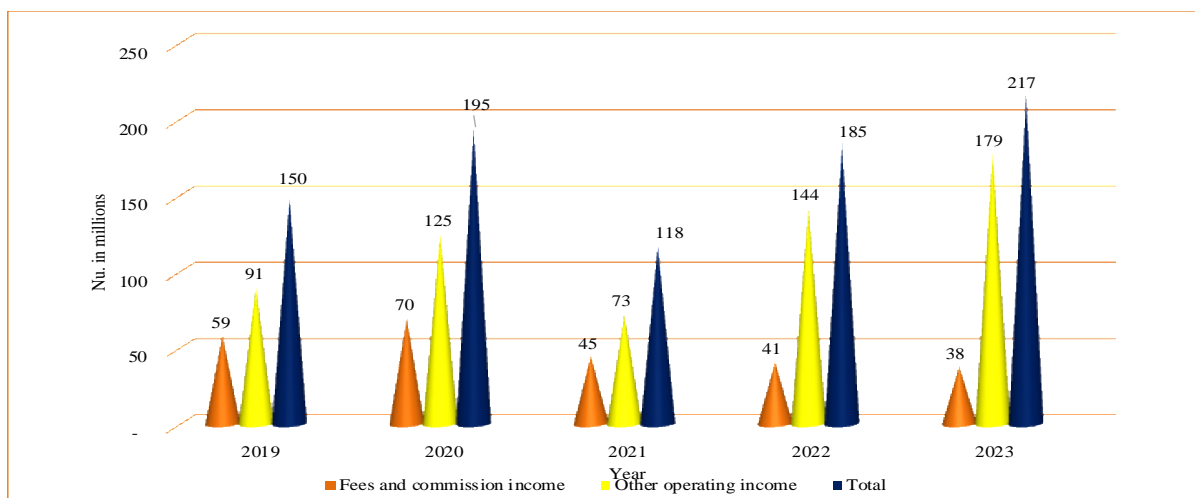
The graph below presents the changes in interest and similar income, interest and similar expense and net interest and similar income over the years.



### Fee and Commission Income & Expense:

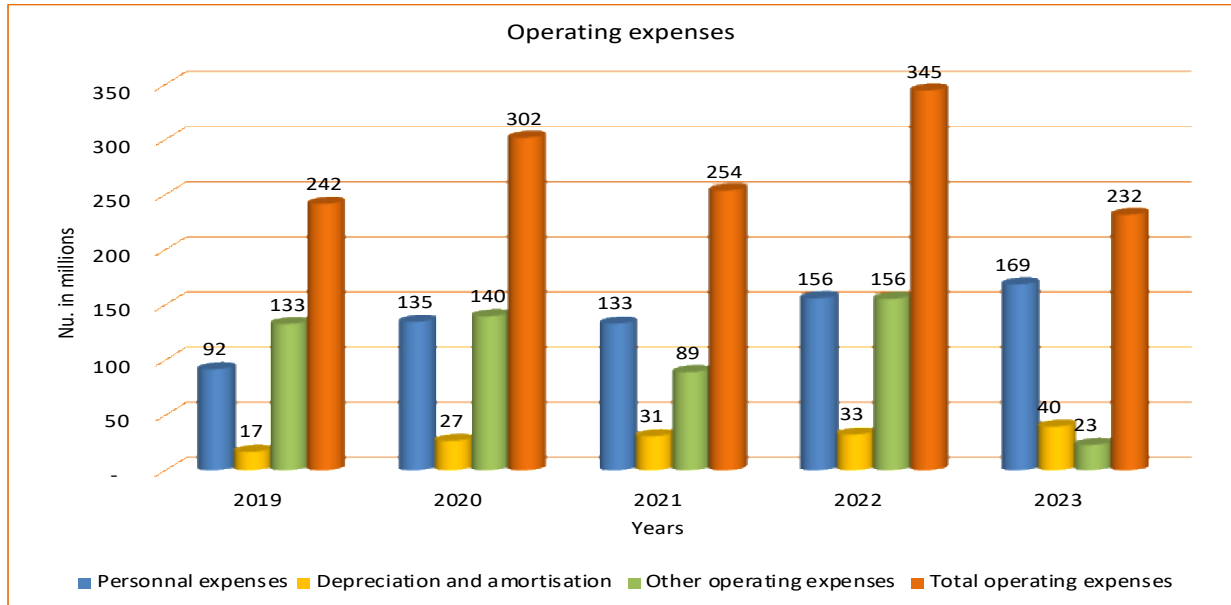
The fees and commission income decreased by 7 % from Nu. 41.15 million in 2022 to Nu. 38.27 million in 2023. However, the other operating income increased by 24.44 % from Nu. 143.63 million in 2022 to Nu. 178.73 million in 2023.

The graph below presents the changes in fees and commission income, other operating income and total operating income over the years.



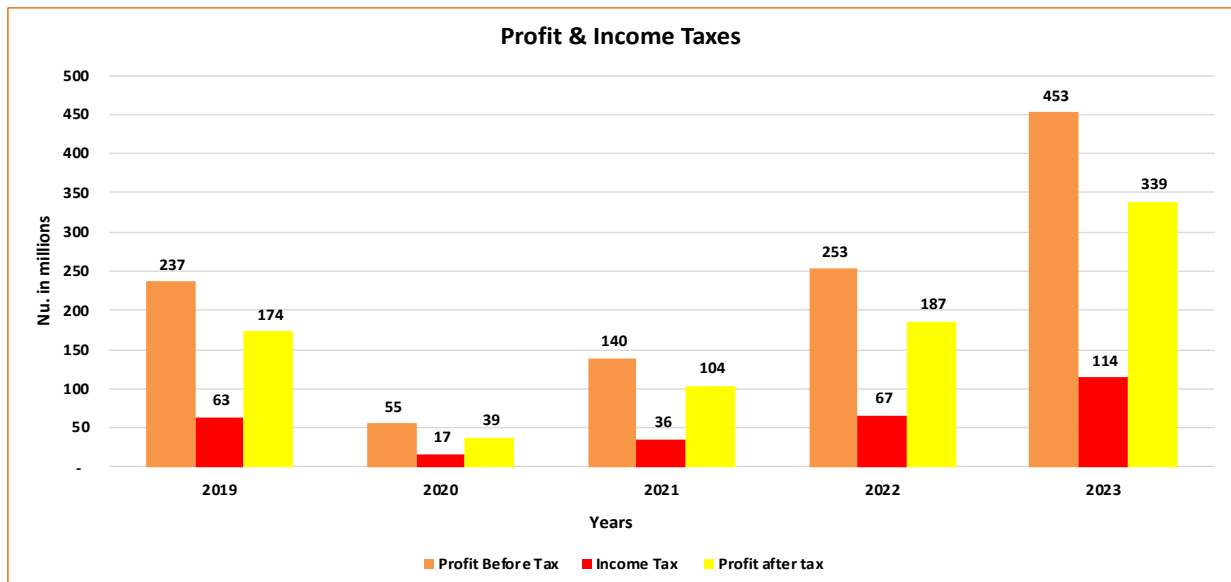
## Personnel Expense/Operating Expense to Total Expense:

The graph below presents changes in operating expenses and its key components over the years.



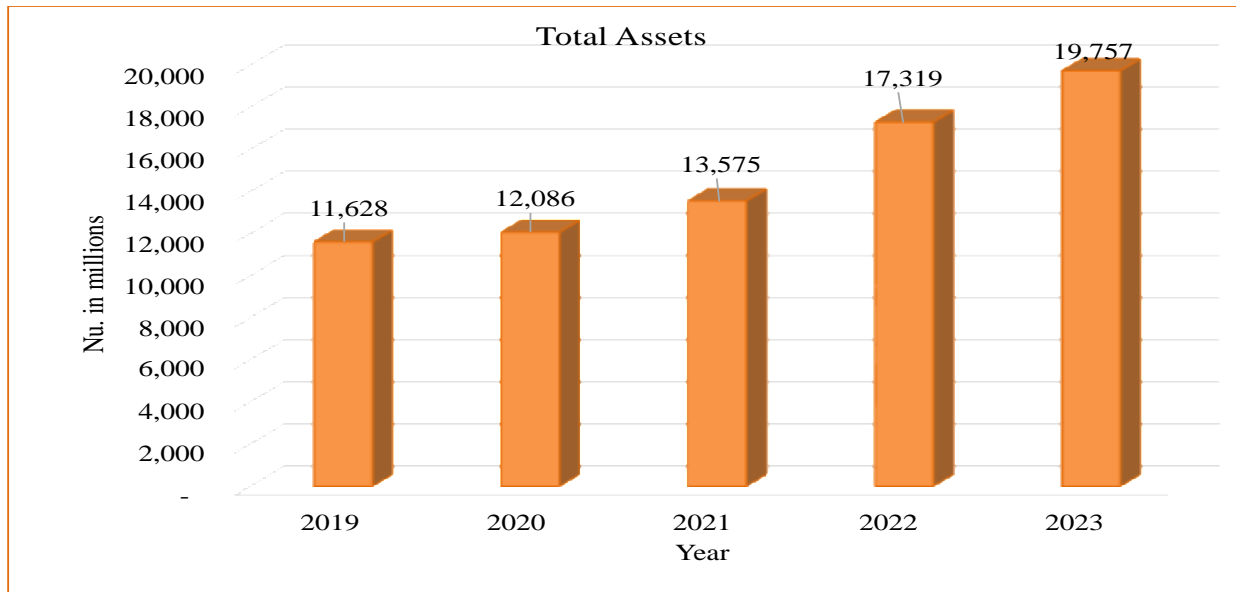
## Profit & Income Tax

The profit before tax (PBT) increased by 79.13 % from Nu.253.18 million in 2022 to Nu.453.53 million in 2023.



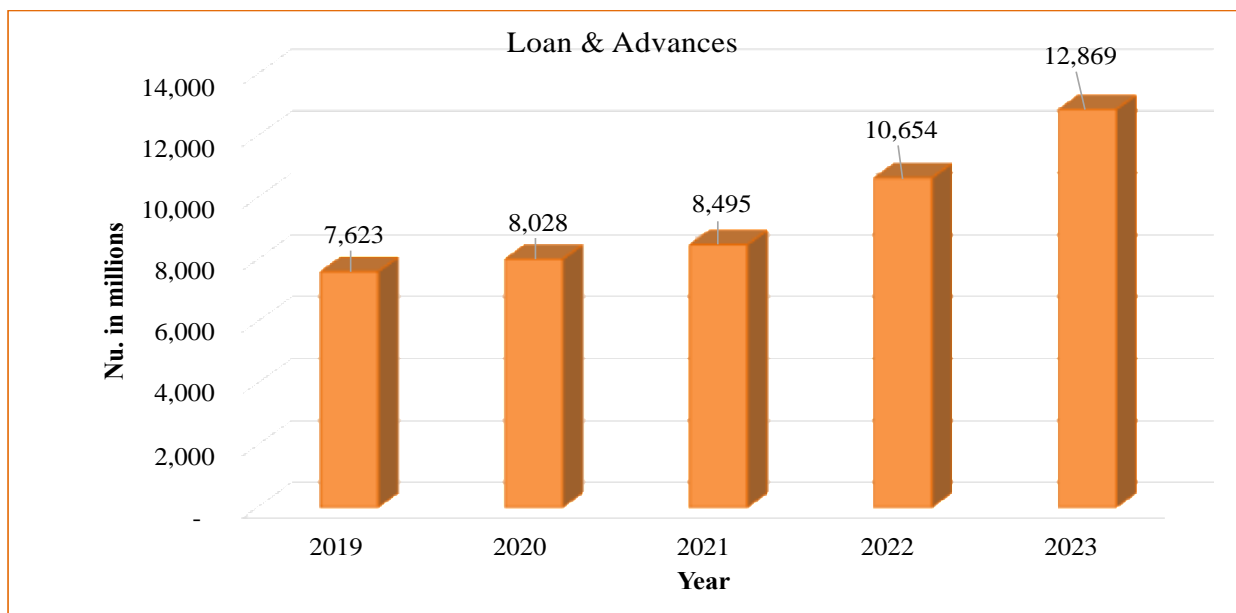
As a result, the bank's contribution to the government in the form of Corporate Income Tax rose by 71.69%, reaching Nu.114.27 million for the financial year 2023.

The graph below depicts the progressive growth in the total value of assets of the bank over the years from 2019 to 2023.



During the year, the total value of loans and advances have increased from Nu. 10,654.02 million in 2022 to Nu.12,869 million, resulting in a growth of Nu. 2,214 million in the FY 2023.

The graph below represents the growth pattern in total loan portfolio for the period 2019-2023



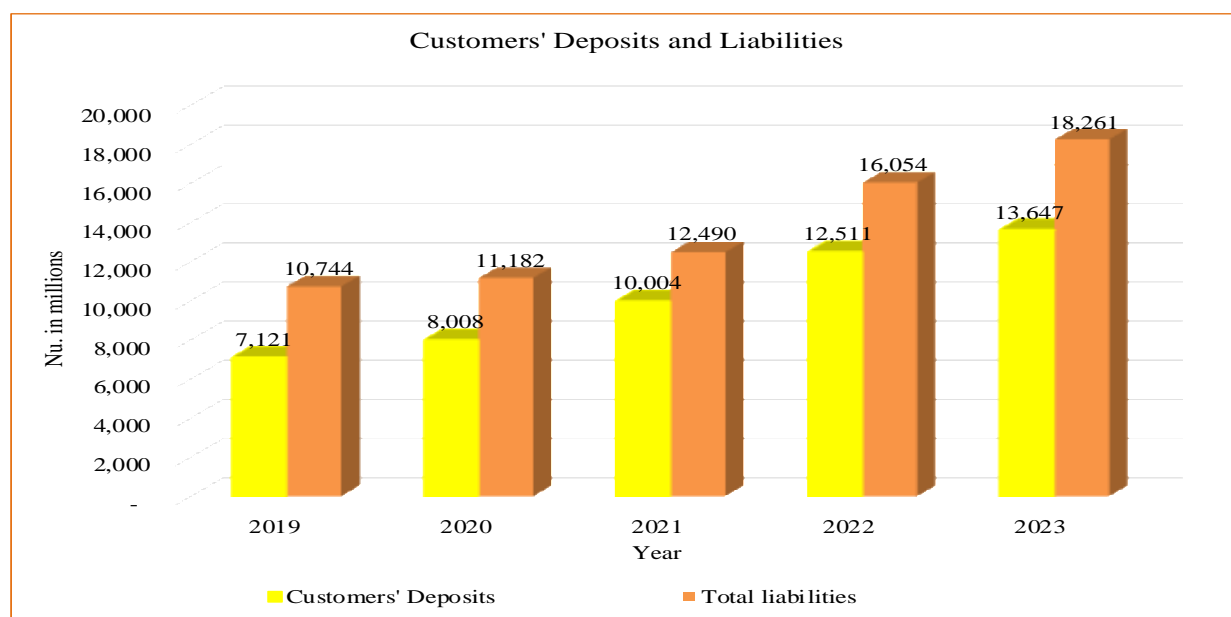
## Non-Performing Loans (NPLs)

Ensuring a prudent growth in the loan portfolio and the maintenance of loan quality remains a key priority for the bank. It is essential for both the bank and its clientele to thoroughly assess the viability of businesses, projects, and assets before approving loans.

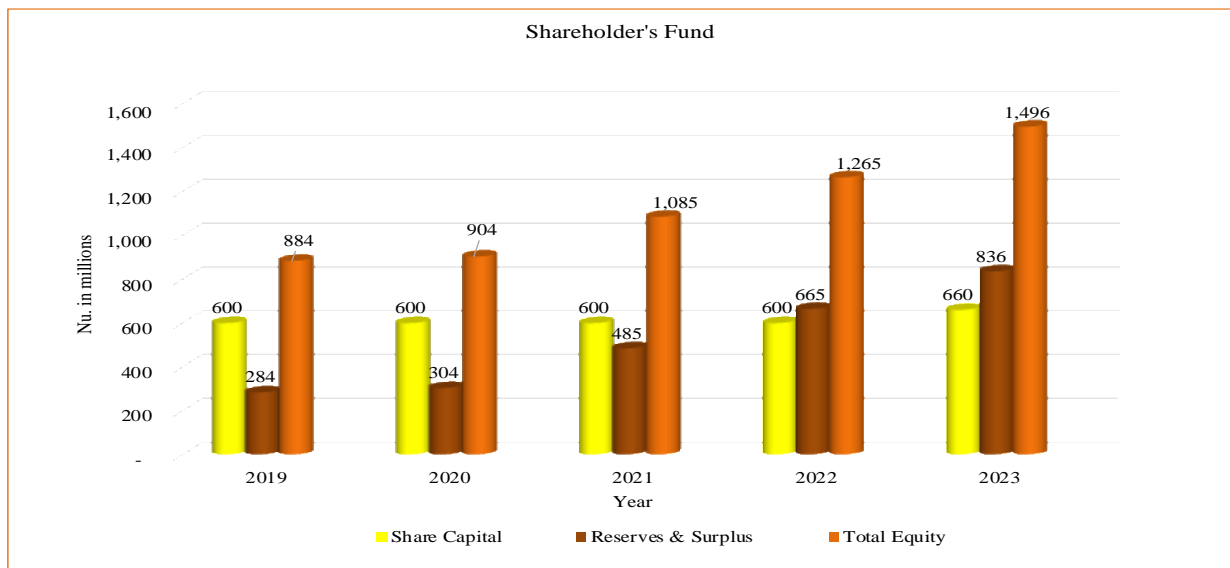
The Gross Non-Performing Loan (GNPL) ratio for the year 2023 increased to 0.55% from 0.19% in 2022. In terms of value, the total Non-Performing Loan (NPL) for the year 2023 is Nu. 71.65 million.

Housing sector continues to hold the largest share in the bank's loan portfolio with a total exposure of Nu. 4,528.19 million constituting 34.81% of the total loan portfolio. This is followed by the Hotel & Tourism sector, with a total exposure amounting to Nu. 1,664.70 million, constituting 12.80% of the total loan portfolio.

The graph below presents the changes in customers deposit liabilities and total liabilities over the years (2019-2023).

