



## **CONTENTS**

- 1. BOARD OF DIRECTORS**
- 2. MANAGEMENT TEAM**
- 3. COMPANY PROFILE**
- 4. DIRECTORS REPORT**
- 5. INDEPENDENT AUDITORS REPORT**
- 6. FINANCIAL STATEMENTS**
- 7. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO  
ACCOUNTS**
- 8. LIST OF EVENTS**

## Board of Directors



Mr. Tshenchok Thinlay  
CHAIRPERSON



Ms. Rinzin Lhamu  
INDEPENDENT DIRECTOR



Mr. Nawang Gyetse  
INDEPENDENT DIRECTOR



Mr. Sangay Tenzin  
INDEPENDENT DIRECTOR



Mr. Tashi Tshering  
DIRECTOR



Mr. Pema Tshering  
DIRECTOR/MEMBER SECRETARY  
(Chief Executive Officer)

## **Management Team**

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

## **Branch Managers**

Mr. Sushmita Galley	Thimphu Branch
Mr. Sonam Tobgay	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

Registered Office;

TBank Limited  
TCC Complex Building  
Samten Lam  
Thimphu, Bhutan  
Website: [www.tbank.bt](http://www.tbank.bt)

## A BRIEF INFORMATION ON T BANK LIMITED

T Bank Limited was established as a commercial bank on March 12, 2010. As of December 31, 2024, 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.

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.”*

Core Values:

- *Customer Centricity*
- *Integrity*
- *Innovation*

## OWNERSHIP

The share holding pattern of the bank as of 31 December 2024:

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

## DIRECTORS' REPORT 2024

On behalf of the Board of Directors and the management of T Bank Ltd., I am pleased to present the Annual Report of T Bank Limited for the Financial Year ended December 31, 2024, along with the Audited Financial Statements and the Auditor's Report.

### 1. Highlights of Financial Performance

During the financial year ended December 31, 2024, the Bank recorded the following financial performance:

Particulars	Year Ended December 31, 2024	Year Ended December 31, 2023
Total Operating Income	Nu.585.65 million	Nu.685.52 million
Profit Before Tax (PBT)	Nu.206.81 million	Nu.453.53 million
Provision for Income Tax	Nu.53.15 million	Nu.114.27 million
Net Profit	Nu.145.67 million	Nu.342.02 million
Transferred to General Reserve	Nu.36.64 million	Nu.84.59 million
Earnings Per Share	Nu.1.91 per Share	Nu.5.12 per Share

The financial statements for 2024 have been prepared in compliance with the Bhutanese Accounting Standards (BAS).

The Profit Before Tax (PBT) is Nu.206.82 million in 2024 as compared to Nu.453.53 million in FY 2023, a decrease of 59.30 percent.

The decline in the Profit is primarily attributed by:

- Increase in interest expenses by Nu.218.65 million in 2024 as compared to 2023.
- Increase in operating expenses by 32.05% as compared to 2023.
- Loan impairment charges of Nu.19.72 million in 2024, whereas in 2023, there was a write-back of Nu.89.10 million, which had positively impacted profits.

The loan portfolio grew by 7.30%, increasing from Nu.12.86 billion in 2023 to Nu.13.81 billion in 2024. The Gross Non-Performing Loan (GNPL) ratio improved, reducing to 0.52 % in 2024 from 0.55% in 2023. The total Non-Performing Loan (NPLs) amounted to Nu. 74.21 million in 2024. The housing sector continues to hold the largest share in the Bank's loan portfolio, with a total exposure of Nu. 4,839.75 million constituting 34.21% of the total loan portfolio, followed by the Hotel & Tourism sector, with a total exposure amounting to Nu. 2,195.72 million, constituting 15.52% of the total loan portfolio.

Customer deposits increased by Nu.1.95 billion from Nu.13.64 billion in 2023 to Nu.15.59 billion in 2024, leading to a rise in interest expenses. The introduction of deposits account opening via the Tpay App contributed significantly to this deposit growth.

Paid-up capital increased by 20%, from Nu.660.27 million in 2023 to Nu.792.32 million in 2024, due to a bonus share issue in the ratio of 1:5 (one additional share for every five (5) shares held). The total reserves declined from Nu. 836.22 million in 2023 to Nu. 700.24 million in 2024, mainly due to Nu.132.05 million appropriated to Share Capital, reduction of Nu.1.75 million in the Asset Pending Foreclosure Reserve and decrease of Nu.4.33 million in the HR/ Research & Digital Development Fund.

Despite challenges in meeting profitability target due to rising financial costs and operating cost, the bank has shown inherent growth in loans and deposits, maintained asset quality, and strengthened capital through bonus share issuance. Moving forward, capital enhancement, cost optimization, digital banking expansion, and risk management will be key priorities for sustainable growth.

## **2. Summary of Operations**

### **International Remittance**

In the year 2024, the bank was able to facilitate the transfer of a total sum of USD 34.21 million from abroad i.e. a sum of USD 28.70 million via remittances from Australia and an additional USD 5.51 million from Kuwait/ USA/Japan/Qatar/Dubai through international remittance platforms.

### **Digitization of the Bank**


At T Bank, we remain steadfast in our commitment to continuously enhancing our digital capabilities to adapt to the evolving technological landscape. Our goal is to provide smart, seamless, and efficient banking solutions that cater to the needs of our customers and their growing expectations. Throughout the year, we have undertaken significant initiatives to upgrade our digital infrastructure including TBank Remit, improved service efficiency, security, and overall customer experience.

### **Core Banking System (CBS) Upgrades**

One of our key advancements includes the migration and upgradation of our Core Banking System (CBS) to Oracle Flexcube v14.7 and Oracle Internet Banking (OBDX) to v22.2. This transition has enabled better system stability, faster transaction processing, and enhanced security features.

### **Expansion of Card & Payment Services**

Additionally, we have expanded our card services by introducing VISA Debit Cards for USD accounts and integrating international payment networks such as JCB and UnionPay.



This move provides customers with greater flexibility in managing international transactions. In the e-commerce domain, we have introduced an International Payment Gateway, facilitating seamless online payments and broadening our digital offerings to meet the diverse needs of our clientele.

### **Enhancements of Digital Banking Services**

Aligned with our customer-centric vision, we have made substantial enhancements to our TPay Mobile Application, including;

- mCAMS Wallet top-up, enabling convenient mobile fund transfers.
- Flexi Recurring Deposits, allowing customers to set up flexible savings plans.
- Interval-based interest payouts for Fixed Deposits, providing better financial planning options.
- Foreign Currency (FC)-to-FC and FC-to-BTN currency transfers, streamlining international and domestic remittances.

In addition, we have launched TBank Remit, a dedicated remittance mobile application replacing TPay Remit. This platform facilitates seamless and cost-effective money transfers from Australia. This initiative aims to provide a simple, secure, and convenient remittance solution for our customers, reinforcing our commitment to financial inclusion and cross-border banking services.

### **Cyber Security Enhancements:**

The security of our customers' data and transactions remains our top priority. In 2024, we successfully upgraded our ISO 27001:2012 certification to ISO 27001:2022, demonstrating our ongoing commitment to strengthening our cybersecurity framework against evolving threats.

To further enhance card transaction security and payment system integrity, we are actively working towards obtaining PCI DSS certification, ensuring compliance with the highest international standards for data protection. These efforts reflect our dedication to mitigating cyber risks, safeguarding customer information, and reinforcing trust in our digital banking services.

### **Future Outlook:**

Moving forward, T Bank remains committed to driving digital innovation and enhancing seamless customer experiences. We will continue to invest in digital infrastructure, explore strategic partnerships and strengthen cybersecurity to safeguard financial transactions.

We will continue to evolve with emerging technologies and uphold our position as a trusted financial partner in the banking industry.

## Human Resource Management

In 2024, the bank hired 42 employees to facilitate the replacement of high attrition of employees in 2022 and 2023 and to accommodate the growing volume of banking business. A total of 14 employees resigned, one (1) demise and one (1) terminated during the year resulting in an average attrition rate of 5.71%, compared to the attrition rate of 36.02 % for the year 2023. As of December 31, 2024, the bank had a total of 187 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.

## Corporate Governance:

The bank is in adherence to the Corporate Governance Rules & Regulations 2024 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-committees held their respective required no. of meetings as stipulated by the RMA Rules and Regulations. The internal Service Rules & Regulations are also in line with the provisions of the Labour & Employment Act.

## Board of Directors

The Board of Directors is entrusted with the ultimate responsibility for guiding the strategic direction and performance of the Bank to achieve its goals and objectives.

## Composition of the Board and attendance in FY 2024

Name of Director	Designation	Date of Appointment/Retirement	Current Term of BoD	Board Meeting Attended	Sitting Fees
Mr. Tshenchok Thinlay	Chairman	April 2, 2019	2nd	10	180,000.00
Ms. Rinzin Lhamu	Independent Director	March 20, 2023	1st	7	140,000.00
Mr. Nawang Gyetse	Independent Director	September 17, 2020	2nd	10	180,000.00
Mr. Tashi Tshering	Director	April 2, 2020	2nd	10	180,000.00
Mr. Sangay Tenzin	Independent Director	September 26, 2024	1st	1	20,000.00
Mr. Pema Tshering	Director/CEO/Member Secretary	March 1, 2016		10	180,000.00

### Board Meetings

A total of 10 Board Meetings were held in 2024. The meetings were held as frequently as required by The Companies Act of Bhutan 2016. The details of the Board attendance are as follows:

### Board Committee Meetings

In compliance with the Companies Act of the Kingdom of Bhutan 2016, (5) Board Audit Committee meetings, (4) Board Governance Meetings and (4) Board Risk Committee Meetings were convened during the year 2024 to discuss on the various aspects pertaining to governance, operations and risk related issues and activities of the bank.