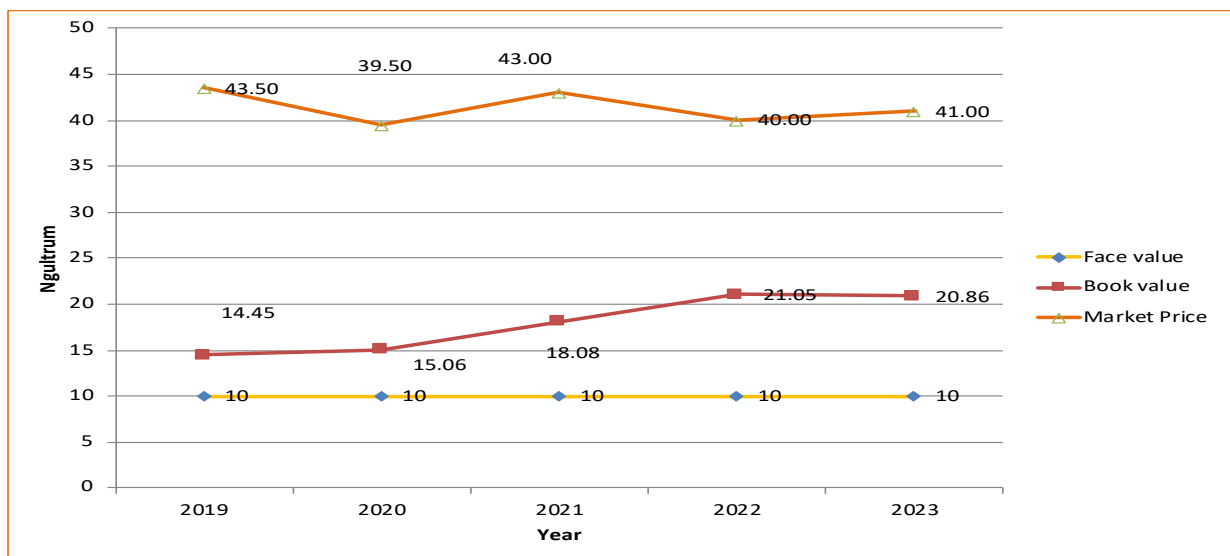


The graph below shows the changes in the equity over the years.



### Market Price Information:

The stock market indices also act as a barometer to gauge the performance of the bank as the bank's shares are listed with the Royal Securities Exchange of Bhutan (RSEBL). The bank's shares have been actively traded in the secondary market and bank's shares are considered as actively traded shares with the RSEBL in past years. During the year 2023, total volume of 291,916 shares worth Nu. 10.98 million has been traded with the market price increasing from Nu. 40 per share in 2022 to Nu. 41.00 per share in December 2023 against its face value of Nu.10.00 per share, thereby increasing the value of the share for the shareholders. The book value of the bank's share is Nu. 20.86 per share in 2023.



## HUMAN RESOURCES MANAGEMENT

In 2023, the bank hired 34 employees to facilitate the replacement of high attrition of employees and to accommodate the growing volume of banking business. A total of 59 employees resigned during the year resulting in an average attrition rate of 36.02 %, compared to the attrition rate of 15.73 % for the year 2022. As of December 31, 2023, the bank had a total of 161 employees.

In order to ensure that employees stay up-to-date with the latest developments in the banking industry and improve their skills and knowledge, it is imperative for the bank to invest in human capacity development through various training programs.

In 2023, various training sessions were conducted both domestically and internationally. These sessions covered a wide range of topics including Leadership, Customer Service Excellence, JCB System and Operation, GovTech Certification Program, AML/CFT Professional Program, IFRS, and more.

## CORPORATE GOVERNANCE

The bank is in adherence to the Corporate Governance Rules & Regulations 2020 issued by the Royal Monetary Authority, the Financial Services Act 2011, the Companies Act of Bhutan 2016. The Bank has fully implemented all the Board directives. The Board sub-committee held their own minimum meetings as required by the Rules and Regulations.

During the year, following Board Directors have attended the following Board Meetings:

S.N	Name	Designation	Meeting Attended	Sitting Fees
1	Mr. Tshenchok Thinlay	Chairman	8	160,000.00
2	Ms. Rinzin Lhamu	Independent Director	6	120,000.00
3	Mr. Nawang Gyetse	Independent Director	8	160,000.00
4	Mr. Tashi Tshering	Director	8	160,000.00
5	Mr. Pema Tshering	Director/CEO/Member Secretary	8	160,000.00

The 13<sup>th</sup> AGM was held on 24<sup>th</sup> February 2023, thereby complying with the Companies Act 2016. Besides these, (5) Board Audit Committee meetings, (8) Board Governance Meeting and (4) Board Risk Committee Meeting were convened during the year 2023 to discuss on the various aspects pertaining to governance, operations and risks aspects of the bank.

In accordance with the Companies Act of the Kingdom of Bhutan 2016, all the documents have been duly maintained and the Bank has followed best practices of good corporate governance during the year 2023.

**Board Audit Committee:**

Following Board Audit Committee meetings have been conducted during the year.

S.N	Name	Designation	Meeting Attended	Sitting Fees
1	Mr. Gayatri Prasad Sharma	Chairperson	1	7,000.00
2	Mr.Ngawang Gyetse	Independent Director	5	44,000.00
3	Ms.Rinzin Lhamu	Independent Director	3	30,000.00
4	Mr. Tshering Dorjee	Member Secretary	5	22,000.00

**Board Risk Committee:**

Following Board Risk Committee meetings were also conducted during the year.

S.N	Name	Designation	Meeting Attended	Sitting Fees	Remarks
1	Mr. Nawang Gyetse	Chairperson	4	37,000.00	Independent Director
2	Mr. Tashi Tshering	Director	4	37,000.00	
3	Mr. Pema Tshering	Director/CEO	4	37,000.00	
4	Mr. Surja Man Samal	Member Secretary	4	18,500.00	

**Board Governance Committee:**

Following Board Governance Committee meetings were also conducted during the year.

S.N	Name	Designation	Meeting Attended	Sitting Fees
1	Mr. Tashi Tshering	Chairman	8	77,000.00
2	Mr. Gayatri Prasad Sharma	Member/Independent Director	1	7,000.00
3	Ms.Rinzin Lhamu	Member/Independent Director	7	70,000.00
4	Mr.Pema Tshering	Member/CEO	8	77,000.00
5	Mr. Tshering Tobgay	Member	7	67,000.00
6	Mr.Gyam Agay Dorjee Namgyal	Member Secretary	1	5000.00
7	Mr. Chencho Dorji	Member Secretary	2	13,500.00

## CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The bank has a keen sense of Corporate Social Responsibility (CSR), the commitment to sustainability and welfare development of the community. In 2023, as part of its CSR, the bank made the following donation and contributions:

S.N	Particulars	Amount (Nu.)
1	Tshokling Dratshang	50,000.00
2	Samdrupcholing Foundation	10,000.00
3	Khenchen Drak 108	500,000.00
4	Recitation of the Bazaguru Dungdrup	25,000.00
5	Support for awareness & mobility Training of person with visual impairment	20,000.00
6	Bhutan Kidney Foundation	100,000.00
7	Dudjom Dharma House	100,000.00
8	Royal Wedding Anniversary Archery Tournament	20,000.00
9	Contribution for the 116 <sup>th</sup> National Day celebration Event	65,000.00
10	Contribution for the 2nd Annual Black Mountain Festival	10,000.00
	<b>Total</b>	<b>900,000.00</b>

Apart from the monetary contribution as CSR, to showcase the bank's commitment to preserving the environment and enhancing local community well-being, the bank organized annual cleaning campaign along the Wangchu river from Lungtenzampa Bridge till Changjiji Bazam. The bank employees also actively contributed to public health by participating in the blood donation campaign during the bank's foundation day.

The bank remains fully committed to similar CSR mandates in the future.

### Statutory Audit

M/s A.Ghose & Co., a firm based in Siliguri, West Bengal, India was appointed to audit the books of account for the Bank for the financial year 2023.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors and on my own behalf, I would like to express our sincere appreciation for the ongoing guidance and support provided by various governmental bodies, regulatory agencies, and partner institutions. We extend our gratitude to the Royal Government, Ministry of Finance, Royal Monetary Authority of Bhutan, Royal Audit Authority, Company Registry Division, Royal Securities Exchange of Bhutan Limited, Regional Revenue and Customs Office of Bhutan, Statutory Auditors, as well as our correspondent banks.

We also extend our thanks to our business partners and esteemed clients whose unwavering confidence in the Bank has been instrumental in achieving positive results despite the business disruptions and economic slowdown experienced in the aftermath of the Pandemic.

We are deeply grateful for the exceptional support and assistance received from all stakeholders, which has enabled the Bank to navigate through these challenging times with minimal impact in our operations.

We extend our heartfelt appreciation to our customers, shareholders, and most importantly, to the management and staff of the bank for their unwavering dedication and contributions to the overall performance.

**Tashi Delek!**

A handwritten signature in blue ink, appearing to be 'Tashi Delek', written over a horizontal line.

(Mr. Tshenchok Thinlay)

**CHAIRPERSON**

**A GHOSH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Shareholders of  
**T BANK Limited**

**Opinion**

We have audited the financial statements of T Bank Limited (the Bank), which comprise the Statement of Financial Position as at December 31, 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023, and its financial performance, changes in equity and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

**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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank 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 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. We have determined the matters described below to be the key audit matters to be communicated in our report.



S.N	Key Audit Matters	Auditors Response
1	<p><b>Identification and provisioning for non-performing assets (loans) in accordance with the guidelines issued by Royal Monetary Authority of Bhutan ('RMA')</b></p> <p>The Royal Monetary Authority of Bhutan (RMA) has prescribed the 'Prudential norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks including circulars in relation to COVID-19 Regulatory Package – Asset Classification and Provisioning.</p> <p>The identification of performing and nonperforming advances involves establishment of proper mechanism and the Bank is required to apply significant degree of judgments to identify and determine the amount of provision required against each non-performing asset ('NPA') applying both quantitative as well as qualitative factors prescribed by the regulations.</p> <p>Significant judgments and estimates for NPA. identification and provisioning could give rise to material misstatements on: -</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of non-performing assets in accordance with criteria as prescribed by the RMA; and</li> <li>• Measurement of the provision for nonperforming assets based on loan exposure, ageing and classification of the loan, realizable value of security.</li> </ul> <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions arising out of COVID-19</p>	<p>We have checked the relevant Documents, Information, Reports, and Extracts of Accounts etc.</p> <p>In Particular:</p> <ul style="list-style-type: none"> <li>• The Advances have been checked on test basis based on records/ reports/ documents/ certificates made available to us by the Bank to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances; and to this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</li> <li>• These audit procedures were supplemented, where relevant, by gathering further evidence through enquiries and discussions with relevant Bank Officials.</li> <li>• The accuracy of the data input in the system for income recognition, classification into performing and non-performing Advances and provisioning in accordance with the Prudential Norms of RMA.</li> <li>• Evaluated the past trends of management judgment, governance process and review controls over impairment provision calculations</li> </ul>



	<p>pandemic) and income recognition on advances:</p> <ul style="list-style-type: none"> <li>– Requires proper control mechanism and significant level of estimation by the Bank;</li> <li>– Has significant impact on the overall financial statements of the Bank; and</li> <li>– Could not be entirely covered through personal visits / physical interaction with the relevant officials of the Bank.</li> </ul> <p>We have ascertained this area as a Key Audit Matter.</p>	<p>and discussed the provisions made with the relevant Bank Officials in this respect.</p>
2	<p><b>Key Information technology (IT) systems used in financial reporting process.</b></p> <p>The Bank’s key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems. There is a large volume of transactions being recorded at multiple locations daily. In addition, there are increasing challenges to protect the integrity of the Bank’s systems and data since cyber security has become a more significant risk in recent periods. Thus in such a situation any gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>Due to the extensive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter.</p>	<p>We obtained an understanding of the Bank’s IT related control environment as a part of our audit procedures for review of the Bank’s IT systems and related controls for financial reporting:</p> <ul style="list-style-type: none"> <li>• We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</li> <li>• Based on the information and documents provided to us we have reviewed the design, implementation and operating effectiveness of the Bank’s General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank’s controls to evaluate segregation of duties and access rights being provisioned/modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all active users in the system.</li> </ul>



## **Responsibilities of management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the Bhutanese Accounting Standards (BAS), 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the audit of Financial Statements**

Our objectives are to obtain responsible assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintained professional skepticism throughout the audit. We also described our responsibilities in **Appendix-I** attached to this report as per the requirements of Paragraph 40(b) of the ISA 700.

## **Report on Other Legal and Regulatory Requirements**

As required by section 266 of the Companies Act of Bhutan, 2016, we enclose in the **Appendix-II**, a statement on Minimum Audit Examination and Reporting Requirements matters specified therein to the extent applicable to the Bank.

### **As required by section 265 of the Companies Act, we report that:**

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.



- b) In our opinion proper books of accounts as required by law have been kept by the Bank in so far as it appears from our examination of the books.
- c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this report have been prepared in accordance with the generally accepted accounting principles and are in agreement with the books of account.
- d) The Bank has complied with other legal and regulatory requirements.

For **A GHOSH & CO.**

**Chartered Accountants**

Firm Registration No: 324196E



**BIMAL KUMAR PRASAD,**

**Partner**

Membership No. 306116

UDIN: 24306116BKGZMI2737

Place: Siliguri

Date: 2<sup>nd</sup> April 2024



## APPENDIX-I

### **Appendix to the Independent Auditor's Report paragraph of the Auditor's Responsibilities for the audit of the Financial Statements of T Bank Limited for the year ended December 31, 2023 and as per the requirement of the paragraph 40(b) of ISA 700.**

As part of an audit in accordance with ISAs, we exercise professional Judgement and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, weather due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Appendix-II

### Minimum Audit Examination and Reporting Requirements.

Appendix referred to in our audit report of even date on Minimum Audit Examination and Reporting requirements. As Required by section 266 of the Companies Act of Bhutan, 2016 and its enabling provisions relating to Clause II of Schedule XIV of the erstwhile Companies Act of Kingdom of Bhutan, 2000 thereto (the Minimum Audit Examination and Reporting Requirements) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report as follows:

1. The Bank maintaining Fixed Assets Register. As per information provided to us, physical verification of fixed assets was not conducted by the Management during the Financial year.
2. As informed to us, none of the fixed assets have been revalued during the year.
3. Physical verification of stationary items was conducted by the management at reasonable intervals and no material discrepancies were noticed on such verifications.
4. As informed to us, the procedures of Physical Verification of stationary items followed by the management are reasonable and adequate in relation to the size of the Bank and the nature of its business.
5. The bank has not availed any loans, secured or unsecured, from companies, firms or other parties and / or from the companies under the same management.
6. The bank has not granted any loans secured or unsecured, to companies, firms and other parties and / or to the companies under the same management except loan given in the normal course of banking business.
7. The parties to whom loans or advances have been given by the bank are generally repaying the principal amounts and interests as stipulated except in the cases of Non-Performing Loans (NPLs).
8. As per information provided to us, the bank grants loans / advances to the officers / staff which are granted in course of normal banking business.
9. In our opinion and according to the information and explanation given to us during the course of the audit, the bank has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to safeguard the assets of the bank as well as to ensure adherence to the rules / regulations and systems and procedures.
10. As explained to us, there is a system of competitive bidding, commensurate with the size of the bank and the nature of its business, for the purchases of services, stores, equipment and other assets.
11. As explained to us, the bank has entered into transactions for purchase of goods and sale of services with parties in which one or more Directors of the Bank are interested. As explained that such purchase and sales transactions were made at prices which were reasonable having regard to the prevailing market prices for such goods and services or at prices at which the transactions for similar goods and services have been made with other



parties. Details of such transactions and amounts thereof are adequately disclosed in Note No. 35 of Notes to Financial Statements.

12. In respect of transactions referred to in clause 11 above, our examination has revealed that such transactions are prima facie not prejudicial to the interest of the other shareholders and the Bank.
13. As per explanations given to us, there was no significant case of any item in inventory having become damaged or unserviceable during the year.
14. As per information and explanation provided to us and according to our examination of records, the bank is regular in depositing rates and taxes, duties, provident funds and other statutory dues with the appropriate authorities. Provision for corporate tax for the year is adequate and necessary adjustments have been made to compute the amount of tax required under the Rules of the Income Tax of the Kingdom of Bhutan 2001.
15. As per the information provided to us, there is no undisputed amounts payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions as on the last day of the reporting period.
16. According to the information and explanations given to us and on the basis of our test checking of the accounts and other records, we are of the opinion that no personal expenses has been charged to the accounts during the year other than those payable under contractual obligations/service rule and/or in accordance with generally accepted business practices.
17. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly cash / bank etc. is reasonably adequate and excessive amounts are not lying idle in non-interest-bearing accounts.
18. According to the information and explanations given to us, and on the basis of available records and information, we are of the opinion that the financial activities carried out by the bank during the year are *prima facie* lawful and intra-vires to the Articles of Incorporation of the Bank.
19. We were given to understand that capital investment decisions are made with prior approval of the Board and investments in projects are made only after ascertaining the technical and economic feasibility of such new projects.
20. In our opinion and according to the information and explanations given to us, the Bank has established an effective budgetary control system.
21. According to the information and explanations given to us, the details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or any of their relatives (including spouse(s) and child/children) by the Bank directly or indirectly are disclosed in Note No. 35.2.1 of Notes to the Financial Statements.
22. In our opinion and according to the information and explanations given to us, the directives of the Boards have been complied with.
23. As per information provided to us, the officials of the Company are refrained from transmitting any price sensitive information which is not made publicly available, unauthorizedly to their relatives / friends/ associates or close persons, who will directly or indirectly benefit themselves.