### Board Governance Committee:

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

SLNo	Name	Designation	Nos	Sitting Fees
1	Mr. Tashi Tshering	Chairman	4	40,000
2	Ms. Rinzin Lhamu	Member/Independent Director	4	40,000
3	Mr. Pema Tshering	Member/CEO	3	30,000
4	Mr. Jigme Dorji	Member Secretary	4	20,000

### Board Audit Committee:

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

SLNo	Name	Designation	No.	Sitting Fees
1	Ms. Rinzi Lhamu	Chairperson	5	50,000
2	Mr. Ngawang Gyetse	Independent Director	4	40,000
3	Mr. Tshering Dorjee	Member Secretary	5	25,000

### Board Risk Committee:

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

SLNo	Name	Designation	Nos	Sitting Fees
1	Mr. Ngawang Gyetse	Chairperson	4	40,000
2	Mr. Tashi Tshering	Director	4	40,000
3	Mr. Pema Tshering	Director/CEO	4	30,000
4	Mr. Surja Man Samal	Member Secretary	4	20,000

### Annual General Meeting:

The 14<sup>th</sup> Annual General Meeting (AGM) was held on April 5, 2024, and the AGM was attended by the shareholders, Board Directors and the Chief Executive Officer and Company Secretary of TBank Limited.

### Corporate Social Responsibility (CSR)

As part of the bank's corporate social responsibility, the Company has invested Nu.0.78 million in CSR, focusing on sustainability and welfare development of the community as below;

Sl.No.	Particulars	Amount (Nu.)
1	10th Jhomolhari Mountain Festival	50,000.00
2	10th Bhutan-India Regional Friendship Trade Fair	20,000.00
3	Contribution for Moenlam Chenmo/National Kurim	494,930.00
4	Support for special publication for De-suung Accomplishments	30,000.00
5	Dudjom Terling Choedhey Shedra & Thangthong Maha Sidhay Foundation	66,000.00
6	Support for awareness of sports in Dzongkhags	27,000.00
7	Contribution for the National Day celebration Event	85,000.00
8	Contribution for the Annual Black Mountain Festival	10,000.00
	<b>Total</b>	<b>782,930.00</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 cleaning campaign along the Wangchu river from Lungtenzampa Bridge till Changjiji Bazam on May 2, 2024 coinciding the birth anniversary of 3<sup>rd</sup> Druk Gyalpo. The bank employees also actively contributed to public health by participating in the blood donation campaign during the bank's foundation day on March 12, 2024.

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

### Statutory Audit

The Auditors, M/s S.N.Mukherji & Co. Chartered Accountants, Firm's registration no.301079E based in Kolkata, West Bengal, India was appointed to audit the books of account for the Bank for the financial year 2024.

### **Acknowledgement**

The Board expresses its sincere appreciation and gratitude to shareholders, customers, employees, bankers, Government authorities and stakeholders for their unwavering support and trust. We remain committed to delivering sustainable value and long-term growth.

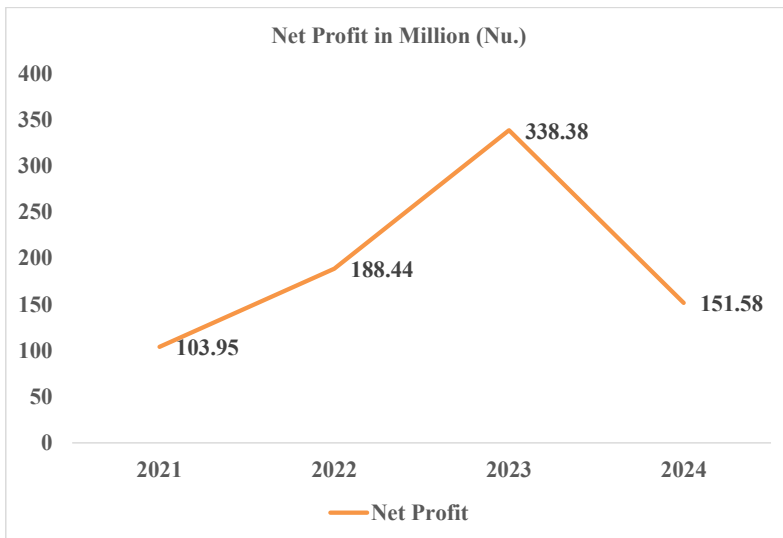
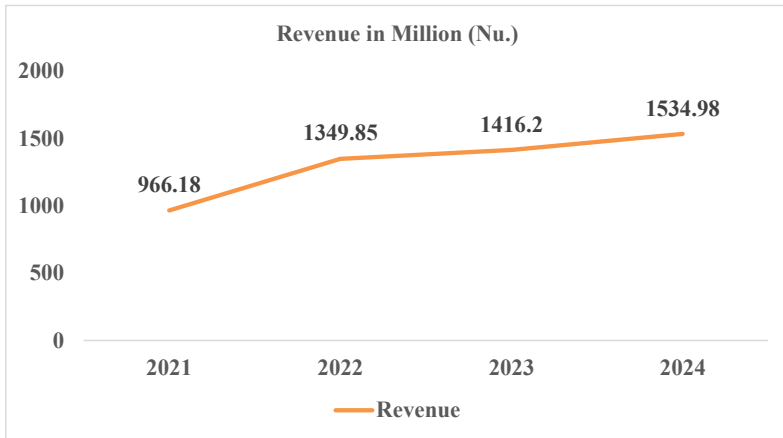
For and on behalf of the Board of Directors.

Tashi Delek!

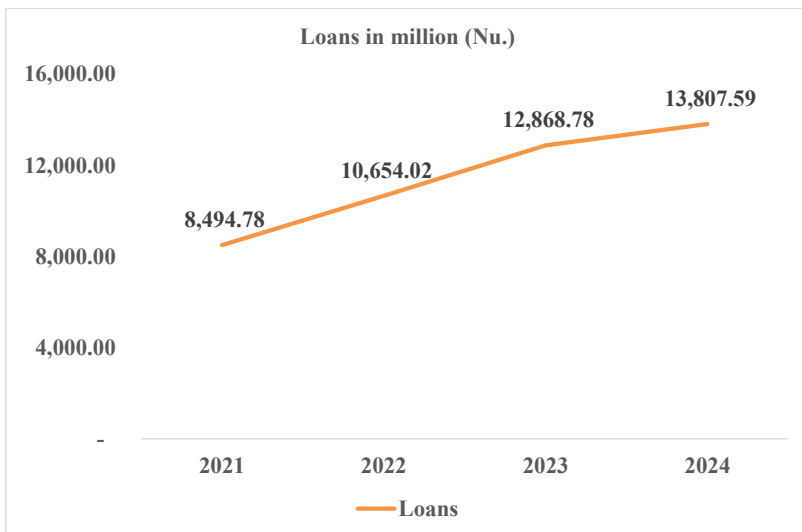
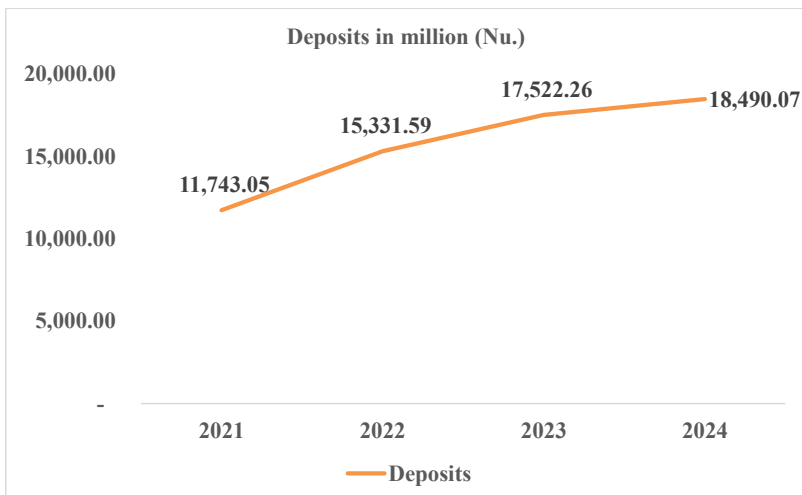
A handwritten signature in blue ink, appearing to read 'Tshenchok Thinlay', with a horizontal line underneath.