24. The bank has generally maintained adequate documents and records where it has granted loans and advances for which agreements have been drawn up and timely entries have been made therein.
25. In our opinion proper records of the transactions and contracts have been maintained in a timely manner where the Bank have dealt with Shares and securities, details of which are adequately disclosed in Note No, 17, 18 and Note No. 19.
26. As per information provided to us, reasonable record is maintained by the Bank for funds collected from depositors and for interest payments.
27. As per our examination of records and information and explanation provided to us there is no major diminution in value of investments (share).
28. The Bank has generally complied with the requirements of Financial Services Act 2011 and other applicable rules and regulations issued by the appropriate Authorities.
29. The Bank has complied with the requirements relating to provisioning for the non-performing assets including loans and advances as per Prudential Regulations 2017 of Royal Monetary Authority of Bhutan (RMA).
30. As per information provided to us, recognition of interest income in respect of non-performing assets have been deferred.
31. The assets hypothecated against loans and advances have generally been physically verified, properly valued, mortgage deed executed and ensured that the assets are free of any prior lien or charges.
32. The Bank has a system of monitoring of projects for which loans have been provided to ensure that loan amounts are used for the specified purposes and project activities are progressing satisfactorily.
33. As explained to us the Bank has not disposed the assets taken over for repayment of defaults through auction.
34. As per information provided to us, there is no re-phasing / rescheduling of loans during the current reporting period.
35. There is a system to ensure that additional loans are not granted to those who have defaulted payments of previous advances.

**36. COMPUTERISED ACCOUNTING ENVIRONMENT:**

- i. The Bank has a computerized accounting system and the internal control system seems to be adequate taking into account the size and nature of computer installations.
- ii. As explained adequate safeguard measures and back up facilities in relation to the computer facilities exist. However, some variation has been observed. We found that internet is working in many computers and various website like any desk, Gmail etc is working. Also pen drive is accessible from various computers.
- iii. As per information and explanation provided to us, the back-up files of the Bank are kept in different locations as per ISO standards.



- iv. Generally, the Bank has controls to ensure correctness and validity of input data and output information. As informed to us, presently the Bank has selected a vendor for the implementation of ISO 27001 and PCI DSS certification etc. for further improvement in this area.
- v. As informed to us, the Bank has preventive measures in place to prevent unauthorized access over the computer installation and files. For further improvement the implementation of ISO 27001 and PCI DSS certification work is under progress.

### **37. GENERAL**

#### **i. Going Concern:**

The financial position of the current reporting period indicates that the Bank is healthy and on an overall examination of financial and operational data, we have no reason to believe that the Bank is not a going concern as on date of the Statement of Financial Position.

#### **ii. Ratio Analysis:**

Ratio Analysis on financial health and profitability of the Bank is given in **Exhibit-1**.

#### **iii. Compliance with the Companies Act of Bhutan, 2016:**

The bank has complied with the provisions of the Companies Act of Bhutan, 2016, concerning conducting of meetings, filing requirements and maintenance of records and issue of shares.

#### **iv. Adherence to Laws, Rules and Regulations:**

The audit of the bank has been governed by the Companies Act of Bhutan, 2016, RMA prudential Regulation 2017 (effective from 1st January, 2018), Financial Services Act, 2011 and Corporate Governance Rules and Regulations, 2018 (effective from 1st July, 2018). The scope of audit is limited to examination and review of the Financial Statements as produced to us by the management.

The bank has generally complied with the applicable laws, rules and regulations, systems, procedures and practices. All corporate governance policies have not yet been fully documented as per the provisions of the Corporate Governance Rules and Regulations, 2018 in pursuant to Section 202 of the Financial Services Act of Bhutan 2011.



## EXHIBIT-1

### Ratio Analysis:

Ratio Analysis on financial health and profitability of the Bank is given below:

S.N	RATIOS	2023	2022
1	Interest Expense / Deposits	4.18%	4.64%
2	Interest Income/Loans	9.32%	10.94%
3	Return on Assets (ROA) (PAT/Total Assets)	1.71%	1.09%
4	Return on Equity (Pat/Shareholders Equity)	51.25%	31.39%
5	NPL / Total Loans & Advances	0.55%	0.19%
6	Revenue Per Employee (Nu.)	8.79	7.21
7	Earnings Per Share (EPS) Nu. (PAT/No.of Shares)	5.12	3.14
8	Capital Adequacy Ratio (Tier I+ Tire II Capital)/(Risk Weighted Assets)	12.21%	14.75%
9	Credit to Deposit Ratio (CD) Total Loans/Total Deposits)	73.44%	69.49%
10	SLR (Quick Assets/Demand Deposit+Time Liabilities)	21.81%	26.74%
11	Total No.of Employees	161	187
12	No.of Shares	66,027,269	60,025,223

For **A GHOSH & CO.**

**Chartered Accountants**

Firm Registration No: 324196E



**BIMAL KUMAR PRASAD,**

**Partner**

Membership No. 306116

UDIN: 24306116BKGZMI2737

Place: Siliguri

Date: 2<sup>nd</sup> April, 2024



**Statement of Comprehensive Income  
For the Year Ended 31 December 2023**

(Amount in Nu.)

Particulars	Note	31-Dec-23	31-Dec-22
Interest & Similar Income	4	1,199,204,426	1,165,083,686
Interest & Similar Expense	5	(730,682,248)	(751,933,621)
<b>Net interest income</b>		<b>468,522,177</b>	<b>413,150,066</b>
Fee and commission income	6	38,269,950	41,149,426
Fee and commission expenses		-	-
<b>Net fee and commission income</b>		<b>38,269,950</b>	<b>41,149,426</b>
Other Operating Income	7	178,729,096	143,625,605
<b>Total operating income</b>		<b>685,521,223</b>	<b>597,925,096</b>
Personnel Expenses	8	(168,879,728)	(156,359,676)
Depreciation on Property Plant & Equipment		(28,669,839)	(21,455,221)
Amortization of Intangible Assets		(11,269,178)	(11,269,178)
Other Operating Expenses	9	(112,279,439)	(99,062,322)
Impairment (charges)/reversal for loans and other losses	10	89,108,990	(56,593,379)
<b>Total Operating Expenses</b>		<b>(231,989,194)</b>	<b>(344,739,776)</b>
<b>Profit Before Tax from Continuing Operations</b>		<b>453,532,029</b>	<b>253,185,320</b>
Income Tax Expense:			
Current tax	11	(114,269,557)	(66,555,405)
Additional Tax Paid for Previous Year		(703,104)	
Deferred tax Income/(Expenses)	0	(172,650)	1,814,913
<b>Profit For the Year</b>		<b>338,386,718</b>	<b>188,444,828</b>
Remeasurment Gain/(Loss) on Defined Benefit Plan		(2,791,273)	(2,521,668)
Gain/(Losses) on re-measurement of AFS Financial Assets		-	
Total Comprehensive Income before Tax		(2,791,273)	(2,521,668)
Tax on income /(expense) relating to components of other comprehensive income		-	
Total comprehensive income after tax		(2,791,273)	(2,521,668)
<b>Total comprehensive income for the year, net of tax</b>		<b>335,595,445</b>	<b>185,923,160</b>
<b>Basic Earnings Per Share</b>		<b>5.12</b>	<b>3.14</b>

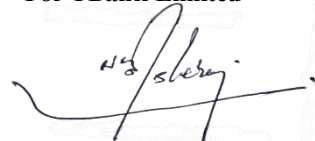
For A GHOSH & CO.  
CHARTERED ACCOUNTANTS  
FRN: 324196E



CA BIMAL KUMAR PRASAD  
PARTNER  
Membership Number: 306116  
Place: Siliguri  
Date: 2nd April 2024

  
Director

For TBank Limited

  
Chief Executive Officer

  
Chairperson



**Statement of Financial Position**  
**As at 31 December 2023**

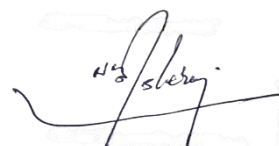
**(Amount in Nu.)**

<b>Particulars</b>	<b>Note</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
<b>Assets</b>			
Cash & Cash Equivalents	13	1,403,381,094	1,558,413,591
Cash & Balances with Central Bank	14	1,542,240,314	1,447,392,262
Placement with other Banks	15	2,020,624,011	1,842,136,135
Loans & Advances to Customers	16	12,868,785,683	10,654,024,826
Equity Instruments (at amortised cost)	17	7,750,000	7,750,000
Equity Instruments (FVPL)	18	44,142,844	37,714,281
Debt Instruments	19	1,335,183,968	864,851,597
Defined Benefit Assets	20	6,495,261	5,737,961
Other Financial Assets	21	32,535,697	402,158,568
Other Assets	22	303,060,162	356,822,185
Property, Plant & Equipment	0	151,851,486	106,926,419
Intangible Assets	0	41,162,599	30,853,690
Deferred tax assets	0	-	4,606,328
<b>Total Assets</b>		<b>19,757,213,118</b>	<b>17,319,387,844</b>
<b>Liabilities</b>			
Due to Customers	25	13,646,619,183	12,510,870,844
Due to Banks	26	3,875,646,707	2,820,718,038
Debt issued and Other Borrowed Funds	27	500,000,000	500,000,000
Current Tax Liabilities	28	88,197,357	54,114,899
Deferred Tax Liabilities	0	1,607,141	1,434,490
Other Liabilities	0	148,644,073	166,961,759
<b>Total Liabilities</b>		<b>18,260,714,460</b>	<b>16,054,100,030</b>
<b>Equity</b>			
Share Capital	1	660,272,690	600,252,230
<b>Reserves</b>			
Retained Earnings		729,423,836	553,195,298
APFR	2	37,779,532	49,018,508
Foreign Exchange Fluctuation Reserve		49,022,601	42,821,778
Human Capital Development Fund		20,000,000	20,000,000
<b>Total equity</b>		<b>1,496,498,658</b>	<b>1,265,287,813</b>
<b>Total liabilities and equity</b>		<b>19,757,213,118</b>	<b>17,319,387,844</b>

**For A GHOSH & CO.**  
**CHARTERED ACCOUNTANTS**  
**FRN: 324196E**

  
**Director**

**For TBank Limited**



**Chief Executive Officer**

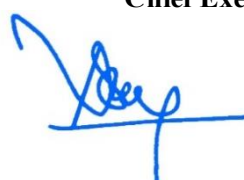


**CA BIMAL KUMAR PRASAD**  
**PARTNER**

**Membership Number: 306116**

**Place: Siliguri**

**Date: 2nd April 2024**




**Chairperson**




**Statement of Cash Flow**  
**For the year ended 31 December 2023**

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>Amount (Nu)</b>	<b>Amount (Nu)</b>
<b>Cash flows from operating activities</b>		
Profit before Taxation	453,532,029	253,185,320
<b>Adjustments for:</b>		
Depreciation and amortization	39,939,017	32,724,399
Impairment charges/(reversal) for Loans and advances	(89,108,990)	56,593,379
Loan write-off expenses	6,501,413	2,226,314
(Profit)/Loss on sale of Assets	-	(162,470)
Interest income	(144,798,408)	(87,211,533)
BFRS Adjustment*	(32,720,816)	(8,385,859)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>233,344,245</b>	<b>248,969,550</b>
<b>(Increase) /decrease in assets</b>		
Net change in mandatory cash balances with central banks	(94,848,051)	(670,081,238)
Net change in due from other banks	(177,928,938)	(927,204,051)
Net change in loans and advances to customers	(2,132,153,281)	(2,218,064,191)
Net change in other assets	18,688,622	(53,134,780)
<b>Increase /(decrease) in liabilities</b>		
Net change in customer accounts	1,135,748,339	2,507,317,848
Net change in due to other banks	1,054,928,669	1,081,217,045
Net change in other liabilities and provisions	(18,317,687)	(44,048,248)
<b>Net cash from operating activities before income tax</b>	<b>19,461,918</b>	<b>(75,028,064)</b>
Tax expenses	(74,431,294)	(47,217,901)
<b>Net cash generated from operating activities</b>	<b>(54,969,376)</b>	<b>(122,245,965)</b>
<b>Cash flow from Investing Activities</b>		
Financial Investments available for sale	(49,729,594)	(547,100,915)
Interest Received from Investments	126,212,445	73,337,148
Acquisition of Property, plant, equipment and intangibles	(122,032,199)	(46,244,783)
Proceeds from disposal of property, plant and equipment	-	609,792
<b>Net cash from investing activities</b>	<b>(45,549,348)</b>	<b>(519,398,758)</b>
<b>Cash flows from financing activities</b>		
PBVA Paid	(470,191)	
Dividend paid	(54,043,585)	-
<b>Net cash from financing activities</b>	<b>(54,513,776)</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	(155,032,498)	(641,644,723)
Cash and cash equivalents at the beginning of period	1,558,413,591	2,200,058,314
<b>Cash and cash equivalents at the end of period</b>	<b>1,403,381,093</b>	<b>1,558,413,591</b>
<b>Reconciliation of Cash &amp; cash equivalents</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Cash in Hand (As certified by the management)	184,182,938	232,171,392
Balance with RMA	242,694,972	431,433,597
Unutilised CRR account with RMA	-	156,883,000
Balance with Banks in India & Abroad	451,412,748	410,156,198
Balance with Banks in Bhutan	526,163,996	329,111,181
	<b>1,404,454,655</b>	<b>1,559,755,368</b>
<i>Less: Allowance for Expected Credit Loss</i>	<i>(1,073,561)</i>	<i>(1,341,776)</i>
<b>Cash and cash equivalents</b>	<b>1,403,381,094</b>	<b>1,558,413,591</b>

For A GHOSH & CO.  
CHARTERED ACCOUNTANTS  
FRN: 324196E

  
CA BIMAL KUMAR PRASAD  
PARTNER  
Membership Number: 306116  
Place: Siliguri  
Date: 2nd April 2024

  
Director

For TBank Limited  
  
Chief Executive Officer  
  
Chairperson



**Statement of Changes in Equity  
For the Year Ended 31 December 2023**

(Amount in Nu.)

	Share Capital	General Reserve	Retained Earnings	Exchange Fluctuation Reserve	APFR	HRD Reserve Fund	Research and Development fund	Total Shareholders' Funds
<b>Balance as at 1 January 2022</b>	<b>600,252,230</b>	<b>299,501,166</b>	<b>144,920,059</b>	<b>32,555,391</b>		<b>8,000,000</b>	<b>-</b>	<b>1,085,228,846</b>
Net profit for the year			188,444,828					188,444,828
Adjustments (Bonus Shares issue)								-
Adjustments (Rights Shares issue)								-
Adjustment			-					-
BFRS Adjustment			(8,933,159)					(8,933,159)
Share premium								-
Transfers during the year		47,111,207	(68,733,836)	10,266,386		4,000,000	8,000,000	643,757
APFR transferred under MM			(49,114,965)		49,018,508			(96,458)
<b>Balance as at 31 December 2022</b>	<b>600,252,230</b>	<b>346,612,373</b>	<b>206,582,926</b>	<b>42,821,777</b>	<b>49,018,508</b>	<b>12,000,000</b>	<b>8,000,000</b>	<b>1,265,287,814</b>
Adjustments (Bonus Shares issue)	60,020,460		(60,020,460)					-
Adjustments (Rights Shares issue)								-
Net profit for the year			338,386,718					338,386,718
Adjustment 1% Rebate			(8,702,306)					(8,702,306)
BFRS Adjustment *			(32,720,816)					(32,720,816)
PBVA Adjustment			(470,191)					(470,191)
Net transfers during the year		84,596,680	(90,797,504)	6,200,824		-		(0)
Reclassification of APFR					(11,238,976)			(11,238,976)
Dividend for 2022			(54,043,585)					(54,043,585)
<b>Balance as at 31 December 2023</b>	<b>660,272,690</b>	<b>431,209,053</b>	<b>298,214,782</b>	<b>49,022,601</b>	<b>37,779,532</b>	<b>12,000,000</b>	<b>8,000,000</b>	<b>1,496,498,658</b>

For A GHOSH & CO.  
CHARTERED ACCOUNTANTS  
FRN: 324196E

*Bimal Kumar Prasad*

CA BIMAL KUMAR PRASAD  
PARTNER  
Membership Number: 306116  
Place: Siliguri  
Date: 2nd April 2024



For TBank Limited

*Prasanna Kumar*  
Director

*H. S. Sengupta*  
Chief Executive Officer

*Deep*  
Chairperson

## SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

### 1. Corporate Information

T Bank Limited is a commercial bank licensed by the Royal Monetary Authority under the Financial Institutions Act of Bhutan, 1992. The bank is incorporated and registered under the Companies Act of Bhutan, 2000. The registered office is located at TCC Complex Building, Samten Lam, Chubachu, Post Box No. 631, Thimphu, Bhutan. Over the years the bank expanded its branch networks in ten pivotal locations.

The bank is governed by the Companies Act of Bhutan, 2016, Financial Services Act of Bhutan, 2011, rules and regulations and guidelines including Prudential Regulations issued by Royal Monetary Authority of Bhutan.

The financial statements of the bank for the year ended December 31, 2023 was authorized for issue in accordance with the resolution of the Board of Directors dated 4<sup>th</sup> April, 2024.

### 2. Basis of Preparation

#### 2.1. Statement of Compliance

The financial statements of the bank have been prepared in accordance with and in compliance with the Bhutanese Accounting Standards (BAS), the Companies Act of Bhutan, The Financial Services Act of Bhutan, 2011 and other applicable rules & Regulations including the prudential regulation guidelines issued by Royal Monetary Authority Bhutanese Financial Reporting Standards (BFRS).

The Financial statements have been prepared on the accrual basis of accounting with the historical cost convention and going concern basis except for the following;

- For those financial assets and liabilities- measured at fair value.
- Employee benefit plans-measured as per the actuarial valuation.

#### 2.2 Basis of Measurement

In preparing the financial statements the management has applied judgements, assumptions and estimates that affect the reported amounts of income and expenses of the period, the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements. Difference between the actual results and the estimates are recognized in the year in which the results are known and materialized.

#### 2.3 Presentation of Financial Statements

The bank presents its financial statements in accordance with BAS 1-Presentation of financial statements in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) are also carried out.



## **2.4 Foreign Currency Translation**

The functional currency and presentation currency of the Bank is Bhutanese Ngultrum. Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary Assets and Liabilities in foreign currencies are translated into functional currency at the exchange rates prevailing at the end of the reporting period. Exchange gains and losses on foreign currency translation are recognized in the Statement of Comprehensive Income.

## **2.5 Going Concern**

The Bank has made an assessment of the Bank's ability to continue as a going concern and is satisfied that it has the resources to continue the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## **2.6 Accrual Basis of Accounting**

The Bank prepared its financial statements, except for the cash flow information, using the accrual basis of accounting. It recognizes items such as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the framework.

## **2.7 Materiality and Aggregation**

The bank has presented each material class of similar items separately in the financial statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

## **2.8 Offsetting**

All the items that are recorded in the financial statement are reported gross except for the loans & advances which is net off impairment charges. Income and expenses are not offset in the Statement of profit or loss unless required or permitted by the standards.

## **2.9 Frequency of reporting**

As required by the standard, the Bank prepares a complete set of financial statements including comparative information annually.

## **2.10 Comparative information**

As a minimum, the Bank has reported two statements of financial position, two statements of profit or loss and other comprehensive income, two separate of cash flows and two statements of changes in equity and related notes.



## 2.11 Property, Plant and Equipment

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if, it is probable that future economic benefits associated with the items will flow to the entity and the cost can be measured reliably.

PPE are initially recognized at cost. The initial cost of PPE comprises its net purchase price after deducting any trade discount and rebates, including import duties and directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it's probable that future economic benefits associated with the item will flow and the cost of the item can be measured reliably. The carrying amount of an asset or part of an asset replaced, disposed off, scrapped are derecognized. All other repairs and maintenance are charged to the Statement of comprehensive Income during the period in which they are incurred.

Costs of fixed assets not ready for the intended use during the financial period together with other related expenses are shown as Capital Work -in- Progress. CWIP are capitalized and recorded as fixed assets only when it starts generating economic benefits and its costs ascertained based on the completion report issued by the concerned authority.

## 2.12 Depreciation and Amortization

Depreciation is provided on pro rata basis on the straight-line method as per the useful lives of the assets.

The useful life of assets and rates of depreciation are as follows:

Class of Assets	Useful Life (No.of years)	Rate (%)
Furniture & Fixtures	6.67	15
Vehicles	6.67	15
Office Equipment & Machineries	6.67	15
Computer & IT Equipment	6.67	15

The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed-off are eliminated from the financial statements and the resulting gains or losses are included in the Statement of Comprehensive Income.

## 2.13 Intangible Assets

Intangible assets include identified capitalized software costs. Only the acquired intangible assets are recognized as asset and capitalized on the basis of costs incurred to acquire and bring it to the intended use.

Intangible Assets are stated at cost less accumulated amortization and net of impairments, if any. An intangible asset is recognized if it is probable that the expected future economic benefits that



are attributable to the asset will flow to the Bank and its cost can be measured reliably. Intangible Assets having finite useful lives are amortized on straight-line basis over their estimated useful lives.

The useful life of the asset and rates of amortization is as follows:

Class of Asset	Useful Life (No. of Years)	Rates (%)
Software	6.67	15

An intangible asset is derecognized when disposed off or when no future benefits are expected to arise from the continued use of the asset. The gains or losses are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of Comprehensive Income.

#### **2.14 Cash & Cash Equivalents**

Cash and Cash Equivalents referred to in the cash flow statement comprise of Cash at Bank and in-hand that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value. However, in line with BFRS 9, allowance for Expected Credit Loss is also calculated.

#### **2.15 Customer Deposit**

Customer deposits include all customer accounts where the bank owes money to customers (excluding balances owed to other banks, including central banks).

#### **2.16 Income Tax**

Current Tax assets and liabilities for the current period are measured at the amount expected to be recovered from or payable to the Income Tax Authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date of the Income Tax Authority.

Current Tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. The Bank's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for Income Tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period

#### **Deferred Tax**

The Bank calculates deferred taxation based on temporary timing difference that is the difference between the carrying amount of assets/liabilities and their tax base.



## 2.17 Employee Benefits

### a. Short Term Employee Benefits

All employees benefit payable within twelve months rendering the services are classified as short-term benefits. Such benefits include salaries and allowances, performance-based incentives, etc., and the same are recognized in the statement of comprehensive income in the period in which the employee renders the services.

### b. Other Long-Term Benefits

The liability towards encashment of the employee's long-term compensation is a long-term benefit and is provided based on the actuarial valuation as at the reporting date. Actuarial gains or losses arising from the valuation are charged to equity through Other Comprehensive Income in the year in which they arise.

### c. Defined contribution Plan

Contribution to provident fund is defined as contribution scheme and is recognized in the Statement of Comprehensive Income as and when they fall due.

### d. Defined benefit Plan

The employees of the Bank are entitled for post-retirement benefits of Gratuity, Travel Allowance and Separation Grant. However, for the FY 2023, the Bank has accounted for only the Gratuity Benefits. These liabilities are provided for based on actuarial valuation as at the reporting period.

## 2.18 Provision, Contingent Liabilities and Contingent Assets

The Bank recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liability is disclosed unless the possibility of an outflow of resources embodying economic is remote. Contingent Assets are not recognized in the financial statements.

## 2.19 Revenue Recognition

Revenue is recognized to the extent that it is probable that the associated economic benefits will flow to the Bank and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met before revenue is recognized:

### a. Interest Income

Interest Income on loans and advances is recognized on accrual basis except for non-performing loans and advances, in respect of which the interest income, as per guidelines



issued by the Royal Monetary Authority is deferred and shown under the head “Interest Suspense Account” in the liabilities, and is taken to the Other Comprehensive Income on actual realization only.

b. Other Income

- i. Other items of income are accounted for on accrual basis except commission on guarantees and letter of credit, which are accounted for on cash basis.
- ii. Dividend income on investment is recognized when the right to receive dividend is established.
- iii. Interest Income on Investment is recognized on time proportion basis taking into account the amount outstanding and applicable interest rates.

**2.20 Mandatory Cash Balances with RMA**

Mandatory cash balances with RMA are carried at historical cost and represent mandatory reserve deposits with the Royal Monetary Authority of Bhutan (RMA), which are not available to finance the Bank’s day to day operations and hence are not considered as part of Cash and Cash Equivalents for the purposes of the Statement of Cash Flows.

**2.21 Financial Instruments**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liabilities or equity instrument of another entity.

**a. Financial Assets**

Financial Assets are measured at fair value on initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics (Solely for payment of principal and interest ‘SPPI’ test). Trade receivable that does not contain a significant financing component are measured at the transaction price under BFRS 15. Based on the SPPI test and the business model, the financial assets are classified as;

- i. At amortized cost
- ii. Fair value through Profit or Loss
- iii. Fair value through Other Comprehensive Income

**i. Financial Assets measured at amortized cost:**

A financial asset is measured at amortized cost if both the following conditions are met:

o **Business model assessment**

The objective of the business model is to hold financial asset in order to collect contractual cash flow (rather than to sell the asset to its financial maturity to realize its fair value changes), and



- **Cash Flow Characteristic Test**

Contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the EIR, the Bank estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in the Statement of Comprehensive Income (SOI). The losses arising from impairment are recognized in the SOI. This category applies to term deposits, investment in bonds and treasury bills, loans and advances to customers (including staff) and other advances.

- ii. **Fair value through Profit or Loss (FVTPL)**

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL are measured initially as well as at each reporting period at fair value. The gain or loss and interest income are recorded in Statement of Comprehensive Income.

- iii. **Fair value through Other Comprehensive Income (FVTOCI):**

A financial Instrument shall be measured at fair value through other comprehensive income if both the following conditions are met.

- **Business model assessment**

The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets, and

- **Cash Flow Characteristic Test**

The contractual terms of the assets give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- c. **Impairment of Financial Assets**

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an Impairment Loss should be recorded in the Income Statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash



flows when determining the impairment loss. These estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and Advances that have been assessed individually and found not to be impaired are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to expected loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes into account of data from the loan portfolio (such as levels of arrears, loan type etc.) and judgment on the effect of economic and market conditions.

### **Overview of the Expected Credit Loss (ECL) principles**

The adoption of BFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing BAS 39's incurred loss approach with a forward-looking ECL approach. From 1st January 2018, the Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under BFRS 9 and as such measured at cost.

The 12-month ECL (12mECL) is the portion of Life Time ECL (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on an individual and collective basis is as follows:

- a. The top 30 borrowers (comprising 20% of the total loan portfolio) are assessed individually for Objective Evidence of Impairment.
- b. The Loans and Advances that have been assessed individually and found not to be impaired are assessed together with all other loans under Collective Impairment.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities,



where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired; the bank records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses. The bank does not have such assets currently.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

### **The calculation of ECLs**

The Bank calculates ECLs based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously recognized and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw-downs on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios base case, worst case, and best case. Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The mechanics of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting



date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired, recognize the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.
- POCI: POCI assets are the financial assets that are credit impaired on initial recognition. Then bank only recognizes the cumulative changes in lifetime ECLs since initial recognition based on the probability-weighting of the four scenarios, discounted by the credit-adjusted EIR.

Financial Guarantee contracts: For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. However, the Bank does not provide credit card facilities at the moment. For loan commitments and letters of credit, the ECL is recognized within Provisions.

## 2.22 Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

The Cash Flows from operating, investing & financing activities of the Bank are segregated based on the available information.

## 2.23 Lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases that do not transfer to the Bank substantially all the risks and rewards incidental to the ownership of the leased items are operating leases. Operating lease payments are recognized as expenses in the Income Statement on a straight-line basis over the lease term.

Contingent Rental Payable is recognized as an expense in the period in which they are incurred.



## 2.24 Dividends

Dividends on ordinary shares shall be recognized as a liability and deducted from equity when it is approved by the shareholders of the Bank. If there are any interim dividends, it will be deducted from equity when they are declared.

If the dividends for the year are approved after the reporting date, it will be disclosed as an event after the reporting date.

## 2.25 Operating Segments

An Operating Segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Chief Operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments have been identified based on the information provided to the Chief Operating Decision maker and are reported separately.

## 2.26 Earnings Per Share

The Bank presents the Earning per share data for its ordinary shares. The EPS is computed by dividing the profit after tax for the year attributable to the ordinary shareholders of the Bank by the number of ordinary shares outstanding during the



## Reconciliation of Statement of Comprehensive Income for the year ended 31 Dec 2023

	2023			2022		
	Local GAAP Reclassified	Re-measurement	BFRS	Local GAAP Reclassified	Re-measurement	BFRS
Interest & Similar Income	1,187,311,190	11,893,236	1,199,204,426	1,147,030,183	18,053,503	1,165,083,686
Interest & Similar Expense	(725,764,789)	(4,917,460)	(730,682,248)	(761,025,032)	9,091,411	(751,933,621)
<b>Net interest income</b>	<b>461,546,401</b>	<b>6,975,776</b>	<b>468,522,177</b>	<b>386,005,151</b>	<b>27,144,914</b>	<b>413,150,065</b>
Fee and commission income	38,269,950	-	38,269,950	41,149,426	-	41,149,426
Fee and commission expenses	-	-	-	-	-	-
<b>Net fee and commission income</b>	<b>38,269,950</b>	<b>-</b>	<b>38,269,950</b>	<b>41,149,426</b>	<b>-</b>	<b>41,149,426</b>
Other Operating Income	178,729,096	-	178,729,096	143,625,605	-	143,625,605
<b>Total operating income</b>	<b>678,545,448</b>	<b>6,975,776</b>	<b>685,521,223</b>	<b>570,780,182</b>	<b>27,144,914</b>	<b>597,925,096</b>
Personnel Expenses	(160,396,648)	(8,483,080)	(168,879,728)	(136,124,530)	(20,235,146)	(156,359,676)
Depreciation on Property Plant & Equipment	(28,669,839)	-	(28,669,839)	(21,455,221)	-	(21,455,221)
Amortization of Intangible Assets	(11,269,178)	-	(11,269,178)	(11,269,178)	-	(11,269,178)
Other Operating Expenses	(112,279,439)	-	(112,279,439)	(99,062,322)	-	(99,062,322)
Impairment (charges)/reversal for loans and other losses	(60,560,721)	149,669,711	89,108,990	(79,649,900)	23,056,521	(56,593,379)
<b>Total Operating Expenses</b>	<b>(373,175,825)</b>	<b>141,186,631</b>	<b>(231,989,194)</b>	<b>(347,561,151)</b>	<b>2,821,375</b>	<b>(344,739,776)</b>
<b>Profit Before Tax from Continuing Operations</b>	<b>305,369,623</b>	<b>148,162,408</b>	<b>453,532,029</b>	<b>223,219,031</b>	<b>29,966,289</b>	<b>253,185,320</b>
Income Tax	(114,269,557)	-	(114,269,557)	(66,555,405)	-	(66,555,405)
Deferred tax Income/(Expenses)	-	(172,650)	(172,650)	-	1,814,913	1,814,913
Assessed tax payable pertaining to earlier years	-	(703,104)	(703,104)	-	-	-
<b>Profit For the Year</b>	<b>191,100,066</b>	<b>147,989,757</b>	<b>338,386,718</b>	<b>156,663,626</b>	<b>31,781,202</b>	<b>188,444,828</b>
<b>Other Comprehensive Income</b>						
<b>Profit For the Year</b>	<b>191,100,066</b>	<b>147,989,757</b>	<b>338,386,718</b>	<b>156,663,626</b>	<b>31,781,202</b>	<b>188,444,828</b>
Remeasurment Gain/(Loss) on Defined Benefit Plan	-	(2,791,273)	(2,791,273)	-	(2,521,668)	(2,521,668)
<b>Total Comprehensive Income Before tax</b>	<b>191,100,066</b>	<b>145,198,484</b>	<b>335,595,445</b>	<b>156,663,626</b>	<b>29,259,534</b>	<b>185,923,160</b>
Tax on income / (expense) relating to components of other comprehensive income	-	-	-	-	630,417	630,417
<b>Total comprehensive income for the year, net of tax</b>	<b>191,100,066</b>	<b>145,198,484</b>	<b>335,595,445</b>	<b>156,663,626</b>	<b>29,889,951</b>	<b>186,553,577</b>



## Reconciliation of Balance Sheet as at 31 December 2023

	2023			2022		
	Local GAAP Reclassified	Re-measurement	BFRS	Local GAAP Reclassified	Re-measurement	BFRS
<b>Assets</b>						
Cash & Cash Equivalents	1,404,454,655	(1,073,561)	1,403,381,094	1,559,755,368	(1,341,776)	1,558,413,592
Cash & Balances with Central Bank	1,542,240,314	-	1,542,240,314	1,447,392,262	-	1,447,392,262
Placement with other Banks	2,023,155,165	(2,531,153)	2,020,624,011	1,843,016,643	(880,508)	1,842,136,135
Due From Banks						-
Loans & Advances to Customers	12,835,826,551	32,959,132	12,868,785,683	10,746,093,745	(92,068,918)	10,654,024,827
Equity instruments – at cost	7,750,000	-	7,750,000	7,750,000	-	7,750,000
Equity instruments (FVPL)	37,714,281	6,428,563	44,142,844	37,714,281	-	37,714,281
Debt Instruments at Amortized Cost	1,335,496,970	(313,002)	1,335,183,968	865,316,057	(464,460)	864,851,597
Defined Benefit Assets		6,495,261	6,495,261		5,737,961	5,737,961
Other Financial Assets	32,535,697	-	32,535,697	402,158,568	-	402,158,568
Other Assets	215,356,959	87,703,203	303,060,162	253,431,350	103,390,835	356,822,185
Property, Plant & Equipment	151,851,486	-	151,851,486	106,926,419	-	106,926,419
Intangible Assets	41,162,599	-	41,162,599	30,853,690	-	30,853,690
Deferred Tax Asset		-	-		4,606,328	4,606,328
<b>Total Assets</b>	<b>19,627,544,676</b>	<b>129,668,442</b>	<b>19,757,213,119</b>	<b>17,300,408,382</b>	<b>18,979,462</b>	<b>17,319,387,844</b>
<b>Liabilities</b>						
Due to Customers	13,641,701,724	4,917,460	13,646,619,183	12,519,962,255	-9,091,411	12,510,870,844
Due to Banks and Financial Institutions	3,875,646,707	-	3,875,646,707	2,820,718,038	-	2,820,718,038
Debt issued and Other Borrowed Funds	500,000,000		500,000,000	410,000,000		410,000,000
Current Tax Liabilities	77,228,955	10,968,401	88,197,357	66,555,405	-12,440,506	54,114,899
Deferred Tax Liability	-	1,607,141	1,607,141	-	1,434,490	1,434,490
Other Liabilities	155,453,504	(6,809,431)	148,644,073	258,641,403	-1,679,643	256,961,760
<b>Total Liabilities</b>	<b>18,250,030,889</b>	<b>10,683,571</b>	<b>18,260,714,460</b>	<b>16,075,877,100</b>	<b>(21,777,070)</b>	<b>16,054,100,030</b>
<b>Equity</b>						
Share Capital	660,272,690	-	660,272,690	600,252,230		600,252,230
<b>Reserves</b>						
Retained Earnings	610,438,964	118,984,871	729,423,835	512,438,767	40,756,532	553,195,299
AFPR	37,779,532		37,779,532	49,018,508		49,018,508
HRD Reserve Fund	12,000,000		12,000,000	12,000,000		12,000,000
Research/Digital and Development fund	8,000,000		8,000,000	8,000,000		8,000,000
Foreign Exchange Fluctuation Reserve	49,022,601	-	49,022,601	42,821,777		42,821,777
<b>Total equity</b>	<b>1,377,513,787</b>	<b>118,984,871</b>	<b>1,496,498,658</b>	<b>1,224,531,282</b>	<b>40,756,532</b>	<b>1,265,287,814</b>
<b>Total liabilities and equity</b>	<b>19,627,544,676</b>	<b>129,668,442</b>	<b>19,757,213,119</b>	<b>17,300,408,382</b>	<b>18,979,462</b>	<b>17,319,387,844</b>