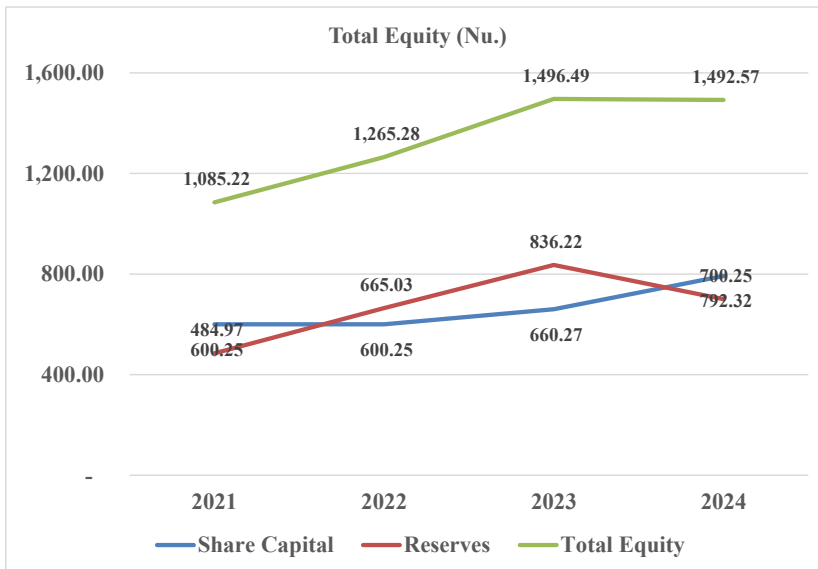
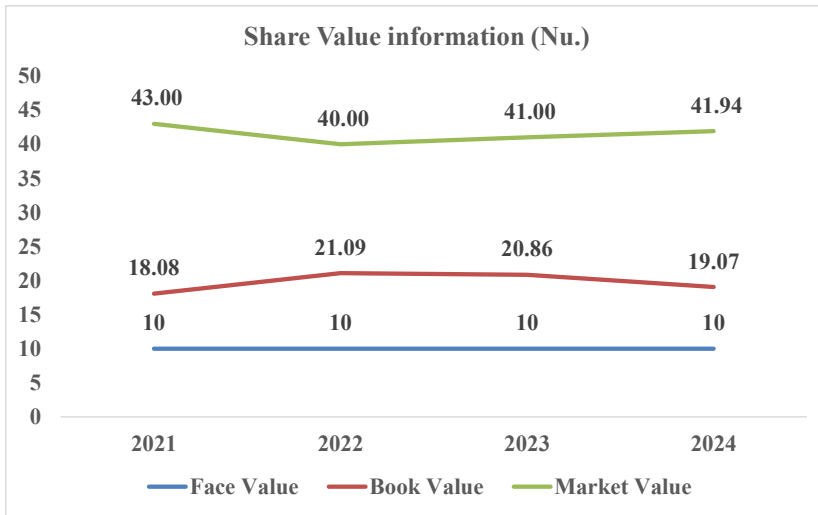
(Mr. Tshenchok Thinlay)  
Chairman

## Performance 2024



## Performance 2024





**S. N. Mukherji & Co.**  
**Chartered Accountants**

## **INDEPENDENT AUDITORS' REPORT**

**To the Shareholders of**  
**T BANK Limited**  
**Thimphu, Bhutan**

### **Report on the Audit of the Financial Statements**

#### **1. Opinion**

We have audited the financial statements of **T Bank Limited** (“**the Bank**”), which comprise the Statement of Financial Position as at December 31, 2024, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and Notes to the financial statements, including a summary of Significant Accounting Policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024, and its financial performance and cash flows for the year ended on that date in accordance with Bhutanese Accounting Standards (BAS).


#### **2. Basis for Opinion**

We conducted our audit in accordance with the provisions of the Companies Act of Bhutan, 2016 (‘the Act’) and 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 The Kingdom of Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### 3. 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 we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Matters
<p data-bbox="248 592 553 649"><b>1. Information Technology System</b></p> <p data-bbox="248 1130 481 1155"><b>2. Loans and Advances</b></p> 	<p data-bbox="598 504 1171 557"><b>Our audit procedure in relation to the various audit issues included but were not limited to the following:</b></p> <ul data-bbox="622 592 1171 1515" style="list-style-type: none"> <li data-bbox="622 592 1171 801">• The bank has carried out an Information system audit through an outside agency and their report dated 6<sup>th</sup> December 2024 has validated the established IT system in operation and have concluded that “no action required” and have stated that the “management system was found to be fully effective”.</li> <li data-bbox="622 839 1171 925">• The financial statements have been audited by us based on an understanding of the Bank’s IT related control environment as part of our audit procedures.</li> <li data-bbox="622 963 1171 1081">• It is suggested that the existing IT system in operation should be reviewed to ensure and upgrade the control mechanism and eliminate risk involved at various operational levels.</li> <li data-bbox="622 1119 1171 1235">• The bank has considered the Prudential Regulations 2024 and other directives issued by Royal Monetary Authority of Bhutan in preparation of the financial statements.</li> <li data-bbox="622 1273 1171 1359">• Provisioning for loan losses are calculated manually based on identification of Non – Performing Loans (NPL) by the system.</li> <li data-bbox="622 1397 1171 1450">• Valuation of securities is not reviewed even though a particular account has slipped into NPL category.</li> <li data-bbox="622 1488 1171 1515">• In respect of advances against shares:</li> </ul>



The Bank Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's annual report, but does not include the financial statements and auditor's report(s) thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **5. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS 1 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 financial reporting process.

#### **6. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable 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 ISAs 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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 described these matters in our auditor's report unless law and 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.

## 7. Report on Other Legal and Regulatory Requirements

- (i) As required by the section 266 of the Companies Act of Bhutan, 2016 (Minimum Audit Examination and Reporting Requirements) we enclose in the **Annexure-I** a statement on the matters specified therein to the extent applicable.
- (ii) As required by section 265 of the Act, we report that:
  - a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
  - c) the Statement of Financial Position, Statement of Comprehensive Income, the Statement of Changes in Equity and Statement of Cash Flows dealt with in this report have been prepared in accordance with accounting principles generally accepted as well as Bhutanese Accounting Standards (BAS) and are in agreement with the books of account.
  - d) in our opinion, the Statement of Financial Position, Statement of Comprehensive Income, the Statement of Changes in Equity and Statement Cash Flows comply with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan 2016.

In our opinion and to the best of our information and according to the explanations given to us and after considering the limitations of audit mentioned in Para 5 and 6 above, we state that the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016:



- I) In the case of Statement of Financial Position, of the state of affairs of the Bank as at 31<sup>st</sup> December 2024;
- II) In case of Statement of Comprehensive Income, of the profit of the Bank for the year ended on that date;
- III) In the case of Statement of Changes in Equity, of the movement of the Shareholders' Equity of the Bank for the year ended on that date and;
- IV) In the case of Statement of Cash Flows of the movement of cash flows of the Bank for the year ended on that date.

**For S. N. Mukherji & Co.  
Chartered Accountants  
Firm's Reg No. 301079E**



**Place: Thimphu  
Date : 26.03.2025**

**Sudip Kumar Mukherji  
Partner  
(Membership No.013321)  
UDIN: 25013321BMOYXR8657**



## Annexure-I

### **MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT**

#### **ANNEXURE REFERED TO IN OUR REPORT OF EVEN DATE**

1. The Bank is maintaining records showing full particulars of fixed assets. Physical verification of fixed assets has been carried out by the management.
2. None of the fixed assets has been revalued during the year.
3. Physical verification of stationery items has not been carried out by the management at reasonable intervals.
4. 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.
5. The Bank has granted loans/advances to companies, firms and other parties under the same management in the normal course of banking business.
6. 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 (NPLs).
7. The advances granted to officers /staff are in keeping with the provisions of service rules and no excessive/frequent advances are granted and accumulation of large advances against particular individual is generally avoided.
8. The Bank has introduced internal control system to ensure completeness, accuracy, and reliability of accounting records, and to carry out the business in an orderly and efficient manner, to safeguard the assets of the bank and adhere to the rules/regulations and system and procedures. We are of the view that the established financial control system should be reviewed on an ongoing basis.
9. There is a system of obtaining competitive bidding commensurate with the size of the bank and nature of its business for the purchase of services, stores, equipment and other assets.



10. As informed to us, there are transactions for purchase of goods and sale of services made in pursuance to contracts on arrangements entered into with the directors or any other parties related to directors or with the Bank or firms in which the directors are directly or indirectly interested which are disclosed in the financial statements.
11. Unserviceable or damaged stationery items have not been determined on the basis of verification conducted at reasonable intervals.
12. The Bank has been regular in depositing rates and taxes, provident fund and other statutory dues with the appropriate authorities. Provision for corporate tax for the year is adequate and adjustments have been made to compute the amount of tax required under the Rules of the Income Tax of the Kingdom of Bhutan 2001.
13. According to the information and explanations given to us, there is no undisputed statutory dues payable at the last date of the reporting period.
14. According to the information and explanations given to us, no personal expenses have been debited to the Statement of Comprehensive Income excepting those payable under contractual obligations/ service rules.
15. According to the 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.
16. According to the information and explanations given to us and on the basis of examination of books and records, the activities carried out by the Bank are in our opinion lawful and intra-vires to the Articles of Incorporation of the Bank.
17. According to the information and explanations given to us, the bank has a system of approval of competent authority for all capital expenditure.
18. The bank has established an effective budgetary control system.
19. According to the information and explanations given to us, the details of remuneration, and other payments made in cash or in kind to the Board of Directors including 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 of Notes to the Financial Statements.