**Notes forming part of Statement of Comprehensive Income & Statement of Financial Position:**

Schedule	Amount in Nu.	
4	2023	2022
<b>Interest and Similar Income</b>		
Interest Income from Loans	1,196,740,287	1,162,006,336
Interest Income from Preferential Lending	2,464,139	3,077,350
	<b>1,199,204,426</b>	<b>1,165,083,686</b>
<b>5 Interest &amp; Similar Expense</b>		
Interests on Saving Deposits	185,553,761	255,796,343
Interests on Fixed and Recurring Deposits	504,459,076	455,625,075
Interest on Govt. Bonds	40,500,000	40,500,000
1% Rebate and Interest Waiver on COVID-19	169,411	12,203
	<b>730,682,248</b>	<b>751,933,621</b>
<b>6 Net Fees &amp; Commission Income</b>		
<b>Fees &amp; Commission Income</b>		
Commission Earnings	32,777,118	36,333,070
Commission on Forex	5,492,832	4,816,356
<b>Total fees and commission income</b>	<b>38,269,950</b>	<b>41,149,426</b>
<b>Net Fees &amp; Commission Income</b>	<b>38,269,950</b>	<b>41,149,426</b>
<b>7 Other Operating Income</b>		
Interest on FD with other banks	74,484,175	37,593,393
Foreign Exchange Gain	24,803,296	41,057,985
Income from Investments	70,314,233	49,618,140
Other Receipts	9,127,392	15,080,894
Profit on sale of assets	-	275,193
	<b>178,729,096</b>	<b>143,625,605</b>
<b>8 Personal Expenses</b>		
Salaries, Wages and Bonus	124,599,125	105,148,175
Medical Expenses	78,148	1,096,660
Gratuity Expense	5,813,647	4,559,881
Earned Leave Encashment-Staff	7,064,375	5,963,050
Employee Termination Benefits	-	2,926,358
Performance Based Variable Allowance (PBVA)	22,841,352	16,430,406
Prepaid costs	11,320,695	17,488,463
Current Service Cost	(2,837,615)	2,746,683
	<b>168,879,728</b>	<b>156,359,676</b>
<b>9 Other Operating Expenses</b>	-	-
Advertising & Marketing	2,625,312	1,777,364
Administrative	14,577,007	12,616,502
Professional Fees	356,103	869,301
Rent Paid under operating leases	20,415,879	18,710,806
Other	74,305,139	65,088,349
	<b>112,279,439</b>	<b>99,062,322</b>



Schedule	Amount in Nu.	
	2023	2022
<b>10 Impairment (charges)/reversal for loans and other losses</b>		
Provision as per GAAP	(60,560,721)	(79,649,900)
Addition/(Reversal) for the Years	149,669,711	23,056,521
<b>Closing Balance as at 31 December</b>	<b>89,108,990</b>	<b>(56,593,379)</b>
With the adoption of BFRS 9 - Financial Instruments, the provision for loans and advances decreases by Nu. 89,108,990 in 2023 and increased by Nu. 56,593,379 in 2022 compared to the provisions as per RMA's PR 2017.		
<b>11 Taxation</b>		
<b>The major components of income tax expense for the years ended 31st December are as follows.</b>		
<b>Statement of Comprehensive Income</b>		
<b>Current Income Tax</b>		
Income Tax for the year	(114,269,557)	(66,555,405)
Assessed Tax paid/ payable pertaining to earlier years	(703,104)	-
<b>Deferred Tax</b>		
Deferred Taxation Charge/(Reversal)	(172,650)	1,814,913
<b>Income Tax expense reported in the Statement of Profit or Loss</b>	<b>(115,145,311)</b>	<b>(64,740,492)</b>
<b>11.1 A reconciliation between Tax Expense and the Product of Accounting Profit</b>		
Accounting Profit before Income Tax	453,532,029	253,185,320
	<b>453,532,029</b>	<b>253,185,320</b>
<b>Adjustment</b>	<b>Expenses</b>	<b>Limit</b>
Penalty Paid		- 4,908,761.00
Provison for PBVA 2023	22,841,352	5,710,338 18,425,312.00
Payment of PBVA 2021 paid in 2022		(10,809,095.00)
Donation and Contributions	900,000.00	- 300,000 511,322.00
Entertainment Expenses	1,435,814.76	9,070,640.59 -
Publicity & Advertisement	2,625,311.80	13,710,424.46 -
<b>Total adjustment</b>		<b>6,010,338 13,036,300.00</b>
<b>Taxable profit</b>	<b>459,542,367</b>	<b>266,221,620.16</b>
Preferential Lending Income (Tax exempt)	2,464,139	
	<b>457,078,229</b>	
Statutory Tax Rate	25%	25%
<b>Current Tax</b>	<b>114,269,557</b>	<b>66,555,405</b>
<b>12 Basic Earnings Per Share</b>		
Total comprehensive income for the year, net of tax	338,386,718	188,444,828
Number of shares	66,027,269	60,025,223
<b>Basic Earnings Per Share</b>	<b>5.12</b>	<b>3.14</b>



Schedule	Amount in Nu.	
	2023	2022
<b>13 Cash &amp; Cash Equivalents</b>		
Local currency on hand	180,953,720	229,892,347
Balance with RMA	242,694,972	431,433,597
Foreign currency on hand	3,229,218	2,279,045
Unutilised CRR account with RMA	-	156,883,000
Balance with Banks in India & Abroad	451,412,748	410,156,198
<i>Balance with Banks in Bhutan</i>	526,163,996	329,111,181
	<b>1,404,454,655</b>	<b>1,559,755,368</b>
Less: Allowance for Expected Credit Loss	(1,073,561)	(1,341,776)
	<b>1,403,381,094</b>	<b>1,558,413,591</b>
<b>14 Balances with Central Bank of Bhutan(RMA)</b>		
Balance with RMA (Reclassified to Cash & Cash Equivalents)		
<i>Payment and Settlement Account with RMA</i>	282,141,125	262,772,678
Cash Reserve Requirement with RMA	1,260,099,188	1,184,619,585
<b>Balances with Central Bank of Bhutan(RMA)</b>	<b>1,542,240,314</b>	<b>1,447,392,262</b>
<b>15 Placements with other banks</b>		
Fixed Deposits with banks in Bhutan & abroad	2,023,155,165	1,843,016,643
Less: Allowance for Expected Credit Loss	(2,531,153)	(880,508)
	<b>2,020,624,011</b>	<b>1,842,136,135</b>



16	<b>Gross loans &amp; receivables</b>	13,253,298,976	11,108,342,108
	Less: Unamortised Staff loan	(113,775,404)	(115,831,341)
		13,139,523,572	10,992,510,767
	Less: Impairment on Loans and Advances		
	Individual impairment	15,804,550	15,661,977
	Collective impairment	167,209,272	307,161,986
	Total Impairment	(270,737,889)	(338,485,940)
	<b>Net Loans and Receivables</b>	<b>12,868,785,682</b>	<b>10,654,024,826</b>
	<b>Loans &amp; Advances to Customers</b>		
	Term Loan	9,951,964,909	8,396,953,311
	Overdrafts	2,242,893,167	2,017,302,435
	Bills discounted		
	Working Capital Loans	329,995,997	148,187,936
	Loans Under Litigation	-	-
	Charged off loans	253,000,012	245,719,538
	Interest Receivable	475,444,891	300,178,888
		13,253,298,976	11,108,342,108
	Less: Unamortised Staff Loans	(113,775,404)	(115,831,341)
	Less: Impairment allowance for loans and advances	(270,737,889)	(338,485,940)
	<b>Total</b>	<b>12,868,785,682</b>	<b>10,654,024,826</b>

Schedule	Amount in Nu	
	2023	2022
17	<b>Equity instruments - at cost</b>	
	<b>As at 31st December</b>	
	<b>Statutory Investments</b>	
	Investment in FITI (4.62% of Share Capital of FITI)	6,000,000
	Investment in CIB (7% of Share Capital of CIB)	1,750,000
	<b>Total</b>	<b>7,750,000</b>
	Since the investments in FITI and CIB are non-corporate investments with no dividends or returns paid on the and due to non-availability of fair value data, the fair value of the investments are not carried out. FITI and CI on stock exchange.	
18	<b>Equity instruments (FVPL)</b>	
	<b>As at 31st December</b>	
	BNBL	37,714,281
	RICBL	-
	Gain/(Loss) on fair valuation	6,428,563
	<b>Total</b>	<b>44,142,844</b>
19	<b>Debt Instruments</b>	
	<b>As at 31st December</b>	
	Investment in Bonds	1,299,334,000
	Add: Interest receivable reclassified	36,162,970
	Less: Allowance for Expected Credit Loss	(313,002)
	<b>Total</b>	<b>1,335,183,968</b>



<b>20 Defined Benefit Asset (Liability)</b>		
Net defined benefit asset at the beginning of current period	5,737,961	5,689,653
Current Service Cost	(2,837,615)	(2,746,683)
Amount recognized in the income statement	572,541	565,040
Amount recognized in the OCI	(2,791,273)	(2,521,668)
Contributions paid into the plan	5,813,647	4,751,619
Benefits paid by the employer	-	-
Acquisitions credit/ (cost)	-	-
<b>Net defined benefit asset at the end of current period</b>	<b>6,495,261</b>	<b>5,737,961</b>

A defined benefit plan/(gratuity) defines, an amount of benefit that an employee is entitled to receive on (a) retirement/resignation or (b) on superannuation or (c) on death or disablement due to accident or disease as per the terms and conditions specified in the service rule of the bank. The benefit is dependent on factors such as age, number of years served and salary. The maximum amount an employee is entitled to receive was Nu 1.5 million until 2020 reporting period. The maximum ceiling is not applicable w.e.f 2021 but an employee has to fulfill regular service of 10 years to be eligible for gratuity payment. A full actuarial valuation by a qualified independent actuary is carried out every year.

As acquired under BAS-19, valuation of scheme benefits is done by using projected unit credit method. Under this method, only benefits accrued till the date of valuation (i.e based on service till date of valuation) is to be considered for valuation.

Present Value of Defined Benefit Obligation is calculated by projecting future salaries, exits due to death, resignation and other decrements (if any) and benefit payments made during each year till the time of retirement of each active member, using assumed rates of salary escalation, mortality and employee turnover rates. The expected benefit payments are then discounted back from the expected future date of payment to the date of valuation using the assumed discount rate.



<b>Details of Fair Value of Plan Assets as on 31 December</b>	<b>2023</b>	<b>2022</b>
Fair Value of Assets at the beginning of the Current Period	25,335,193	23,180,334
Acquisition adjustment	-	-
Interest income on Plan assets	2,084,769	1,923,916
Contribution Paid into the Plan	5,813,647	4,751,619
Expected return on Plan Assets	1,038,381	39,205
Benefits Paid	(5,678,917)	(4,559,881)
Return on Plan Assets greater or less than discount rate	-	-
	<b>28,593,074</b>	<b>25,335,193</b>
<b>Expected Benefit Payments for the year ending</b>		
31st December 2024	1,963,588	
31st December 2025	1,324,369	
31st December 2026	1,594,419	
31st December 2027	2,309,806	
31st December 2028	3,469,527	
31st December 2029 to 31st December 2033	23,852,814	
<b>Scheme Asset Allocation</b>		
Investment with BIL	2,093,074	2,000,000
Gratuity Payable Account	26,500,000	23,335,193
	<b>28,593,074</b>	<b>25,335,193</b>
<b>Change in Defined Benefit Obligation (DBO)</b>		
<b>DBO at end of prior period</b>	19,597,232	17,490,680
Current service cost	2,837,615	2,746,683
Interest cost on the DBO	1,512,228	1,358,877
Actuarial (Gain)/Loss-experience	4,813,463	2,560,873
Actuarial (Gain)/Loss-financial assumptions	(983,809)	
Benefits paid from plan assets	(5,678,917)	(4,559,881)
<b>DBO at end of current period</b>	<b>22,097,812</b>	<b>19,597,232</b>
<b>Summary of Actuarial Assumptions</b>		
	<b>31.12.23</b>	<b>31.12.22</b>
Discount Rate (%)	8.10%	8.4
Salary Escalation Rate (%)	6	6
Employee Turnover Rates (%)	8	8
Mortality Rates	100% of IALM (2006-08)	100% of IALM (2006-08)



21	<b>Other Financial Assets</b>	<b>2023</b>	<b>2022</b>
	Sundry Receivables	341,640	3,711,840
	Security Deposits	1,395,064	1,431,428
	RGoB T Bills	-	397,015,300
		<b>1,736,704</b>	<b>402,158,568</b>
22	<b>Other Assets</b>		
	Advance Tax paid	-	29,748,741
	Stock of Stationery	9,297,675	4,329,379
	Asset Pending Foreclosure	39,301,809	50,540,783
	<i>BIPS Settlement Account (Inwards)</i>	579,535	2,844,854
	Others (loan routine, settlement bridge)	77,070,747	95,280,586
	Prepaid Staff Expense	13,769,760	48,608,075
	Prepayments	162,197,937	125,469,766
	Visa/ Eom/POS/Credit Card Receivable	842,700	
		<b>303,060,162</b>	<b>356,822,185</b>
	<b>The Movement in Pre-Paid Staff cost</b>		
	As at 1st January	<b>115,831,341</b>	<b>94,487,353</b>
	Add / (Less): Adjustment for new grants & settlements	9,264,757	38,832,451
	Less: Charge to Personnel cost	(11,320,695)	(17,488,463)
	<b>As at 31st December</b>	<b>113,775,403</b>	<b>115,831,341</b>



**SCHEDULE 23: PROPERTY, PLANT & EQUIPMENT**

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	Gross Block as on 01.01.2023	Additions during the year	Sold/Adjusted during the year	Balance as on 31.12.2023	Accumulated Depreciation as on 01.01.2023	Dep For the Year	Adjustment during the Year	Accumulated Depreciation as on 31.12.2023	Net Block as on 31.12.2023	Net Block as on 31.12.2022
Land (Asset Acquired against NPL)	639,667.35	-	-	639,667.35	-	-	-	-	639,667.35	639,667.00
Vehicles	3,594,138.00	11,059,365.00		14,653,503.00	1,531,927.00	1,368,492.00		2,900,419.00	11,753,084.00	888,630.56
Computer Hardware	52,359,278.00	16,657,678.62		69,016,956.62	30,465,410.00	6,636,842.05		37,102,252.05	31,914,704.57	5,160,877.61
Other Equipments	28,686,692.00	1,158,560.00		29,845,252.00	22,413,351.00	3,329,991.75		25,743,342.75	4,101,909.25	8,057,065.06
IT Equipments	55,880,295.00			55,880,295.00	30,459,204.00	6,830,778.16		37,289,982.16	18,590,312.84	1,982,978.85
ATM & Switch	20,307,762.00			20,307,762.00	14,679,226.00	2,095,384.22		16,774,610.22	3,533,151.78	9,784,971.98
Fixture & Improvement of Bldg.				-		-		-	-	10,591,124.34
Security Equipment	3,552,275.00	17,700.00		3,569,975.00	2,627,330.00	253,145.00		2,880,475.00	689,500.00	1,215,715.43
Furniture & Fixtures	43,986,304.00	2,322,216.00		46,308,520.00	26,762,749.00	5,315,486.74		32,078,235.74	14,230,284.26	10,972,064.01
<b>Total</b>	<b>209,006,411.35</b>	<b>31,215,519.62</b>	<b>-</b>	<b>240,221,930.97</b>	<b>128,939,197.00</b>	<b>25,830,119.92</b>	<b>-</b>	<b>154,769,316.92</b>	<b>85,452,614.05</b>	<b>49,293,094.84</b>
Previous Year	198,996,744.00	12,906,850.00	2,897,184.00	209,006,410.00	109,933,839.00	21,282,154.00	2,276,795.00	128,939,198.00	49,293,094.84	243,378,212.91

**SCHEDULE 24: INTANGIBLE ASSETS**

Software	98,871,853.00	24,417,807.50	-	123,289,660.50	68,018,165.00	14,108,896.70		82,127,061.70	41,162,598.80	98,871,853.00
<b>Total</b>	<b>98,871,853.00</b>	<b>24,417,807.50</b>	<b>-</b>	<b>123,289,660.50</b>	<b>68,018,165.00</b>	<b>14,108,896.70</b>	<b>-</b>	<b>82,127,061.70</b>	<b>41,162,598.80</b>	<b>98,871,853.00</b>
Previous Year	92,393,127.00	6,478,726.00	-	98,871,853.00	56,748,987.00	11,269,178.00	-	68,018,165.00	98,871,853.00	30,853,688.00

**SCHEDULE 23 A: WORK IN PROGRESS**

Sl. No	Particulars	As on 31st December 2023	As on 31st December 2022
1	Work in Progress	66,398,872.20	26,859,205.83



Schedule	Amount in Nu.	
	2023	2022
<b>25 Due to Customers</b>		
Fixed Deposit	7,352,091,475	7,037,710,422
Recurring Deposit	175,953,130	140,347,898
Savings Deposits	4,566,732,557	3,404,848,665
Current Accounts	1,007,812,629	1,447,250,258
Interest Payable	539,111,933	489,805,011
Deposit EIR adjustment	4,917,460	(9,091,411)
	<b>13,646,619,183</b>	<b>12,510,870,844</b>
<b>26 Due to Other Banks</b>		
-Bank of Bhutan Limited	350,000,000	843,756,704
-Bhutan Development Bank Limited	2,052,146,707	1,353,461,334
-Bhutan National Bank Limited	250,000,000	200,000,000
-Druk PNB Limited	1,223,500,000	423,500,000
	<b>3,875,646,707</b>	<b>2,820,718,038</b>
<b>27 Debts issued and Other Borrowed Funds</b>		
Subordinate term debt (Bonds of RGoB) amounting to Nu.150,000,000 and Nu.350,000,000 issued for 10 years and 7 years @ coupon rate of 6% p.a and 9% p.a	500,000,000	500,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>28 Current Tax Liabilities (Net of advance paid)</b>		
<b>Balance as at 1st January</b>	54,112,959	34,777,395
<i>Assessed tax paid/payable for earlier years</i>		
Current year provision	114,269,557	66,555,405
Less: Payment of tax	(54,112,959)	(34,777,395)
Less: Advance tax paid	(26,072,200)	(12,442,446)
<b>Balance as at 31st December</b>	<b>88,197,357</b>	<b>54,112,959</b>
Deferred Tax Liabilities	1,607,141	1,434,490
<b>Total Tax Liability</b>	<b>89,804,497</b>	<b>55,549,389</b>

## 29. Analysis of Financial Instruments by Measurement Basis

Financial instruments are measured on an ongoing basis either at fair value or at amortized cost. The summary of Significant Accounting Policies describes how each category of financial instruments is measured and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the carrying amounts of the financial instruments by category as defined in Bhutanese Accounting Standard - BAS 39 (Financial Instruments: Recognition & Measurement) under headings of the Statement of Financial Position.



**Analysis of Financial Instruments by Measurement Basis 2022**

<b>Financial Assets</b>	<b>Held for Trading</b>	<b>Amortised Cost</b>	<b>Held to maturity</b>	<b>AFS</b>	<b>Total</b>
Cash & cash Equivalents		1,558,413,591			1,558,413,591
Cash & Balances with Central Bank		1,447,392,262			1,447,392,262
Placement with other Banks		1,842,136,135			1,842,136,135
Loans & Advances to Customers		10,654,024,826			10,654,024,826
Equity Instruments (at amortised cost)			7,750,000		7,750,000
Equity Instruments (FVPL)				37,714,281	37,714,281
Debt Instruments			864,851,597		864,851,597
<b>Other Financial Assets:</b>					-
Sundry Receivables		3,711,840			3,711,840
Security Deposits		1,431,428			1,431,428
RGoB T Bills		397,015,300			397,015,300
<b>Financial Liabilities</b>					-
Due to Customers		12,510,870,844			12,510,870,844
Due to Banks		2,820,718,038			2,820,718,038
Other Financial Liabilities		410,000,000			410,000,000
Other Financial Liabilities		256,961,759			256,961,759

**Analysis of Financial Instruments by Measurement Basis 2023**

<b>Financial Assets</b>	<b>Held for Trading</b>	<b>Amortised Cost</b>	<b>Held to maturity</b>	<b>AFS</b>	<b>Total</b>
Cash & cash Equivalents		1,403,381,094			1,403,381,094
Cash & Balances with Central Bank		1,542,240,314			1,542,240,314
Placement with other Banks		2,020,624,011			2,020,624,011
Loans & Advances to Customers		12,868,785,683			12,868,785,683
Equity Instruments (at amortised cost)			7,750,000		7,750,000
Equity Instruments (FVPL)				44,142,844	44,142,844
Debt Instruments			1,335,183,252		1,335,183,252
<b>Other Financial Assets:</b>					-
Sundry Receivables		341,640			341,640
Security Deposits		1,395,064			1,395,064
RGoB T Bills		-			-
<b>Financial Liabilities</b>					-
Due to Customers		13,646,619,183			13,646,619,183
Due to Banks		3,875,646,707			3,875,646,707
Other Financial Liabilities		500,000,000			500,000,000
Other Financial Liabilities		148,644,073			148,644,073



**30 Deferred Taxation**

Deferred Tax Assets, Liabilities and Income Tax relates to the followings	Reflected in SoFP		Reflected in SoCI	
	2023	2022	2023	2022
Defined Benefit Asset	-	1,434,490	1,434,490	2,856,904
Fair Value Gain or Loss	1,607,141	-	(1,607,141)	-
GAAP vs BFRS Loan Provision	-	-	-	-
PBVA	-	-	-	1,826,990
	<b>1,607,141</b>	<b>(3,171,838)</b>	<b>(172,650)</b>	<b>4,683,893</b>

Since, the DRC now requires bank to file tax based on the taxable income calculated as per the BAS Accounts the deferred tax is not applicable for deposit EIR and difference in amount of provision between GAAP and BFRS

**31 Other Liabilities**

	2023	2022
<i>Financial</i>		
Sundry Creditors	12,586,895	100,517,023
Provision Against Off-Balance Sheet items	43,462	301,199
Others	136,013,716	156,143,537
Provision for Dividend/Retained Earning	-	-
<i>Non Financial</i>		
Others	-	-
	<b>148,644,073</b>	<b>256,961,759</b>

**32. Share Capital**

	2023	2022
Share Capital (60,025,223 shares of Nu.10/- each fully paid)	600,252,230	600,252,230
Bonus Shares issued	-	-
Right Shares issued	-	-
<b>Total Share Capital</b>	<b>600,252,230</b>	<b>600,252,230</b>

**32.1 Reconciliation of Equity Share Capital**

	Number of shares	
As at 31st December 2020	60,025,223	-
Change during the year	-	-
As at 31st December 2021	60,025,223	-

**33. Reserve & Surplus**

	2023	2022
<b>Retained Earnings</b>		
Opening Balance	553,195,298	444,421,224
Profit during the year as per Statement Comprehensive Income	-	188,444,828
Adjustment 1% Rebate	(8,702,306)	-
Adjustments (Bonus Shares issue)	(60,020,460)	-
Add: Addition during the year to Exchange Fluctuation Reserve	(6,200,824)	(10,266,386)
Transfer during the year	(84,596,680)	(11,356,243)
Prior Period Adjustment	(470,191)	-
Asset Pending Foreclosure Reserve (APFR)	-	(49,114,965)
Provision for dividend	(54,043,585)	-
BFRS Adjustment (Ref -Note below 33.1)	(32,720,816)	(8,933,159)
<b>Balance as per BAS/BFRS</b>	<b>306,440,436</b>	<b>553,195,298</b>



<b>Exchange Fluctuation Reserve</b>		
Opening Balance	42,821,778	32,555,391
Addition during the year	6,200,824	10,266,386
<b>Closing Balance</b>	<b>49,022,602</b>	<b>42,821,778</b>
<b>Asset Pending Foreclosure Reserve (APFR)</b>		
Opening Balance	49,018,508	49,114,965
Addition during the year	-	-
Transfer during the year	(11,238,976)	(96,458)
<b>Closing Balance</b>	<b>37,779,532</b>	<b>49,018,508</b>
<b>HRD Fund</b>		
Opening Balance	12,000,000	8,000,000
Addition during the year	-	8,000,000
Transfer during the year	-	(4,000,000)
<b>Closing Balance</b>	<b>12,000,000</b>	<b>12,000,000</b>
<b>Research/ Digital Development Fund</b>		
Opening Balance	8,000,000	-
Addition during the year	-	8,000,000
<b>Closing Balance</b>	<b>8,000,000</b>	<b>8,000,000</b>
<b>Total Reserves &amp; Surplus</b>	<b>413,242,570</b>	<b>616,017,076</b>

The Company has adopted BFRS – 9 in the year 2018 and prepared the BAS complied financial statements for the year 2022. The BFRS Adjustment reconciliation is shown below:

Opening Balance (due to BFRS adoption from SOFP)	(40,756,532)	(17,908,489)
Addition during the year from SOFP:	156,025,473	40,756,532
Addition during the year from SOCI:	(147,989,757)	(31,781,202)
<b>Total</b>	<b>(32,720,816)</b>	<b>(8,933,159)</b>

### 34. Commitment and Contingencies

To meet the financial needs of customers in the ordinary course of business, the Bank enters into various irrevocable commitments and incurs certain contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these obligations may not be recognized on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the Bank.



Letters of credit & guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. No material losses are anticipated as a result of these commitments and contingencies.

### 34.1 Commitment and Contingencies

As at 31st December	2023	2022
<b>Contingent Liabilities</b>		
Performance Guarantees	150,803,056	58,560,430
Financial Guarantees	27,742,756	14,985,455
Import Letter of Credits	183,580,199	207,954,965
<b>Commitment &amp; contingencies</b>	<b>362,126,011</b>	<b>281,500,849</b>

### 34.2 Other Contingent Liabilities

#### Litigation against the Bank

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the year end, the Bank has no such unresolved legal claims.

### 35. Related Party Disclosures

The Bank carries out transactions in the ordinary course of business with the parties who are defined as related parties in the Bhutanese Accounting Standard - BAS 24 (Related Party Disclosures), the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Bank and is comparable with what is applied to transactions between the Bank and its unrelated customers.

#### 35.1 Parent and Ultimate Controlling Party

The Bank does not have an identifiable parent of its own.

#### 35.2 Transactions with Key Managerial Personnel (KMPs)

According to Bhutanese Accounting Standard - BAS 24 (Related Party Disclosures) Key Managerial Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Such KMPs include the Board of Directors of the Bank (including both Executive and Non-Executive Directors), key employees who are holding directorship in Subsidiary companies of the Bank.



Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children of the KMPs domestic partner and dependants of the KMPs and the KMPs domestic partner.

<b>35.2.1 Transactions with Key Managerial Personnel (KMPs)</b>		<b>(Nu.)</b>	
<b>For the Year Ended 31st December</b>		<b>2023</b>	<b>2022</b>
Remuneration paid to CEO		6,360,504	5,525,382
Sitting Fees paid to CEO		258,000	168,000
Directors' fees & expenses		1,256,472	908,507.60
<b>Total</b>		<b>7,874,976</b>	<b>6,601,890</b>

In addition to the above, the bank has also paid non cash benefits such as fuel and medical expenses to KMPs in line with the approved benefit plans of the banks

**35.2.2 Loans and Advances to KMPs and their CFMs are detailed below:**

	<b>2023</b>		<b>2022</b>		<b>Average Balance</b>	
	<b>Limit</b>	<b>Closing Balance</b>	<b>Limit</b>	<b>Closing Balance</b>	<b>Limit</b>	<b>Closing Balance</b>
<b>Loans and Receivables</b>	9,383,664	10,447,609.76	7,424,705.91	7,424,706	8,404,185	8,936,158

\*As per the amendment to the directives on financial institutions' employee incentive loan issued vide letter No. RMA/DFRS/34/2020-2021/4152 dated 15 June 2021, the loan and receivable limit to the KMPs and CFMs are not applicable from 2021.

**35.2.3 Deposits from KMPs and their CFMs are detailed below:**

	<b>2023</b>	<b>2022</b>
<b>Deposits</b>	1,490,955.70	560,226

**35.3 Goods and Services Purchased**

<b>For the year ended 31st December</b>	<b>2023</b>	<b>2022</b>
Tashi Real Estate Pvt. Ltd	7,634,952.04	7,058,044
Bhutan Brewery Pvt. Ltd.	-	360,000
Tashi InfoComm Ltd.	2,411,676	4,093,371
Hotel Druk	495,993	324,262
RICBL	873,773	463,664
	<b>11,416,393.91</b>	<b>12,299,340</b>



**35.4 Transactions, Arrangements and Agreements involving Entities which are controlled and/or jointly controlled by the KMPs:**

	2023	2022	
<b>Loans &amp; receivables:</b>			
BCCL	Overdraft Facility	17,893,846.80	17,889,079.17
BCCL	Overdraft Facility	-	30,830,440.60
BCCL-OWMI	Overdraft Facility	69,088,875.49	69,475,630.35
Bhutan Airlines	Overdraft Facility	41,310,552.54	-
Bhutan Airlines	Term Loan	34,831,783.47	-
Bhutan Airlines	Term Loan	358,496.00	-
Bhutan Airlines	Term Loan	724,545.00	-
Bhutan Airlines	Term Loan	402,043.49	-
Bhutan Fruit Products PVt Ltd	Term Loan	14,419,042.80	-
Bhutan Fruit Products PVt Ltd	Overdraft Facility	-	6,601,828.04
Bhutan Fruit Products PVt Ltd	Overdraft Facility	28,589,855.23	19,350,450.28
Bhutan Hyundai Motors	Overdraft Facility	-	69,542,082.14
Bhutan Oil Distributors	Overdraft Facility	-	14,747,870
Druk Petroleum Corporation	Overdraft Facility	0.00	9,519,451.05
Druk Petroleum Corporation	Overdraft Facility	28,392,437.67	29,007,420.29
Hotel Druk	Overdraft Facility	-	508,097.00
Tashi Air-OWST	Overdraft Facility	-	65,904,473.80
Tashi Beverages Limited	Term Loan	-	786,219.67
Tashi Beverages Limited	Overdraft Facility	76,771,063.24	-
Tashi Beverages Limited	Term Loan	958,299.51	1,439,017.89
Tashi Beverages Limited	Term Loan	572,962.77	792,202.46
Tashi Beverages Limited	Term Loan	384,602.45	654,998.49
Tashi Beverages Limited	Term Loan	-	64,998,635.39
Tashi Beverages Limited	Term Loan	16,434,809.91	12,327,840.13
Tashi Beverages Limited	Term Loan	1,026,629.44	1,205,000.17
Tashi Beverages Limited	Term Loan	636,214.45	7,059,549.88
Tashi Beverages Limited	Term Loan	20,822,692.91	19,009,890.41
Tashi Commercial Complex	Overdraft Facility	-	23,655,067.36
Tashi Commercial Corporation	Overdraft Facility	-	794,298.19
Tashi Commercial Corporation	Overdraft Facility	-	25,004,965.75
Tashi Commercial Corporation Head Office	Term Loan	-	11,338,541
Bhutan Bitumen Industries Pvt Ltd	Overdraft Facility	9,976,204	-
Tashi Industries Corporation	Overdraft Facility	-	782,086.70
Tashi Industries Corporation	Overdraft Facility	-	12,425.34
Tashi InfoComm Ltd.	Term Loan	99,111,682.49	24,879,433.61
Tashi InfoComm Ltd.	Overdraft Facility	50,498,652.77	-
Tashi Metals Private Limited	Overdraft Facility	4,154,982.88	5,262,978.28
Tashi Metals Private Limited	Term Loan	56,249,848.76	61,785,474.65
Tashi Tours and & Travel	Overdraft Facility	489,462	-
Tashi Thuendrei Lerig	Overdraft Facility	17,382,715.72	24,782,048.56
<b>Documentary Credits</b>			
Bhutan Hyundai Motors	-	-	68,474.59
Bhutan Hyundai Equipment	-	-	5,070,000.00
Bhutan Isuzu Motors	-	-	69,290,000.00
Tashi Commercial Corporation	1,961,953.76	-	4,877,232.20
<b>Guarantees</b>			
Bhutan Airlines	-	-	11,608,980.00
Bhutan Airlines	2,000,000.00	-	-
Bhutan Airlines	4,349,280.00	-	-
Bhutan Airlines	6,189,360.00	-	-
Bhutan Airlines	1,500,000.00	-	-
Bhutan Airlines	12,500,000.00	-	-
Bhutan Airlines	100,000.00	-	-
Druk Petroleum Corp Ltd	2,400.00	-	-
Druk Petroleum Corp Ltd	1,680.00	-	-
Druk Petroleum Corp Ltd	1,960.00	-	-
Tashi Infocomm Ltd.	14,574.00	-	9,424,612.20
Bhutan Isuzu	-	-	310,402
Tashi Tours & Travel	2,000,000.00	-	-
Bhutan Bitumen Industries Pvt Ltd	35,000.00	-	-
Bhutan Bitumen Industries Pvt Ltd	72,238.00	-	-
Tashi Beverages	829,900.00	-	-
<b>Corporate Bonds</b>			
Tashi Air Pvt. Ltd.	70,000,000	-	20,000,000
	<b>693,040,647.96</b>	<b>775,279,671.08</b>	



## **36. Events after the reporting period**

### **a) Declaration of Dividend and Issue of Bonus shares**

Based on the improved financial soundness and performance of the Bank during 2023, the Board endorsed to issue Bonus Shares in the ratio of 1:5 (One Share for every five shares held by the shareholders). The shareholders also endorsed the proposal during its 13th AGM held on 5<sup>th</sup> April 2024.

## **37. Fair value of Financial Instruments**

### **Financial Instruments Recorded at Fair Value**

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

### **Trading Assets and Other Assets Measured at Fair Value**

Trading assets and other assets measured at fair value are the Government debt securities and quoted equities. For quoted equities the Bank uses quoted market prices in the active market as at the reporting date.

### **Determination of Fair Value and Fair Value Hierarchy**

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Bank uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Level 1 - Quoted Market Price (unadjusted): financial instruments with quoted prices for identical instruments in active markets.

Level 2 - Valuation Technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.



Level 3 - Valuation Technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

<b>31st December 2023</b>	<b><u>Level I</u></b>	<b><u>Level II</u></b>	<b><u>Level III</u></b>
Financial Investment	44,142,844		-
<b>31st December 2022</b>			
Financial Investment at cost	37,714,281		7,750,000

#### **A. Determination of fair value hierarchy**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements. For Investment in equity instrument, the management has considered the value of the investment at cost. For financial assets and liabilities that have a short-term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and saving deposits which do not have a specific maturity.

#### **Fixed Rate Financial Instruments**

The fair value of fixed rate financial assets & liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity.

#### **For quoted debt issued.**

The fair values are determined based on quoted market prices. For those not issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.



## For other variable rate instruments

An adjustment is also made to reflect the change in required credit spread since the instrument was first recognized. Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Cash & cash equivalents	1,403,381,094	1,403,381,094	1,558,413,591	1,558,413,591
Balances with Royal Monetary Authority of Bhutan	1,542,240,314	1,542,240,314	1,447,392,262	1,447,392,262
Placements with Banks	2,020,624,011	2,020,624,011	1,842,136,135	1,842,136,135
Loans & Advances to Customers	13,253,298,976	12,868,785,682	11,108,342,108	10,654,024,826
Equity Instruments (at amortized cost)	7,750,000	7,750,000	7,750,000	7,750,000
Equity Instruments (FVPL)	37,714,281	44,142,844	37,714,281	391,575,320
Debt Instruments	1,299,334,000	1,335,183,968	849,334,000	864,851,597
Other Financial Assets	1,736,704	1,736,704	402,158,568	402,158,568
<b>Financial Liabilities</b>				
Due to customers	13,641,701,724	13,646,619,183	12,519,962,255	12,510,870,844
Due to Banks	3,875,646,707	3,875,646,707	2,820,718,038	2,820,718,038
Debts Issued & Other Borrowed Funds	500,000,000	500,000,000	410,000,000	410,000,000
Other Financial Liabilities	148,644,073	148,644,073	256,961,759	256,961,759

## 38. Risk Management

### 38.1 Credit Risk

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, as follows:

For commercial lending: charges over real estate properties.

For retail lending: mortgages over residential properties

The Bank also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed



properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use. The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

<b>31st December 2022</b>	<b>Maximum Exposure to credit Risk (Nu)</b>	<b>Net Collateral</b>	<b>Net Exposure</b>
<b>Financial Assets</b>			
Placement with other Banks	1,842,136,135		1,842,136,135
Loans & Advances to Customers	10,654,024,826	15,220,035,466	-
Financial Investments (Equity Instruments)	45,464,281		45,464,281
Investment's in Bonds	864,851,597		864,851,597
Other Financial Assets	402,158,568		402,158,568

<b>31st December 2023</b>	<b>Maximum Exposure to credit Risk (Nu)</b>	<b>Net Collateral</b>	<b>Net Exposure</b>
<b>Financial Assets</b>			
Placement with other Banks	2,020,624,011		2,020,624,011
Loans & Advances to Customers	12,868,785,683	18,383,979,546	-
Financial Investments Held to Maturity	51,892,844		51,892,844
Investment's in Bonds	1,335,183,968		1,335,183,968
Other Financial Assets	32,535,697		32,535,697

#### **Credit quality by class of financial asset**

The tables below show the credit quality by the class of asset for all financial assets exposed to credit risk. The amounts presented are net of impairment allowances.