20. In our opinion and according to the information and explanations given to us, the directives of the Boards have been complied with.
21. We were given to understand that no officials of the Bank have transmitted any price sensitive information, which is not made publicly available to their relatives/friends/associates, or close persons, which would directly or indirectly benefit themselves.
22. 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.
23. In our opinion proper records of the transactions and contracts have been maintained in a timely manner where the bank has dealt with shares and securities, details of which are disclosed in Note No. 37.
24. The Bank is maintaining reasonable records for funds collected from depositors and for interest payments.
25. As per information and explanation provided to us, there is no major diminution in the value of investments.
26. The Bank has generally complied with the requirements of Financial Services Act 2011 and other applicable rules and regulations issued by the appropriate authorities.
27. The Bank has complied with the requirements relating to provisioning for the non-performing loans and recognition of interest income as per Prudential Regulations 2024 issued by the Royal Monetary Authority of Bhutan (RMA).
28. The assets hypothecated against loans and advances have been physically verified at the time of sanction, mortgage deed and necessary documents executed.
29. The bank has a process 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. However, the same should be reviewed at regular intervals, in view of the increased business activities, to safeguard the interest of the bank.



30. As per information and explanation provided to us, there is no re-phasing/rescheduling of loans during the current reporting period.
31. Internal Audit has been carried out during the year.
32. There is a system to ensure that additional loans are not granted to those who have defaulted payments of previous loans.

#### **Computerized Accounting Environment**

1. The Bank maintains the account in computerized accounting environment.
2. We have been informed that the bank has adequate back up facilities and safeguard measures.
3. We have been informed that back up files are kept in an external hard disk. However, back up facilities and disaster recovery measures include keeping the backup files in different and remote locations.
4. We have been informed that adequate operational control is there to ensure correctness and validity of input data and output information.
5. We have been informed that adequate safeguard measures to prevent unauthorized access, are implemented.

#### **General**

##### **(1) Going Concern Problem**

Based on the bank's financial statements audited by us, for the year ended 31<sup>st</sup> December 2024, we have no reason to believe that the bank is not a going concern.



## (2) Ratio Analysis

Financial and operational ratio in respect of the Bank is given in the statement of Ratio Analysis.

Sl. No.	RATIOS	2024	2023
1	Interest Expense / Deposits	5.10%	4.18%
2	Interest Income/Loans	9.30%	9.32%
3	Return on Assets	0.72%	1.71%
4	Return on Equity (ROE)	10.16%	22.61%
5	NPL (NPL/Total Loan)	0.52%	0.55%
6	Capital Adequacy ratio	13.30%	12.21%
7	SLR	20.99%	21.81%
8	Credit to Deposit Ratio (CD)	74.68%	73.44%
9	Provision/Credit Exposure	1.75%	2.10%
10	Return on Capital Employes (ROCE)	13.86%	39.09%
11	Total Business (mn)	32,297.67	30,391.05
12	Total Business per Employee (mn)	172.71	188.76
13	Single Largest Exposure	20.87%	17.30%
14	Ten Largest Exposure	15.09%	12.01%
15	Revenue Per Employee	8.21	8.80
16	Total No.of Employees	187	161
17	No.of Shares	79,232,533	66,027,269
18	Earnings Per Share	1.91	5.12

## (3) Compliance of Companies Act of Bhutan 2016:

According to the information and explanations given to us and based on the records produced to us for verification, we are of the opinion that the Bank has generally complied with the provisions of The Companies Act of Bhutan, 2016.



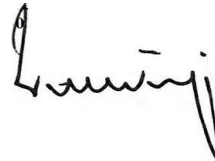
**(4) Adherence of Laws Rules & Regulations:**

Audit of the Bank is governed by The Companies Act of Bhutan, 2016, RMA Prudential Regulation 2024, Financial Services Act, 2011 and Corporate Governance Rules and Regulations 2024. The scope of audit is limited to examination and review of the financial statement as produced to us by the management. In the course of audit, we have considered the compliance of provision of the said Companies Act and its Article of Incorporation.

The Bank should consider having a comprehensive Compliance Reporting and Recording System as regards adherence to all laws, rules and regulations, systems, procedures and practices for review by the Board of Directors.

**Place : Thimphu  
Date : 26.03.2025**

**For S. N. Mukherji & Co.  
Chartered Accountants  
Firm's Reg No. 301079E**



**Sudip Kumar Mukherji  
Partner  
(Membership No.013321)  
UDIN: 25013321BMOYXR8657**

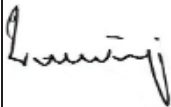


**TBANK LIMITED**

**Statement of Financial Position As at 31 December 2024** (Amount in Nu.)

Particulars	Note	31-Dec-24	31-Dec-23
<b>Assets</b>			
Cash & Cash Equivalents	13	1,523,214,112	1,403,381,094
Cash & Balances with Central Bank	14	1,667,732,516	1,542,240,314
Placement with other Banks	15	1,972,171,858	2,020,624,011
Loans & Advances to Customers	16	13,807,593,062	12,868,785,683
Equity Instruments <i>(at amortised cost)</i>	20	7,750,000	7,750,000
Equity Instruments <i>(FVPL)</i>	20	42,828,559	44,142,844
Debt Instruments	20	1,545,934,120	1,335,183,968
Defined Benefit Assets	20	2,937,427	6,495,261
Other Financial Assets	21	32,247,636	32,535,697
Other Assets	22	266,438,994	303,060,162
Property, Plant & Equipment	23	88,083,084	151,851,486
Intangible Assets	24	113,682,353	41,162,599
<b>Total Assets</b>		<b>21,070,613,719</b>	<b>19,757,213,118</b>
<b>Liabilities</b>			
Due to Customers	25	15,592,967,763	13,646,619,183
Due to Banks	26	2,897,104,679	3,875,646,707
Debt issued and Other Borrowed Funds	27	700,000,000	500,000,000
Current Tax Liabilities	28	6,573,950	88,197,357
Deferred Tax Liabilities	30	1,149,762	1,607,141
Other Liabilities	31	380,241,975	148,644,073
<b>Total Liabilities</b>		<b>19,578,038,128</b>	<b>18,260,714,460</b>
<b>Equity</b>			
Share Capital	32	792,325,330	660,272,690
<b>Reserves</b>			
Retained Earnings		595,838,510	729,423,836
APFR	33	36,019,845	37,779,532
Foreign Exchange Fluctuation Reserve		52,727,142	49,022,601
HR/ Research & Digital Development Fund		15,664,764	20,000,000
<b>Total equity</b>		<b>1,492,575,591</b>	<b>1,496,498,658</b>
<b>Total liabilities and equity</b>		<b>21,070,613,719</b>	<b>19,757,213,118</b>

For S.N. Mukherji & Co.  
Chartered Accountants  
FRN: 301079E

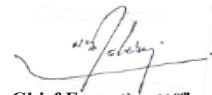


Sudip Kumar Mukherji  
Partner  
Membership No: 013321  
Place: Thimphu  
Date: 26.03.2025

  
Independent Director



For TBank Limited

  
Chief Executive Officer

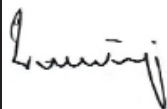
  
Chairperson

**TBANK LIMITED**  
**Statement of Comprehensive Income for the Year Ended 31 December 2024**

(Amount in Nu.)

Particulars	Note	31-Dec-24	31-Dec-23
Interest & Similar Income	4	1,284,104,778	1,199,204,426
Interest & Similar Expense	5	(949,333,853)	(730,682,248)
<b>Net interest income</b>		<b>334,770,925</b>	<b>468,522,177</b>
Fee and commission income	6	59,236,649	38,269,950
<b>Net fee and commission income</b>		<b>59,236,649</b>	<b>38,269,950</b>
Other Operating Income	7	191,644,702	178,729,096
<b>Total operating income</b>		<b>585,652,276</b>	<b>685,521,223</b>
Personnel Expenses	8	(168,280,883)	(168,879,728)
Depreciation on Property Plant & Equipment	23	(28,474,249)	(28,669,839)
Amortization of Intangible Assets	24	(14,090,255)	(11,269,178)
Other Operating Expenses	9	(148,269,937)	(112,279,439)
Impairment (charges)/reversal for loans and other losses	10	(19,720,848)	89,108,990
<b>Total Operating Expenses</b>		<b>(378,836,172)</b>	<b>(231,989,194)</b>
<b>Profit Before Tax from Continuing Operations</b>		<b>206,816,104</b>	<b>453,532,029</b>
Income Tax Expense:			
Current tax	11	(53,153,057)	(114,269,557)
Additional Tax Paid for Previous Year		(1,616,268)	(703,104)
Deferred tax Income/(Expenses)	30	(457,380)	(172,650)
<b>Profit For the Year</b>		<b>151,589,400</b>	<b>338,386,718</b>
Remeasurment Gain/(Loss) on Defined Benefit Plan		(4,599,046)	(2,791,273)
Gain/(Losses) on re-measurement of AFS Financial Assets		(1,314,285)	6,428,563
Total Comprehensive Income before Tax		(5,913,331)	3,637,290
Tax on income /(expense) relating to components of other comprehensive income			
Total comprehensive income after tax		(5,913,331)	3,637,290
<b>Total comprehensive income for the year, net of tax</b>		<b>145,676,069</b>	<b>342,024,008</b>
<b>Basic Earnings Per Share</b>		<b>1.91</b>	<b>5.12</b>

For S.N. Mukherji & Co.  
Chartered Accountants  
FRN: 301079E

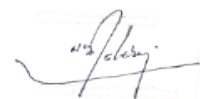


Sudip Kumar Mukherji  
Partner  
Membership No: 013321  
Place: Thimphu  
Date: 26.03.2025