## Definition of Past Due

The Bank considers that any amounts uncollected one day or more beyond their contractual due date as 'past due'.

31 December 2023	Neither past due nor Individually impaired	Past due but not impaired	Individually Impaired	Total
Cash & cash Equivalents	1,403,381,094	-	-	1,403,381,094
Cash & Balances with Central Bank	1,542,240,314	-	-	1,542,240,314
Placement with other Banks	2,020,624,011	-	-	1,020,624,011
Loans & Advances to Customers	12,868,785,683	3,025,572,450	191,420,331	16,085,778,463
Equity Instruments	51,892,844	-	-	51,892,844
Debt Instruments	1,335,183,252	-	-	1,335,183,252
Other Financial Assets	1,736,704	-	-	1,736,704
<b>Total</b>	<b>19,223,843,900</b>	<b>3,025,572,450</b>	<b>191,420,331</b>	<b>22,440,836,681</b>

Age Analysis of past due (i.e. facilities in arrears of 1 day and above) but not impaired loans by Class of Financial Assets.

Loans & Advances	Past due but not impaired				Total
	Less than 30 Days	31-60 Days	61-90 Days	More than 90 days	
Personnel Loans	1,279,754,316	40,974,154	15,310,941	35,887,296	1,371,926,706
Other Loans	150,603,942	51,812,222	8,122,978	11,254,961	221,794,103
Service and Tourism	113,222,807	66,409,793	82,392,715	29,010,392	291,035,707
Loans against shares	286,773,188	121,201,860	5,171,046	-	413,146,094
Overdraft	-	19,183,802	-	159,186,899	178,370,701
Housing Loans	456,999,106	52,876,770	9,297,339	30,125,923	549,299,139
Loans & receivables to other customers	<b>2,287,353,360</b>	<b>352,458,600</b>	<b>120,295,019</b>	<b>265,465,471</b>	<b>3,025,572,450</b>



<b>31 December 2022</b>	<b>Neither past due nor Individually impaired</b>	<b>Past due but not impaired</b>	<b>Individually Impaired</b>	<b>Total</b>
Cash & cash Equivalents	1,558,413,591	-	-	1,558,413,591
Cash & Balances with Central Bank	1,447,392,262	-	-	1,447,392,262
Placement with other Banks	1,842,136,135	-	-	1,842,136,135
Loans & Advances to Customers	9,060,274,617	1,531,304,081	62,446,128	10,654,024,826
Equity Instruments	7,750,000	-	-	7,750,000
Debt Instruments	864,851,597	-	-	864,851,597
Other Financial Assets	5,143,268	-	-	5,143,268
<b>Total</b>	<b>14,785,961,471</b>	<b>1,531,304,081</b>	<b>62,446,128</b>	<b>16,379,711,680</b>

Age Analysis of past due (i.e. facilities in arrears of 1 day and above) but not impaired loans by Class of Financial Assets.

<b>Loans &amp; Advances</b>	<b>Past due but not impaired</b>				<b>Total</b>
	<b>Less than 30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>More than 90 days</b>	
Personnel Loans	122,365,419	46,426,724	9,725,448	44,017,999	222,535,589
Other Loans	121,022,220	36,845,934	13,804,327	88,615,450	260,287,932
Service and Tourism	27,205,491	84,784,850	91,897,579	108,613,944	312,501,864
Loans against shares	-	-	-	-	-
Overdraft	2,891,539	403,468,343	-	-	406,359,882
Housing Loans	180,606,953	129,467,868	12,512,939	7,031,054	329,618,813
Loans & receivables to other customers	<b>454,091,622</b>	<b>700,993,718</b>	<b>127,940,293</b>	<b>248,278,448</b>	<b>1,531,304,081</b>



## Analysis of Risk Concentration

Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements. The following tables show the maximum exposure to credit risk for the components of the Statement of Financial Position including geography of counterparty.

### Country Risk - Geographical Analysis

As at 31-Dec-2023	Bhutan	Asia	Australia	America	Total
Cash & cash Equivalents	951,968,346	253,651,997	189,431,023	8,329,728	1,403,381,094
Cash & Balances with Central Bank	975,132,421	435,595,195		131,512,697	1,447,392
Placement with other Banks	2,020,624,011				2,020,624,011
Loans & Advances to Customers	12,868,785,683				12,868,785,683
Equity Instruments	51,892,844				51,892,844
Debt Instruments	1,335,183,968				1,335,183,968
Other Financial Assets	32,535,697				32,535,697

Regional Break-up of Loans(Net Loans)	Amount (Nu.)
Phuentsholing	1,537,120,640.38
Wangdue	606,464,435.05
Gelephu	495,762,703.82
Paro	606,464,435.05
Mongar	229,030,322.13
Sjongkhar	387,267,211.80
Trashigang	276,565,594.21
Thimphu	8,419,229,459
Samtse	160,869,911.67
Trongsa	149,484,507.72
<b>Total</b>	<b>12,868,785,683</b>



## Country Risk - Geographical Analysis

As at 31-Dec-2022	Bhutan	Asia	Australia	America	Total
Cash & cash Equivalents	1,148,257,394	328,774,289	54,078,519	27,303,390	1,558,413,591
Cash & Balances with Central Bank	1,447,392,262				1,447,392,262
Placement with other Banks	1,304,607,826	412,367,193		125,161,116	1,842,136,135
Loans & Advances to Customers	10,654,024,826				10,654,024,826
Equity Instruments	45,464,281				45,464,281
Debt Instruments	864,851,597				864,851,597
Other Financial Assets	402,158,568				402,158,568

Regional Break-up of Loans(Net Loans)	Amount
Phuentsholing	1,156,084,093.85
Wangdue	578,590,373.94
Gelephu	453,564,102.29
Paro	593,748,224.19
Mongar	257,474,598.63
Sjongkhar	286,972,588.87
Trashigang	239,547,185.05
Thimphu	6,847,927,384
Samtse	138,645,634.77
Trongsa	101,470,640.36
<b>Total</b>	<b>10,654,024,826</b>



## Industry Analysis

31st December 2023	Industrial	Government	Services & tourism	Construction	Financial Services	Transport	Trade & Commerce	Consumer	Others	Total
Balances with Central Bank	-	-	-	-	-	-	-	-	1,542,240,314	1,542,240,314
Placement with other Banks	-	-	-	-	-	-	-	-	2,020,624,011	2,020,624,011
Loans & Advances to Customer	638,699,525	-	2,319,202,378	259,612,292	-	222,173,856	1,214,918,753	1,190,278,429	7,023,900,448	12,868,785,683
Equity Instruments	-	-	-	-	44,142,844	-	-	-	7,750,000	51,892,844
Debt Instruments	21,208,219	1,313,975,749	-	-	-	-	-	-	-	1,335,183,968
Other Financial Assets	-	-	-	-	-	-	-	-	32,535,697	32,535,697

31st December 2022	Industrial	Government	Services & tourism	Construction	Financial Services	Transport	Trade & Commerce	Consumer	Others	Total
Balances with Central Bank	-	-	-	-	-	-	-	-	1,408,734,065	1,408,734,065
Placement with other Banks	-	-	-	-	-	-	-	-	1,842,136,135	1,842,136,135
Loans & Advances to Customer	371,479,772	-	1,925,923,329	212,967,666	-	315,826,191	908,360,355	1,454,751,957	5,464,715,557	10,654,024,826
Equity Instruments	-	-	-	-	391,575,320	-	-	-	7,750,000	399,325,320
Debt Instruments	21,208,219	843,643,378	-	-	-	-	-	-	-	864,851,597
Other Financial Assets	-	-	-	-	-	-	-	-	402,158,568	402,158,568

Economic sector risk concentrations within the gross loans and advances to customers are as follows:

	31-Dec-23	%	31-Dec-22	%
Industrial	638,699,525	4.96%	371,479,772	3.51%
Services & tourism	2,319,202,378	18.02%	1,925,923,329	21.34%
Construction	259,612,292	2.02%	212,967,666	37.24%
Transport	222,173,856	1.73%	315,826,191	3.29%
Trade & Commerce	1,214,918,753	9.44%	908,360,355	11.08%
Consumer	1,190,278,429	9.25%	1,454,751,957	16.94%
Others	7,023,900,448	54.58%	5,464,715,557	6.60%
	<b>12,868,785,683</b>	<b>100%</b>	<b>10,654,024,826</b>	<b>100%</b>



## 38.2 Liquidity Risk & Funding management

The tables below summarize the maturity profile of the undiscounted cash flows of the Bank's financial assets and financial liabilities as at 31st December 2023. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

	31-Dec-23	up to 3 months	3 to 12 months	1 to 3 years	3-5 years	Over 5 years	Total
Cash & cash Equivalents	1,403,381,094						1,403,381,094
Cash & Balances with Central Bank	1,542,240,314						1,542,240,314
Placement with other Banks	1,932,410,295		88,213,717				2,020,624,011
Loans & Advances to Customers	732,627,725.02		241,129,942.85	832,724,317.30	1,334,912,040.02	9,727,391,657.33	12,868,785,683
Equity Instruments (at amortised cost)						7,750,000	7,750,000
Equity Instruments (FVPL)						44,142,844	44,142,844
Debt Instruments			38,368,890		473,513,565	823,301,514	1,335,183,968
Other Financial Assets	341,640		1,395,064	30,798,993			32,535,697
<b>Total Assets</b>	<b>5,611,001,067</b>		<b>369,107,613</b>	<b>863,523,311</b>	<b>1,808,425,605</b>	<b>10,602,586,015</b>	<b>19,254,643,610</b>

Due to Banks	1,652,766,271	2,222,880,435					3,875,646,707
Due to Customers	2,426,049,462	7,178,907,801		1,949,481,319	1,469,164,356	623,016,246	13,646,619,184
Debts Issued & Other Borrowed Func	150,000,000			350,000,000			500,000,000
Other Financial Liabilities	148,644,073						148,644,073
<b>Total Liabilities</b>	<b>4,377,459,806</b>	<b>9,401,788,237</b>		<b>2,299,481,319</b>	<b>1,469,164,356</b>	<b>623,016,246</b>	<b>18,170,909,963</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>1,233,541,261</b>	<b>(9,032,680,624)</b>		<b>(1,435,958,008)</b>	<b>339,261,249</b>	<b>9,979,569,769</b>	<b>1,083,733,647</b>

	31-Dec-22	up to 3 months	3 to 12 months	1 to 3 years	3-5 years	Over 5 years	Total
Cash & cash Equivalents	1,558,413,591						1,558,413,591
Cash & Balances with Central Bank	1,447,392,262						1,447,392,262
Placement with other Banks	542,136,135		1,300,000,000				1,842,136,135
Loans & Advances to Customers	432,855,896		177,410,901	411,724,414	1,735,654,701	7,896,378,914	10,654,024,826
Equity Instruments (at amortised cost)						7,750,000	7,750,000
Equity Instruments (FVPL)						37,714,281	37,714,281
Debt Instruments			20,341,864		21,208,219	823,301,514	864,851,597
Other Financial Assets	3,711,840		1,431,428	397,015,300			402,158,568
<b>Total Assets</b>	<b>3,984,509,725</b>		<b>1,499,184,193</b>	<b>808,739,714</b>	<b>1,756,862,921</b>	<b>8,765,144,709</b>	<b>16,814,441,261</b>

Due to Banks	1,652,766,271	1,167,951,766					2,820,718,038
Due to Customers	2,426,049,462	5,310,918,386		2,966,933,094	1,303,515,901	503,454,001	12,510,870,844
Debts Issued & Other Borrowed Funds					60,000,000	350,000,000	410,000,000
Other Financial Liabilities	196,961,759				60,000,000		256,961,759
<b>Total Liabilities</b>	<b>4,275,777,493</b>	<b>6,478,870,153</b>		<b>2,966,933,094</b>	<b>1,423,515,901</b>	<b>853,454,001</b>	<b>15,998,550,641</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>(291,267,768)</b>	<b>(4,979,685,959)</b>		<b>(2,158,193,380)</b>	<b>333,347,020</b>	<b>7,911,690,708</b>	<b>815,890,620</b>



### 38.3 Contractual Maturities of Commitments and Contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
<b>As at 31 Dec 2023</b>						
Performance Guarantees	17,818,066	128,674,633	1,825,613			148,318,313
Financial Guarantees	21,135,220	2,384,898	1,000,000		72,238.00	24,592,356
Import Letter of Credits	60997425.46	139900741.3	8,673,033			209,571,199
<b>Total Contingenceis</b>	<b>99,950,711.82</b>	<b>270,960,272.60</b>	<b>11,498,645.72</b>	<b>-</b>	<b>72,238.00</b>	<b>382,481,868</b>

	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
<b>As at 31 Dec 2022</b>						
Performance Guarantees	26,437,200	24,596,569	7,526,661	-	-	58,560,430
Financial Guarantees	-	269,120	14,716,335	-	-	14,985,455
Import Letter of Credits	192,938,040	15,016,925	-	-	-	207,954,965
<b>Total Contingenceis</b>	<b>219,375,240.44</b>	<b>39,882,613.55</b>	<b>22,242,995.43</b>	<b>-</b>	<b>-</b>	<b>281,500,849</b>



### 38.4 Market Risk - Interest Rate Risk

The below table analyses the bank interest rate risk exposure on non-trading financial assets and liabilities. The bank's assets & liabilities are included at carrying amount and categorized by the earlier of contractual re-pricing or maturity dates.

31-Dec-23	Upto 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Placement with other Banks	1,932,410,295	88,213,717	-	-	-	2,020,624,011
Loans & Advances to Customers	732,627,725	241,129,943	832,724,317	1,334,912,040	9,727,391,657	12,868,785,683
Debt Instruments	-	38,368,890	-	473,513,565	823,301,514	1,335,183,968
<b>Total Assets</b>	<b>2,665,038,020</b>	<b>367,712,549</b>	<b>832,724,317</b>	<b>1,808,425,605</b>	<b>10,550,693,171</b>	<b>16,224,593,662</b>
Due to Banks	1,652,766,271	2,222,880,435	-	-	-	3,875,646,707
Due to Customers	2,426,049,462	7,178,907,801	1,949,481,319	1,469,164,356	623,016,246	13,646,619,184
Debts Issued & Other Borrowed Funds	150,000,000	-	350,000,000	-	-	500,000,000
<b>Total Liabilities</b>	<b>4,228,815,733</b>	<b>9,401,788,237</b>	<b>2,299,481,319</b>	<b>1,469,164,356</b>	<b>623,016,246</b>	<b>18,022,265,890</b>
<b>Interest Rate sensitivity Gap</b>	<b>(1,563,777,713)</b>	<b>(9,034,075,687)</b>	<b>(1,466,757,002)</b>	<b>339,261,249</b>	<b>9,927,676,925</b>	<b>(1,797,672,228)</b>

31-Dec-22	Upto 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Placement with other Banks	542,136,135	1,300,000,000	-	-	-	1,842,136,135
Loans & Advances to Customers	432,855,896	177,410,901	411,724,414	1,735,654,701	7,896,378,914	10,654,024,826
Debt Instruments	-	20,341,864	-	21,208,219	823,301,514	864,851,597
<b>Total Assets</b>	<b>974,992,031</b>	<b>1,497,752,766</b>	<b>411,724,414</b>	<b>1,756,862,921</b>	<b>8,719,680,428</b>	<b>13,361,012,558</b>
Due to Banks	1,652,766,271	1,167,951,766	-	-	-	2,820,718,038
Due to Customers	2,426,049,462	5,310,918,386	2,966,933,094	1,303,515,901	503,454,001	12,510,870,844
Debts Issued & Other Borrowed Funds	-	-	-	60,000,000	350,000,000	410,000,000
<b>Total Liabilities</b>	<b>4,078,815,733</b>	<b>6,478,870,153</b>	<b>2,966,933,094</b>	<b>1,363,515,901</b>	<b>853,454,001</b>	<b>15,741,588,881</b>
<b>Interest Rate sensitivity Gap</b>	<b>(3,103,823,702)</b>	<b>(4,981,117,387)</b>	<b>(2,555,208,680)</b>	<b>393,347,020</b>	<b>7,866,226,427</b>	<b>(2,380,576,323)</b>



### 38.4.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates commodity prices and equity prices. The Bank classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

### 38.4.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank's policy is to continuously monitor positions on a daily basis and various strategies are used to ensure positions are maintained within prudential levels. The following tables demonstrate the sensitivity of the Bank's Statement of Comprehensive Income as at 31st December 2023 and 31st December 2022 to reasonable possible change in interest rates, with all other variables held constant.

#### Rate Sensitive Assets (RSA) & Rate Sensitive Liabilities (RSL) as at 31st December

	2023	2022
Rate Sensitive Assets (RSA)*	16,224,593,662	13,361,012,558
Rate Sensitive Liabilities (RSL)*	18,022,265,890	15,741,588,881
GAP (RSA - RSL)	(1,797,672,228)	(2,380,576,323)

#### Impact on Income Statement due to Interest Rate Shocks as at 31st December

Interest Rate Shock	2023	2022
0.50%	(8,988,361)	(11,902,882)
1.00%	(17,976,722)	(23,805,763)
-0.50%	8,988,361	11,902,882
-1.00%	17,976,722	23,805,763

### 38.5 Currency Risk

The table below indicates the currencies to which the bank had significant exposure as at 31 December 2022. The analysis calculates the effect of a reasonable possible movement of the currencies against the Ngultrum (Nu).

	2023			2022		
	Change in currency rate in %	Effect on profit before tax	Effect on Equity	Change in currency rate in %	Effect on profit before tax	Effect on Equity
USD	1.50%	70,314,233	52,735,675.08	1.50%	49,618,140	37,213,605



### 38.6 Operational Risk

Operational risk is the risk of losses arising from failed internal processes, systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss.

Reputational Risks are not covered in Operational Risk. Operational Risks of the Bank are mitigated and managed through a Board approved Operational Risk Management Policy control framework which consists of monitoring and responding to potential risks.