  
Independent Director



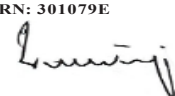


For TBank Limited



Chief Executive Officer



Chairperson

<b>T Bank Limited</b>		
<b>Statement of Cash Flow For the year ended 31 December 2024</b>		
	<b>31-Dec-24</b>	<b>31-Dec-23</b>
	<b>Amount (Nu)</b>	<b>Amount (Nu)</b>
<b>Cash flows from operating activities</b>		
Profit before Taxation	206,816,104	453,532,030
<b>Adjustments for:</b>	-	-
Depreciation and amortization	42,564,503	39,939,017
Impairment charges/(reversal) for Loans and advances	19,720,848	(89,108,990)
Loan write-off expenses	25,667	6,501,413
Accrued Income From Investment	(170,664,080)	(144,798,408)
Interest Paid for borrowings	40,504,901	40,500,000
BFRS Adjustment	(157,363,726)	(32,720,816)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>(18,395,782)</b>	<b>273,844,245</b>
<b>(Increase) /decrease in assets</b>		
Net change in mandatory cash balances with central bank	(125,492,203)	(94,848,051)
Net change in due from other banks	56,124,415	(177,928,938)
Net change in loans and advances to customers	(938,807,379)	(2,132,153,280)
Net change in other assets	40,467,063	18,688,622
<b>Increase /(decrease) in liabilities</b>		
Net change in customer accounts	1,946,348,579	1,135,748,339
Net change in due to other banks	(978,542,028)	1,054,928,669
Net change in other liabilities and provisions	231,597,902	(18,317,687)
<b>Net cash from operating activities before income tax</b>	<b>213,300,568</b>	<b>59,961,918</b>
Tax expenses	(134,776,464)	(74,431,294)
<b>Net cash generated from operating activities</b>	<b>78,524,104</b>	<b>(14,469,376)</b>
<b>Cash flow from Investing Activities</b>		
Investment in Bond	(200,000,000)	(49,729,594)
Interest Income From Investment	154,760,589	126,212,445
Acquisition of Property, plant, equipment and intangibles	(59,478,670)	(122,032,199)
<b>Net cash from investing activities</b>	<b>(104,718,081)</b>	<b>(45,549,348)</b>
<b>Cash flows from financing activities</b>		
Interest Paid on Borrowings	(47,878,082)	(40,970,191)
Movement of Debt and other borrowed Funds	200,000,000	
Dividend Paid	-	(54,043,585)
Changes in Share Capital & Reserves	(6,094,922)	
<b>Net cash from financing activities</b>	<b>146,026,996</b>	<b>(95,013,776)</b>
Net increase/(decrease) in cash and cash equivalents	119,833,019	(155,032,498)
Cash and cash equivalents at the beginning of period	1,403,381,093	1,558,413,591
<b>Cash and cash equivalents at the end of period</b>	<b>1,523,214,112</b>	<b>1,403,381,093</b>
<b>Reconciliation of Cash &amp; cash equivalents</b>		
Cash in Hand (As certified by the management)	209,135,637	184,182,938
Balance with RMA	419,280,574	242,694,972
Balance with Banks in India & Abroad	352,056,173	451,412,748
Balance with Banks in Bhutan	543,283,990	526,163,996
	<b>1,523,756,374</b>	<b>1,404,454,654</b>
<i>Less: Allowance for Expected Credit Loss</i>	<i>(542,262)</i>	<i>(1,073,561)</i>
<b>Cash and cash equivalents</b>	<b>1,523,214,112</b>	<b>1,403,381,093</b>
<b>For S.N. Mukherji &amp; Co.</b> Chartered Accountants FRN: 301079E	 Independent Director	 Chief Executive Officer
 Sudip Kumar Mukherji Partner Membership No: 013321 Place: Thimphu Date: 26.03.2025		 Chairperson

TBANK LIMITED									
Statement of Changes in Equity for the Year Ended 31 December 2024									
(Amount in Nt.)									
	Share Capital	General Reserve	Retained Earnings	Exchange Fluctuation Reserve	APFR	HRD Reserve Fund	Research and Digital Development fund	Total Shareholders' Funds	
<b>Balance as at 1 January 2023</b>	600,252,230	346,612,373	206,582,936	42,821,778	49,018,308	12,000,000	8,000,000	1,265,287,815	
Net profit for the year			338,386,718					338,386,718	
Adjustments (Bonus Shares issue)	60,020,460		(60,020,460)					(9,172,497)	
Adjustment			(9,172,497)					(9,172,497)	
BFRS Adjustment			(32,720,816)					(32,720,816)	
Transfers during the year		47,775,016	(53,975,840)	6,200,824	(11,238,976)			(11,238,976)	
Dividend for 2022			(54,043,585)					(54,043,585)	
<b>Balance as at 31 December 2023</b>	660,272,690	394,387,389	335,036,446	49,022,602	37,779,332	12,000,000	8,000,000	1,496,498,659	
Adjustments (Bonus Shares issue)	132,052,640		(132,052,640)						
Net profit for the year			151,589,400					151,589,400	
BFRS Adjustment (Note 33.1)			(157,363,726)					(157,363,726)	
Net transfers during the year		44,446,020	(48,150,561)	3,704,541	1,522,277			1,522,277	
Reclassification of AFPR					(3,281,965)		(4,335,236)	(7,617,201)	
Adjustment			6,329,914					6,329,914	
Additional Tax Paid			1,616,268					1,616,268	
<b>Balance as at 31 December 2024</b>	792,325,330	438,833,409	157,005,101	52,727,143	36,019,844	12,000,000	3,664,764	1,492,575,591	

For S.N. Mukherji & Co.  
Chartered Accountants  
FRN: 301079E

*Sudip Kumar Mukherji*

Sudip Kumar Mukherji  
Partner  
Membership No: 013321  
Place: Thimphu  
Date: 26.03.2025



For TBank Limited

*Rajeshwar*

Independent Director

*[Signature]*

Chief Executive Officer

*[Signature]*

Chairperson

## **1. Corporate Information**

T Bank Limited is a commercial bank licensed under the Financial Institutions Act of Bhutan ,2011 and incorporated under the Companies Act of Bhutan, 2000 vide Certification of Incorporation Registration no. L20091104BHU0112 dated March 23, 2010. The registered office is located at TCC Complex Building, Samten Lam, Chubachu, Post Box No. 631, Thimphu, Bhutan. Over the years the bank has 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, 2024 was authorized for issue in accordance with the resolution of the Board of Directors on March 14, 2025.

## **2. ACCOUNTING POLICIES**

### **2.1 Basis of Preparation**

The financial statements have been prepared on historical cost basis, except for defined benefit plan and financial assets & liabilities, which are recognized at fair value. The financial statements are presented in Bhutan Ngultrum (Nu.)

#### **2.1.1 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,2016, The Financial Services Act of Bhutan, 2011 and other applicable Rules & Regulations including the Prudential Regulation Guidelines issued Royal Monetary Authority.

#### **2.1.2 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.



### **2.1.2.1 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.

### **2.1.2.2 Foreign Currency Translation**

The functional currency and presentation currency of the Bank is Bhutanese Ngultrum (Nu). Transaction in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. Forex gain or loss on foreign currency translation are recognized in the Statement of Comprehensive Income.

### **2.1.2.3 Accrual Basis of Accounting**

The Bank prepares its financial statements using the accrual basis of accounting, except for the cash flow information. Under this approach, assets, liabilities, equity, income and expenses are recognized when they meet the definitions and recognition criteria outlined in the financial reporting framework.

### **2.1.2.4 Off- Setting**

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

### **2.1.2.5 Frequency of reporting**

As required by the standard, the Bank prepares a complete set of financial statements including comparative information annually. The other financial information that are required by the Royal Monetary Authority and by the Companies Act of Kingdom of Bhutan, 2016 are presented as a separate disclosure on quarterly and half-yearly basis.



### 2.1.2.6 Comparative Information

The previous year's figures have been regrouped/rearranged wherever considered necessary, to conform to the current year's presentation. As a minimum, the Bank has reported two statements of financial position, two statement of comprehensive income, two statements of cash flow and two statement of changes in equity and related notes.

### 3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, assumptions and estimates that affect the reported amounts of income, expenses, assets and liabilities and the accompanying, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions, concerning the future and other key sources which has the most significant effect on the amounts recognized in the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Bank based its assumptions and estimates on the parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments may change due to circumstances beyond the control of the Bank are reflected in the assumptions, if and when they occur.

### 4. FIRST TIME ADOPTION OF BFRS

The financial statements, for the year ended 31 December 2024 is prepared in accordance with Bhutan Accounting Standard (BAS). For periods up to and including the year ended 31 December 2013, the financial statements are prepared in accordance with Generally Accepted Accounting Principles in Bhutan (Local GAAP).

Accordingly, the Bank has prepared financial statements which comply with BAS applicable for the period ending 31 December 2024, together with the comparative period data as at and for the year ended 31 December 2023.



## 5. 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. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## 6. 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. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating Income in the income statement during the year the asset is derecognized.

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.

## 7. Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the entity. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.



## 8. Depreciation & Amortization

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Currently, the Bank uses rate established by the tax authorities to calculate depreciation of each asset. Therefore, the useful life of the assets is revised to match with the requirement of BAS 16 as provided below;

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

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)	Rate (%)
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.

## 9. Cash & Cash Equivalents

Cash and cash equivalents as referred to in the statement of cash flow comprises of cash in hand and deposits held at call with other banks.

## 10. Customer Deposit

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



## 11. 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 income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities and assets are recognized for all taxable temporary differences except when the deferred income tax liability or asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.



## 12. 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. These liabilities are provided for based on actuarial valuation as at the Statement of Financial Position date. However, for the FY 2024, the Bank has accounted for only the Gratuity Benefits.

## 13. Provision, Contingent Liabilities and Contingent Assets

- a. The Bank recognizes provisions only when it has a present obligation as a result of past event that probably requires an outflow of resources, and a reliable estimate can be made of the amount of obligation.
- b. A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.



## 14. 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.

## 15. 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.

## 16. Financial Instruments

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



## 16.1 Financial Assets

### a. Initial recognition and measurement

At initial recognition, all financial assets are recognized at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### b. Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- i) Financial assets measured at amortized cost
- ii) Financial assets measured at fair value through Profit or Loss (FVTPL), and
- iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Bank's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

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

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

- **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. Financial Instruments measured at 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.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss. This category generally applies to investments (other than in bonds and treasury bills) and other advances.

**iii. Financial Instruments measured at 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.



### **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 Stage 2: Stage 3: POCI: 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. The 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. For loan commitments and letters of credit, the ECL is recognized within Provisions.

### **Forward looking information**

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as;

- a. GDP Growth
- b. Unemployment rate
- c. Interest rate
- d. Inflation rate
- e. Exchange rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Therefore, Bank also considers the following qualitative factors:

- a. Average LTV
- b. Government policies
- c. Industry Business cycle
- d. Regulatory impact

### **d. De-recognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Bank's Statement of Financial Position) when:

- a. The rights to receive cash flows from the asset have been expired/transferred, or
- b. The Bank retains the contractual right to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.



Where the Bank has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Bank has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Bank has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Bank has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## **16.2 Collateral valuation**

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under BFRS 9 is the same as it was under BAS 39.

## **16.3 Write-offs**

The Bank's accounting policy under BFRS 9 remains the same as it was under BAS 39. Financial assets are written off either partially or in the entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

## **16.4 Financial Liabilities**

### **a) Initial Recognition and Measurement**

All financial liabilities are recognized initially at fair value and, in the case of deposits and borrowings and payables, net of directly attributable transaction costs. The Bank's financial liabilities include deposits from customers including banks, borrowings, security deposits and other payables.

### **b) Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:



- i. **Financial Liabilities at Fair Value through Profit or Loss (FVTPL)**  
Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the Statement of Comprehensive Income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BAS 39 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in Other Comprehensive Income. These gains/ losses are not subsequently transferred to the Statement of Comprehensive Income. However, the Bank may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of comprehensive income. The Bank has not designated any financial liability as at fair value through the Statement of Comprehensive Income.

**c. Borrowings and Deposits**

Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the Statement of Comprehensive Income when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**d. Financial Guarantee Contract**

Financial guarantee contracts issued by the Bank are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.



Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of BAS 39 and the amount recognized less cumulative amortization.

**e. De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

**17. 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.

**18. 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 fulfilment 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.



## 19. Dividend

Dividend on ordinary shares is recognized as a liability and deducted from equity when it is approved by the shareholders of the Bank. Interim Dividend is deducted from equity when it is declared. Dividend for the year that is approved after the reporting date is disclosed as an event after the reporting date.

## 20. 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 year.





	Reconciliation of Comprehensive Income for the year period 31 December 2024					
	2024		2023			
	Local GAAP Reclassified	Re-measurement	BFRS	Local GAAP Reclassified	Re-measurement	BFRS
Interest & Similar Income	1,276,936,265	7,168,513	1,284,104,778	1,187,311,190	11,893,236	1,199,204,426
Interest & Similar Expense	(955,744,458)	6,410,605	(949,333,853)	(725,764,789)	(4,912,460)	(730,682,248)
<b>Net interest income</b>	<b>321,191,807</b>	<b>13,579,118</b>	<b>334,770,925</b>	<b>461,546,401</b>	<b>6,975,776</b>	<b>468,522,177</b>
Fee and commission income	59,236,649	-	59,236,649	38,269,950	-	38,269,950
Fee and commission expenses	(59,236,649)	-	(59,236,649)	(38,269,950)	-	(38,269,950)
Net fee and commission income	190,952,082	692,620	191,644,702	178,729,096	-	178,729,096
Other Operating Income	571,380,539	14,271,738	585,652,276	678,545,447	6,975,776	685,521,223
<b>Total operating income</b>	<b>(161,112,370)</b>	<b>(7,168,513)</b>	<b>(168,280,883)</b>	<b>(160,396,648)</b>	<b>(8,483,080)</b>	<b>(168,879,728)</b>
Personnel Expenses	(28,474,249)	-	(28,474,249)	(28,669,839)	-	(28,669,839)
Depreciation on Property Plant & Equipment	(14,090,255)	-	(14,090,255)	(11,269,178)	-	(11,269,178)
Amortization of Intangible Assets	(148,269,937)	-	(148,269,937)	(112,279,439)	-	(112,279,439)
Other Operating Expenses	12,194,928	(31,915,776)	(19,720,848)	(60,560,721)	149,669,711	89,108,990
Impairment (charges)/reversal for loans and other losses	(339,751,883)	(39,084,289)	(378,836,172)	(373,175,825)	141,186,631	(231,989,194)
<b>Total Operating Expenses</b>	<b>231,628,656</b>	<b>(24,812,551)</b>	<b>206,816,104</b>	<b>305,369,622</b>	<b>148,162,408</b>	<b>453,532,029</b>
<b>Profit Before Tax from Continuing Operations</b>	<b>(53,153,057)</b>	<b>457,380</b>	<b>(52,695,677)</b>	<b>(114,269,557)</b>	<b>(172,650)</b>	<b>(114,269,557)</b>
Income Tax	457,380	(L,616,268)	(L,158,888)	457,380	(L,616,268)	(L,158,888)
Deferred tax Income/(Expenses)	178,475,600	(26,428,819)	152,046,781	191,100,065	147,989,757	338,386,718
Assessed tax payable/pertaining to earlier years						
<b>Profit For the Year</b>	<b>178,475,600</b>	<b>(26,428,819)</b>	<b>152,046,781</b>	<b>191,100,065</b>	<b>147,989,757</b>	<b>338,386,718</b>
<b>Other Comprehensive Income</b>						
<b>Profit For the Year</b>	<b>178,475,600</b>	<b>(26,428,819)</b>	<b>152,046,781</b>	<b>191,100,065</b>	<b>147,989,757</b>	<b>338,386,718</b>
Re-measurement Gain/(Loss) on Defined Benefit Plan	(4,599,046)	(L,314,285)	(L,599,046)	(4,599,046)	(L,314,285)	(L,599,046)
Gain/(Losses) on re-measurement of AFS Financial Assets	178,475,600	(32,342,151)	146,590,828	191,100,065	145,198,484	335,595,445
<b>Total Comprehensive Income Before tax</b>	<b>178,475,600</b>	<b>(32,342,151)</b>	<b>146,590,828</b>	<b>191,100,065</b>	<b>145,198,484</b>	<b>335,595,445</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>178,475,600</b>	<b>(32,342,151)</b>	<b>146,590,828</b>	<b>191,100,065</b>	<b>145,198,484</b>	<b>335,595,445</b>



## Notes to the Financial Statements

Schedule		Amount in Nu.	
4	Interest and Similar Income	2024	2023
	Interest Income from Loans	1,281,683,314	1,196,740,287
	Interest Income from Preferential Lending	2,421,464	2,464,139
		<b>1,284,104,778</b>	<b>1,199,204,426</b>
5	<b>Interest &amp; Similar Expense</b>		
	Interests on Saving Deposits	209,539,508	185,553,761
	Interests on Fixed and Recurring Deposits	691,916,264	504,459,076
	Interest on Bonds	47,878,082	40,500,000
	1% Rebate and Interest Waiver on COVID-19	-	169,411
		<b>949,333,853</b>	<b>730,682,248</b>
6	<b>Fees &amp; Commission Income</b>		
	Commission Earnings	52,649,465	32,777,118
	Commission on Forex	6,587,184	5,492,832
		<b>59,236,649</b>	<b>38,269,950</b>
7	<b>Other Operating Income</b>		
	Interest on FD with other banks	86,841,275	74,484,175
	Foreign Exchange Gain	14,818,163	24,803,296
	Income from Investments	84,515,425	70,314,233
	Dividend Received	2,199,999	-
	Other Receipts	3,269,839	9,127,392
		<b>191,644,702</b>	<b>178,729,096</b>
8	<b>Personel Expenses</b>		
	Salaries, Wages and Bonus	149,004,820	124,599,125
	Medical Expenses	125,052	78,148
	Gratuity Expense	3,971,565	5,813,647
	Earned Leave Encashment-Staff	5,258,111	7,064,375
	Employee Termination Benefits	-	-
	Breavement Expenses	149,227	-
	Performance Based Variable Allowance (PBVA)	2,603,594	22,841,352
	Prepaid costs	7,168,513	11,320,695
	Current Service Cost	-	(2,837,615)
		<b>168,280,883</b>	<b>168,879,728</b>
9	<b>Other Operating Expenses</b>		
	Advertising & Marketing	2,267,249	2,625,312
	Administrative	15,392,459	14,577,007
	Professional Fees	1,327,163	356,103
	Rent Paid under operating leases	21,183,864	20,415,879
	Other	108,099,201	74,305,139
		<b>148,269,937</b>	<b>112,279,440</b>
10	<b>Impairment (charges)/reversal for loans and other losses</b>		
	Provision as per GAAP	12,194,928	(60,560,721)
	Addition/(Reversal) for the Years	(31,915,776)	149,669,711
	<b>Closing Balance as at 31 December</b>	<b>(19,720,848)</b>	<b>89,108,990</b>