### 38.7 Maturity Gap Analysis

<b>As at 31 Dec 2023</b>			
<b>Assets</b>	<b>Within 12 Months</b>	<b>After 12 Months</b>	<b>Total</b>
Cash & cash Equivalents	1,403,381,094	-	1,403,381,094
Cash & Balances with Central Bank	1,542,240,314	-	1,542,240,314
Placement with other Banks	2,020,624,011	-	2,020,624,011
Loans & Advances to Customers	973,757,668	11,895,028,015	12,868,785,683
Equity Instruments <i>(at amortised cost)</i>	-	7,750,000	7,750,000
Equity Instruments <i>(FVPL)</i>	-	44,142,844	44,142,844
Debt Instruments	38,368,890	1,296,815,078	1,335,183,968
Defined Benefit Assets	-	6,495,261	6,495,261
Other Financial Assets	1,736,704	30,798,993	32,535,697
Other Assets	303,060,162	-	303,060,162
Property, Plant & Equipment	-	151,851,486	151,851,486
Intangible Assets	-	41,162,599	41,162,599
<b>Total Assets</b>	<b>6,283,168,841</b>	<b>13,474,044,276</b>	<b>19,757,213,118</b>
<b>Liabilities</b>			
Due to Customers	9,604,957,263	4,041,661,920	13,646,619,183
Due to Banks	3,875,646,707	-	3,875,646,707
Debt issued and Other Borrowed Funds	150,000,000	350,000,000	500,000,000
Current Tax Liabilities	88,197,357	-	88,197,357
Deferred Tax Liability	-	1,607,141	1,607,141
Other Liabilities	81,754,240	66,889,833	148,644,073
<b>Total Liabilities</b>	<b>13,800,555,566</b>	<b>4,460,158,894</b>	<b>18,260,714,460</b>
<b>Maturity Gap</b>	<b>(7,517,386,725)</b>	<b>9,013,885,383</b>	<b>1,496,498,658</b>
<b>Cumulative Gap</b>	<b>(7,517,386,725)</b>	<b>1,496,498,658</b>	



As at 31 Dec 2022	Within 12 Months	After 12 Months	Total
<b>Assets</b>			
Cash & cash Equivalents	1,558,413,591	-	1,558,413,591
Cash & Balances with Central Bank	1,447,392,262	-	1,447,392,262
Placement with other Banks	1,842,136,135	-	1,842,136,135
Loans & Advances to Customers	610,266,797	10,043,758,029	10,654,024,826
Equity Instruments ( <i>at amortized cost</i> )	-	7,750,000	7,750,000
Equity Instruments ( <i>FVPL</i> )	-	37,714,281	37,714,281
Debt Instruments	20,341,864	844,509,733	864,851,597
Defined Benefit Assets	-	5,737,961	5,737,961
Other Financial Assets	5,143,268	397,015,300	402,158,568
Other Assets	356,822,185	-	356,822,185
Property, Plant & Equipment	-	106,926,419	106,926,419
Intangible Assets	-	30,853,689	30,853,689
Deferred tax assets	-	4,606,328	4,606,328
<b>Total Assets</b>	<b>5,840,516,103</b>	<b>11,478,871,740</b>	<b>17,319,387,843</b>
<b>Liabilities</b>			
Due to Customers	7,736,967,848	4,773,902,996	12,510,870,844
Due to Banks	2,820,718,038	-	2,820,718,038
Debt issued and Other Borrowed Funds	-	410,000,000	410,000,000
Current Tax Liabilities	54,114,899	-	54,114,899
Deferred Tax Liability	-	1,434,490	1,434,490
Other Liabilities	128,480,880	128,480,880	256,961,759
<b>Total Liabilities</b>	<b>10,740,281,664</b>	<b>5,313,818,366</b>	<b>16,054,100,030</b>
<b>Maturity Gap</b>	<b>(4,899,765,561)</b>	<b>6,165,053,374</b>	<b>1,265,287,812</b>
<b>Cumulative Gap</b>	<b>(4,899,765,561)</b>	<b>1,265,287,812</b>	

### 39. Management of Capital

The Bank's main objectives of managing capital are:

- (i) to comply with the Capital Requirements set by the Royal Monetary Authority and debt covenants;
- (ii) to safeguard the Bank's ability to continue as a going concern; and
- (iii) to maintain a sufficient capital base to achieve a Capital Adequacy Ratio of the Bank based on Prudential Regulations 2017 issued by Royal Monetary Authority of Bhutan of at least 10%.

Capital Adequacy Ratio is monitored daily for compliance with the requirements set by the Royal Monetary Authority and monthly for other objectives of Capital Management.



The Bank's policy of Capital Management is designated to maintain the capital base sufficient to keep the confidence of stakeholders and to secure the future development of the Bank. The Royal Monetary Authority establishes and monitors capital adequacy limits for the Bank. The Bank performs medium- and long-term planning of growth in the asset side considering sufficiency of capital. When necessary, the Bank develops and implements measures to increase its capital base. To ensure compliance with the Capital Adequacy Ratio in the short run, the Bank monitors use of capital by business segments. Responsibility for approval procedures and monitoring of the Capital use is with the management of the Bank.

	2023	2022
<b>Tier 1 Capital</b>		
Paid-up Share Capital	660,272,690	600,252,230
General Reserve	431,209,053	288,631,641
Share premium	3,424	3,424
Retained Earnings	298,214,782	206,582,926
<b>Total</b>	<b>1,389,699,949</b>	<b>1,153,450,954</b>
<b>Tier 2 Capital</b>		
Foreign Exchange Fluctuation Reserve	49,022,601	42,821,777
Research & Development Reserve	20,000,000	20,000,000
Asset Pending Foreclosures Reserve	37,779,532	49,018,508
Subordinate debt	500,000,000	500,000,000
<b>Total</b>	<b>606,802,133</b>	<b>611,840,285</b>
<b>Total Capital</b>	<b>1,996,502,082</b>	<b>1,765,291,239</b>

#### 40. Impairment allowance for loans and advances to customers (as per BFRS 9)

The table below shows the impairment allowances (both individual and collective) for different local categories calculated based on ECL approach using Delinquency Grades:

	2022	2021
<b>Individual Impairment</b>		
Overdrafts	15,804,550	15,661,977
Term Loans (Other + Service-Tourism Loans)	-	-
<b>Total (A)</b>	<b>15,804,550</b>	<b>15,661,977</b>
<b>Collective Impairment</b>		
Term Loans (Other + Service-Tourism Loans)	71,670,092	121,590,368
Personal Loans	19,040,590	16,133,045
Loans Against Shares	33,913,332	3,570,922
Overdrafts	63,501,274	109,967,605
Housing Loans	66,558,626	71,562,023
Credit Card	249,425	-
<b>Total (B)</b>	<b>254,933,340</b>	<b>322,823,963</b>
<b>Total (A+B)</b>	<b>270,737,889</b>	<b>338,485,940</b>



#### 41 Segment Information

The following table presents Income & Expense and Assets & Liabilities information about the bank's operating segments:

31-Dec-23

	Thimphu	Phuentsholing	Others	Total
Interest & Similar Income	896,849,928	114,662,780	187,691,718	1,199,204,426
Interest & Similar Expense	529,945,529	87,183,987	113,552,733	730,682,248
<b>Net interest income</b>	<b>366,904,399</b>	<b>27,478,793</b>	<b>74,138,985</b>	<b>468,522,177</b>
Fee and commission income	14,721,681	11,226,358	12,321,911	38,269,950
Fee and commission expenses	-	-	-	-
<b>Net fee and commission income</b>	<b>14,721,681</b>	<b>11,226,358</b>	<b>12,321,911</b>	<b>38,269,950</b>
Other Operating Income	47,067,310	(7,886,327)	139,548,112	178,729,096
<b>Total operating income</b>	<b>428,693,391</b>	<b>30,818,824</b>	<b>226,009,008</b>	<b>685,521,223</b>
Personnel Expenses	14,677,941	1,619,422	152,582,365	168,879,728
Depreciation on Property Plant & Equipment	25,830,120	-	2,839,719	28,669,839
Amortization of Intangible Assets	14,108,897	-	(2,839,719)	11,269,178
Other Operating Expenses	51,440,056	5,439,492	55,399,891	112,279,439
Impairment charges/(reversal) for loans and other losses	115,038,732	18,943,236	8,169,184	142,151,152
Total Operating Expenses	221,095,746	26,002,151	216,151,439	463,249,336
<b>Segment Profits</b>	<b>207,597,645</b>	<b>4,816,673</b>	<b>9,857,569</b>	<b>222,271,887</b>
<b>Total Assets</b>	<b>13,540,273,439</b>	<b>1,279,082,397</b>	<b>4,937,857,281</b>	<b>19,757,213,118</b>
<b>Total Liabilities</b>	<b>13,300,319,406</b>	<b>1,324,231,157</b>	<b>5,132,662,555</b>	<b>19,757,213,118</b>

31-Dec-22

	Thimphu	Phuentsholing	Others	Total
Interest & Similar Income	862,048,655	89,394,718	213,640,313	1,165,083,686
Interest & Similar Expense	559,605,325	84,418,873	107,909,423	751,933,621
<b>Net interest income</b>	<b>302,443,330</b>	<b>4,975,846</b>	<b>105,730,890</b>	<b>413,150,066</b>
Fee and commission income	21,259,534	8,593,417	11,296,476	41,149,426
Fee and commission expenses	-	-	-	-
<b>Net fee and commission income</b>	<b>21,259,534</b>	<b>8,593,417</b>	<b>11,296,476</b>	<b>41,149,426</b>
Other Operating Income	104,151,226	(42,294,498)	81,768,876	143,625,605
<b>Total operating income</b>	<b>427,854,090</b>	<b>(28,725,235)</b>	<b>198,796,242</b>	<b>597,925,096</b>
Personnel Expenses	81,390,463	8,943,716	66,025,497	156,359,676
Depreciation on Property Plant & Equipment	14,746,513	833,733	5,874,975	21,455,221
Amortization of Intangible Assets	11,269,178	-	-	11,269,178
Other Operating Expenses	80,442,385	6,646,055	11,973,881	99,062,322
Impairment charges/(reversal) for loans and other losses	44,244,625	4,179,570	8,169,184	56,593,379
Total Operating Expenses	232,093,165	20,603,075	92,043,537	344,739,776
<b>Segment Profits</b>	<b>195,760,925</b>	<b>(49,328,310)</b>	<b>106,752,705</b>	<b>253,185,320</b>
<b>Total Assets</b>	<b>13,540,273,439</b>	<b>1,279,082,397</b>	<b>2,500,032,007</b>	<b>17,319,387,844</b>
<b>Total Liabilities</b>	<b>13,300,319,406</b>	<b>1,324,231,157</b>	<b>2,694,837,281</b>	<b>17,319,387,844</b>



**42 Impairment allowance for loans and advances to customers (as per BFRS 9)**

The table below shows the impairment allowances (both individual and collective) for different loan categories calculated based on ECL approach using Delinquency Grades:

	2023	2022
<b>Individual Impairment</b>		
Overdrafts	15,804,550	15,661,977
Term Loans (Other + Service-Tourism Loans)	-	-
<b>Total (A)</b>	<b>15,804,550</b>	<b>15,661,977</b>
<b>Collective Impairment</b>		
Term Loans (Other + Service-Tourism Loans)	71,670,092	121,590,368
Personal Loans	19,040,590	16,133,045
Loans Against Shares	33,913,332	3,570,922
Overdrafts	63,501,274	109,967,605
Housing Loans	66,558,626	71,562,023
Credit Card	249,425	-
<b>Total (B)</b>	<b>254,933,340</b>	<b>322,823,963</b>
<b>Total (A+B)</b>	<b>270,737,889</b>	<b>338,485,940</b>

43. Previous year's figures have been re-grouped and re-arranged wherever required for better disclosures.



## **OUR BRANCHES**

### **THIMPHU BRANCH**

TCC Complex Building, Opposite to Hotel Pemako, Samten Lam, Thimphu : Bhutan  
Post Box No: 631  
PABX.+97577103077/77199199;+975-2-337282/83/84  
Email ID: [customercare@tbank.bt](mailto:customercare@tbank.bt)

### **PHUENTSHOLING BRANCH**

TCC Complex Building, near Zangdopelri. Samdrup Lam, Phuentsholing : Bhutan  
Post Box No: 118  
PABX. +975 77190210/77190211;+975-17110204;

### **PARO BRANCH**

Tshongdue Town, Paro : Bhutan  
Post Box No: 1318  
PABX. +975-7792077/77102078

### **MONGAR BRANCH**

1st Floor, Tshering Yangzom Building, Below Trashigang-Mongar Highway, Mongar: Bhutan.  
Post Box No: 149  
PABX. +975-77192031/+975-4-641255

### **WANGDUE BRANCH**

Opposite to Druk PNB and RICBL Office, Bajotown, Wangdue : Bhutan  
Post Box No: 1269  
PABX. +975 77191215/+975-02-481018

### **SAMDRUP JONGKHAR BRANCH**

1st Floor, Namgayling House, Samdrup Jongkhar: Bhutan  
Post Box No: 116  
PABX. +975-77192032/+975-7-251651/52

### **GELEPHU BRANCH**

Kezang Dechen Building, Gelephu Town, Losel Zur Lam, Post Box No. 212  
Gelephu, Sarpang, Bhutan  
Tel no. 975- 77190088/77190099

### **TRASHIGANG BRANCH**

Yeshey Samdrup Building , Trashigang: Bhutan  
Post Box No: 104  
PABX. +975-77183131/77183132

### **SAMTSE BRANCH**

Phuntshok Building, Samtse : Bhutan  
Post Box No: 349  
PABX. +975-77192233/34

### **TRONGSA BRANCH**


Ugyen Dema Building (near roundabout, Choetse town, Trongsa)  
Ground Floor, Trongsa: Bhutan  
Post Box No: 556  
PABX. +975-77192030/03-521144

## LIST OF AWARDS and EVENTS 2023

T Bank launched Enterprise Resource Planning (ERP) in collaboration with Tashi Infocomm Ltd. & Zealous System Pvt. Ltd on 7<sup>th</sup> January 2023.



T Bank in collaboration with RMA launched Account Validation for interbank fund transfer on 27<sup>th</sup> January 2023.



# TOBANK

Payment enhancement services for interbank fund transfer and online payments through mobile App and NQR code.

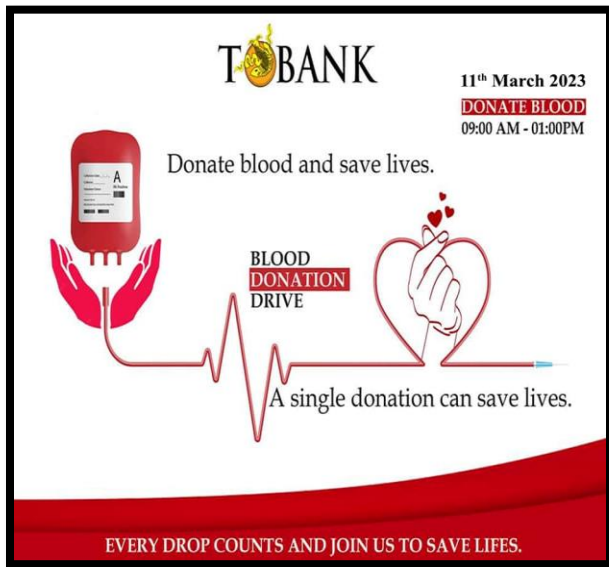
The banks in collaboration with RMA have improved the new features of payment services for real time account validation of a beneficiary bank before confirming the payments via App and NQR code.

With these additional features, a customer will now be able to see the beneficiary account name if the beneficiary bank system is up and running.

Furthermore, the new service will prevent a customer from initiating online fund transfer and payments to an invalid account, wrong account and when bank services are not available.

Thank you for Banking with us

As a part of the Bank's Corporate Social Responsibility, the Bank organized Blood donation drive in coinciding with the 13<sup>th</sup> foundation of TBL on 11<sup>th</sup> March 2023.



T Bank was awarded the Information Security Management System ISO/IEC 27001:2013 certificate by the British Standards Institution on 13<sup>th</sup> of July 2023.



T Bank introduced the Bank's Contactless Visa Cards in collaboration with BNB and RuPay Card as well on 4<sup>th</sup> September 2023.

**T BANK**  
*Your Personal Bank*

**Introducing T BANK'S CONTACTLESS VISA CARD & RUPAY CARD**

**VISA DEBIT CARD**      **VISA CREDIT CARD**      **RuPay CARD**

T Bank officially established its presence on WhatsApp as one of its social media platforms on 22<sup>nd</sup> November 2023.

**T BANK**

**T Bank is now available on**  
**WhatsApp**  
**to create convenience for you la!**  
**Do connect with us by**  
**messaging us**  
**your queries or concerns la**

**(+975 77170099)**

**Monday to Friday: 9:00 am - 5:00 pm**  
**Saturday: 9:00 am - 1:00 pm**

T Bank and other financial institutions were in Australia from 1<sup>st</sup> to 16<sup>th</sup> December, 2023, for the Investment Initiative Awareness Program for Bhutanese Living abroad (BLA) products organized by the Royal Monetary Authority.



As a part of the Bank's Corporate Social Responsibility, the management and employees of head office and Thimphu branch conducted cleaning campaign in the Wangchuk River stretch from Lungtenzampa to Chang Jiji Bazam, Thimphu on 15<sup>th</sup> of April and 3<sup>rd</sup> of December 2023 respectively.



T Bank Introduced Audio Notification via NQR SoundBox and Mobile Device on 20<sup>th</sup> of December 2023.



## Audio Notification Via *QR Sound Box and Mobile Device*

*QR Payment Received* 



*Only available on android devices*

 7070

 T Bank

 [tbankltd1](#)

 +97577170099

 [customercare@tbank.bt](mailto:customercare@tbank.bt)

 [www.tbank.bt](http://www.tbank.bt)

In response to the large number of foreign visitors in the country, T Bank temporarily provided cash withdrawal facilities using International RuPay Card and Visa Cards in our POS machines from 15<sup>th</sup> to 31<sup>st</sup> December 2023.



Foreigners can avail cash payments in Ngultrum by swiping their **International Visa Cards and RuPay Cards** on our POS machines.

*Available exclusively at Thimphu, Phuntsholing, Paro and Gelephu Branches*

Secure Quick Convenient

From 15<sup>th</sup> December to 31<sup>st</sup> December 2023



7070 T Bank tbankltd1 +97577170099  
customercare@tbank.bt www.tbank.bt