Schedule			Amount in Nu.	
			2024	2023
11	<b>Taxation</b>			
	The major components of income tax expense for the years ended 31st December are as follows.			
	<b>Statement of Comprehensive Income</b>			
	<b>Current Income Tax</b>			
	Income Tax for the year		(53,153,057)	(114,269,557)
	Assessed Tax paid/payable pertaining to earlier years		(1,616,268)	(703,104)
	<b>Deferred Tax</b>			
	Deferred Taxation Charge/(Reversal)		(457,380)	(172,650)
	<b>Income Tax expense reported in the Statement of Profit or Loss</b>		<b>(55,226,704)</b>	<b>(115,145,311)</b>
	<b>A reconciliation between Tax Expense and the Product of</b>			
11.1	<b>Accounting Profit</b>			
	Accounting Profit before Income Tax		206,816,104	453,532,029
			<b>206,816,104</b>	<b>453,532,029</b>
	<b>Adjustment</b>	<b>Expenses</b>	<b>Allowable as per IT</b>	
	Penalty Paid		7,367,671.00	
	Medical Expenses	125,052	2,400.00	5,710,338.00
	Donation and Contributions	782,930.00		300,000.00
	Entertainment Expenses	2,463,226.19	4,743,595.84	-
	Publicity & Advertisement	51,641.65	76,356,249.79	-
	<b>Total adjustment</b>		<b>8,243,253</b>	<b>6,010,338.00</b>
	<b>Taxable profit</b>		<b>215,059,357</b>	<b>459,542,367.36</b>
	Preferential Lending Income (Tax exempt)		2,447,131	2,464,139.00
			<b>212,612,226</b>	<b>457,078,228</b>
	Statutory Tax Rate		25%	25%
	<b>Current Tax</b>		<b>53,153,057</b>	<b>114,269,557</b>
12	<b>Basic Earnings Per Share</b>			
	Total comprehensive income for the year, net of tax		151,589,400	338,386,718
	Number of shares		79,232,533	66,027,269
	<b>Basic Earnings Per Share</b>		<b>1.91</b>	<b>5.12</b>
13	<b>Cash &amp; Cash Equivalents</b>			
	Local currency on hand		205,195,212	180,953,720
	Balance with RMA		419,280,574	242,694,972
	Foreign currency on hand		3,940,425	3,229,218
	Balance with Banks in India & Abroad		352,056,173	451,412,748
	<i>Balance with Banks in Bhutan</i>		543,283,990	526,163,996
			<b>1,523,756,374</b>	<b>1,404,454,655</b>
	Less: Allowance for Expected Credit Loss		(542,262)	(1,073,561)
			<b>1,523,214,112</b>	<b>1,403,381,094</b>
14	<b>Balances with Central Bank of Bhutan(RMA)</b>			
	Balance with RMA (Reclassified to Cash & Cash Equivalents)			
	<i>Payment and Settlement Account with RMA</i>		312,414,276	282,141,125
	Cash Reserve Requirement with RMA		1,355,318,241	1,260,099,188
	<b>Balances with Central Bank of Bhutan(RMA)</b>		<b>1,667,732,516</b>	<b>1,542,240,314</b>
15	<b>Placements with other banks</b>			
	Fixed Deposits with banks in Bhutan & abroad		1,976,470,023	2,023,155,165
	Less: Allowance for Expected Credit Loss		(4,298,165)	(2,531,153)
			<b>1,972,171,858</b>	<b>2,020,624,011</b>



Schedule	Amount in Nu.	
	2024	2023
<b>16</b>		
<b>Gross loans &amp; receivables</b>	14,151,142,835	13,253,298,977
Less: Unamortised Staff loan	(101,235,760)	(113,775,404)
	14,049,907,075	13,139,523,573
Less: Impairment on Loans and Advances		
Individual impairment	-	15,804,550
Collective impairment	44,399,904	167,209,272
Total Impairment	(242,314,013)	(270,737,889)
<b>Net Loans and Receivables</b>	<b>13,807,593,062</b>	<b>12,868,785,682</b>
<b>Loans &amp; Advances to Customers</b>		
Term Loan	10,668,133,641	9,951,964,909
Overdrafts	2,454,310,498	2,242,893,167
Working Capital Loans	471,555,406	329,995,997
Credit Card	3,626,857	-
Charged off loans	-	253,000,012
Interest Receivable	553,516,433	475,444,892
	14,151,142,835	13,253,298,977
Less: Unamortised Staff Loans	(101,235,760)	(113,775,404)
Less: Impairment allowance for loans and advances	(242,314,013)	(270,737,889)
<b>Total</b>	<b>13,807,593,062</b>	<b>12,868,785,682</b>
<b>The Movement in Pre-Paid Staff cost</b>		
As at 1st January	113,775,403	115,831,341
Add / (Less): Adjustment for new grants & settlements	(5,371,130)	9,264,757
Less: Charge to Personnel cost	(7,168,513)	(11,320,695)
<b>As at 31st December</b>	<b>101,235,760</b>	<b>113,775,403</b>
<b>17</b>		
<b>Equity instruments - at cost</b>		
<b>Statutory Investments</b>		
Investment in FITI (4.62% of Share Capital of FITI)	6,000,000	6,000,000
Investment in CIB (7% of Share Capital of CIB)	1,750,000	1,750,000
<b>Total</b>	<b>7,750,000</b>	<b>7,750,000</b>
	Since the investments in FITI and CIB are non-coporate investments with no dividends or returns paid on the investments and due to non-availability of fair value data, the fair value of the investments are not carried out. FITI and CIB are not listed on stock exchange.	
<b>18</b>		
<b>Equity instruments (FVPL)</b>		
As at 31st December		
BNBL	44,142,844	37,714,281
Gain/(Loss) on fair valuation	(1,314,285)	6,428,563
<b>Total</b>	<b>42,828,559</b>	<b>44,142,844</b>
	Share volum of 1,428,571.00 fair valued at 29.98 per share as on 31 December 2024	
<b>19</b>		
<b>Debt Instruments</b>		
As at 31st December		
Investment in Bonds	1,499,334,000	1,299,334,000
Add: Interest receivable reclassified	46,600,120	36,162,970
Less: Allowance for Expected Credit Loss	-	(313,002)
<b>Total</b>	<b>1,545,934,120</b>	<b>1,335,183,968</b>
<b>20</b>		
<b>Defined Benefit Asset (Liability)</b>		
Net defined benefit asset at the beginning of current period	6,495,263	5,737,961
Current Service Cost	(3,976,379)	(2,837,615)
Amount recognized in the income statement	692,620	572,541
Amount recognized in the OCI	(4,599,046)	(2,791,271)
Contributions paid into the plan	-	5,813,647
Benefits paid by the employer	4,324,971	-
<b>Net defined benefit asset at the end of current period</b>	<b>2,937,429</b>	<b>6,495,263</b>



### Defined Benefit Plan:

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. 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>2024</b>	<b>2023</b>
Fair Value of Assets at the beginning of the Current Period	28,593,074	25,335,193
Acquisition adjustment	-	-
Interest income on Plan assets	2,287,446	2,084,769
Contribution Paid into the Plan	-	5,813,647
Expected return on Plan Assets	(54,344)	1,038,381
Benefits Paid	-	(5,678,917)
Return on Plan Assets greater or less than discount rate	-	-
	<b>30,826,177</b>	<b>28,593,074</b>
<b>Expected Benefit Payments for the year ending</b>		
31st December 2025	4,900,551	1,963,588
31st December 2026	1,905,246	1,324,369
31st December 2027	3,581,014	1,594,419
31st December 2028	2,270,622	2,309,806
31st December 2029	2,302,100	3,469,527
31st December 2030 to 31st December 2034	12,635,083	23,852,814
<b>Scheme Asset Allocation</b>		
BIL Gratuity scheme	2,347,788	2,093,074
Gratuity Payable Account	28,478,388	26,500,000
	<b>30,826,176</b>	<b>28,593,074</b>



**Sensitivity of assumption employed in actuarial valuation**

Discount Rate	Defined Benefit		% Effect
	Obligation	Net effect on DBO	
(+.50%)	26,842,550	-1,046,196	-3.80%
Base Rate	27,888,747	-	-
(-0.50%)	29,010,513	1,121,766	4.00%
<b>Salary Escalation Rate</b>			
(+1.00%)	29,861,278	1,972,531	7.10%
Base Rate	27,888,747	-	-
(-1.00%)	26,003,657	(1,885,090)	-6.80%
<b>Attrition Rate</b>			
(+1.00%)	27,883,641	(5,106)	0.00%
Base Rate	27,888,747	-	-
(-1.00%)	27,854,228	(34,519)	-0.10%

**Changes in the present value of Defined Benefit Obligation (DBO)**

<b>DBO at end of prior period</b>	22,097,812	19,597,232
Current service cost	3,976,379	2,837,615
Interest cost on the DBO	1,594,826	1,512,228
Actuarial (Gain)/Loss-experience	4,329,637	4,813,463
Actuarial (Gain)/Loss-financial assumptions	215,064	(983,809)
Benefits paid by the plan	-	(5,678,917)
Benefits paid by the Company	(4,324,971)	-
<b>DBO at end of current period</b>	<b>27,888,747</b>	<b>22,097,812</b>

**Summary of Actuarial Assumptions**

	31.12.24	31.12.23
Discount Rate(%)	8.00%	8.10%
Salary Escalation Rate(%)	6.00%	6.00%
Employee Turnover Rates(%)	6.00%	8.00%
Mortality Rate (of IALM 2012-2014)	100%	100%

**21 Other Financial Assets**

**As at 31st December**

Sundry Receivables	-	341,640
Security Deposits	1,421,460	1,395,064
Gratuity Fund	30,826,176	30,798,993
	<b>32,247,636</b>	<b>32,535,697</b>

**22 Other Assets**

Advance Tax paid	-	-
Stock of Stationery	11,289,887	9,297,675
Asset Pending Foreclosure	36,019,845	39,301,809
<i>BIPS Settlement Account (Inwards)</i>	31,762,794	579,535
Others (loan routine, settlement bridge)	4,375,558	77,070,747
Prepaid Staff Expense	16,930,664	13,769,760
Prepayments	145,065,712	162,197,937
Visa/ Eom/POS/Credit Card Receivable	20,994,533	842,700
	<b>266,438,994</b>	<b>303,060,162</b>



NOTES FORMING PART OF THE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024										
SCHEDULE 23: PROPERTY, PLANT & EQUIPMENT					NET BLOCK					
Particulars	Gross Block as on 01.01.2024	Additions during the year	Sold/Adjusted during the year	Balance as on 31.12.2024	Accumulated Depreciation as on 01.01.2024	Dep For the Year	Adjustment during the Year	Accumulated Depreciation as on 31.12.2024	Net Block as on 31.12.2024	Net Block as on 31.12.2023
Land	639,667.35	-	-	639,667.35	-	-	-	-	639,667.35	639,667.35
Vehicles	14,653,503.00	-	-	14,653,503.00	2,900,419.00	2,197,860.00	-	5,098,279.00	9,555,224.00	11,753,084.00
Computer Hardware	69,016,956.62	7,368,795.00	-	76,385,751.62	371,102,352.05	8,802,762.16	-	45,905,014.21	30,480,737.41	31,914,704.57
Other Equipments	29,845,252.00	12,533,714.00	-	42,378,966.00	23,743,342.75	3,777,380.06	-	29,520,722.81	12,858,243.19	4,101,909.25
IT Equipments	55,880,295.00	217,999.38	-	56,098,294.38	37,289,982.16	6,546,784.40	-	43,836,766.56	12,261,527.82	18,590,312.84
ATM & Switch	20,307,762.00	-	-	20,307,762.00	16,774,610.22	1,843,611.00	-	18,618,221.22	1,689,540.78	3,533,151.78
Security Equipment	3,869,975.00	279,095.00	-	4,149,070.00	2,880,475.00	174,995.19	-	3,054,870.19	794,199.81	689,500.00
Furniture & Fixtures	46,308,520.00	2,542,358.22	-	48,850,878.22	32,078,235.74	5,131,455.73	-	37,209,691.47	11,641,086.75	14,230,384.26
<b>Total</b>	<b>240,221,930.97</b>	<b>22,941,861.60</b>	<b>-</b>	<b>263,163,792.57</b>	<b>154,769,316.92</b>	<b>28,474,248.54</b>	<b>-</b>	<b>183,343,565.46</b>	<b>79,920,227.11</b>	<b>85,452,614.05</b>
Previous Year	209,006,411.35	31,212,551.92	-	240,221,930.97	128,939,197.00	25,830,119.92	-	154,769,316.92	85,452,614.05	49,293,094.84
<b>SCHEDULE 24: INTANGIBLE ASSETS</b>										
Software	123,289,660.50	86,610,008.91	-	209,899,669.41	82,127,061.70	14,090,254.91	-	96,217,316.61	113,682,352.80	41,162,598.80
<b>Total</b>	<b>123,289,660.50</b>	<b>86,610,008.91</b>	<b>-</b>	<b>209,899,669.41</b>	<b>82,127,061.70</b>	<b>14,090,254.91</b>	<b>-</b>	<b>96,217,316.61</b>	<b>113,682,352.80</b>	<b>41,162,598.80</b>
Previous Year	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>SCHEDULE 23 A: WORK IN PROGRESS</b>										
Sl.No	Particulars	01.01.2024	Addition	Adjustment	31.12.2024	31.12.2023				
1	Work in Progress	66,398,872.20	35,385,738.94	93,621,775.14	8,162,836.00	66,398,872.20				



Schedule	Amount in Nu.	
	2024	2023
<b>25 Due to Customers</b>		
Fixed Deposit	9,026,490,739	7,352,091,475
Recurring Deposit	213,973,889	175,953,130
Savings Deposits	4,845,000,953	4,566,732,557
Current Accounts	812,701,469	1,007,812,629
Interest Payable	701,211,317	539,111,933
Deposit EIR adjustment	(6,410,605)	4,917,460
	<b>15,592,967,763</b>	<b>13,646,619,183</b>
<b>26 Due to Other Banks</b>		
-Bank of Bhutan Limited	500,000,000	350,000,000
-Bhutan Development Bank Limited	1,693,604,679	2,052,146,707
-Bhutan National Bank Limited	250,000,000	250,000,000
-Druk PNB Limited	453,500,000	1,223,500,000
	<b>2,897,104,679</b>	<b>3,875,646,707</b>
<b>27 Debts issued and Other Borrowed Funds</b>		
Subordinate term debt amounting to Nu.350,000,000 and Nu.350,000,000 issued for 7 years @ coupon rate of 9% p.a and 7% p.a	700,000,000	500,000,000
	<b>700,000,000</b>	<b>500,000,000</b>
<b>28 Current Tax Liabilities (Net of advance paid)</b>		
<b>Balance as at 1st January</b>	88,197,357	54,112,959
<i>Assessed tax paid/payable for earlier years</i>		
Current year provision	53,153,057	114,269,557
Less: Payment of tax	(88,197,357)	(54,112,959)
Less: Advance tax paid	(46,579,107)	(26,072,200)
<b>Balance as at 31st December</b>	<b>6,573,950</b>	<b>88,197,357</b>
Deferred Tax Liabilities	1,149,762	1,607,141
<b>Total Tax Liability</b>	<b>7,723,711</b>	<b>89,804,497</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.



<b>Analysis of Financial Instruments by Measurement Basis 2023</b>					
<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		12,868,785,682			12,868,785,682
Equity Instruments (at amortised cost)			7,750,000		7,750,000
Equity Instruments (FVPL)				44,142,844	44,142,844
Debt Instruments			1,335,183,968		1,335,183,968
<b>Other Financial Assets:</b>					-
Sundry Receivables		341,640			341,640
Security Deposits		1,395,064			1,395,064
RGoB T Bills		30,798,993			30,798,993
<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

<b>Analysis of Financial Instruments by Measurement Basis 2024</b>					
<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		1,523,214,112			1,523,214,112
Cash & Balances with Central Bank		1,667,732,516			1,667,732,516
Placement with other Banks		1,972,171,858			1,972,171,858
Loans & Advances to Customers		13,807,593,062			13,807,593,062
Equity Instruments (at amortised cost)			7,750,000		7,750,000
Equity Instruments (FVPL)				42,828,559	42,828,559
Debt Instruments			1,545,934,120		1,545,934,120
<b>Other Financial Assets:</b>					-
Sundry Receivables		-			-
Security Deposits		1,421,460			1,421,460
RGoB T Bills		30,826,176			30,826,176
<b>Financial Liabilities</b>					-
Due to Customers		15,592,967,763			15,592,967,763
Due to Banks		2,897,104,679			2,897,104,679
Other Financial Liabilities		700,000,000			700,000,000
Other Financial Liabilities		380,241,975			380,241,975

**30 Deferred Taxation**

<b>Deferred Tax Assets, Liabilities and Income Tax relates to the followings</b>	<b>Reflected in Statement of Financial Position</b>		<b>Reflected in Statement of Comprehensive Income</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Defined Benefit Asset/ Liabilities	1,149,762	-	1,149,762	1,434,490
Fair Value Gain or Loss	-	1,607,141	1,607,141	(1,607,141)
	<b>1,149,762</b>	<b>1,607,141</b>	<b>457,380</b>	<b>(172,651)</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**

<b>Financial</b>	<b>2024</b>	<b>2023</b>
Sundry Creditors	11,542,105	12,586,895
Provision Against Off-Balance Sheet items	58,775	43,462
Others	368,641,095	136,013,716
	<b>380,241,975</b>	<b>148,644,073</b>



Schedule	2024	2023
<b>32</b>	<b>Share Capital</b>	
	Share Capital (66,027,745 shares of Nu.10/- each fully paid)	660,272,690
	Bonus Shares Issued	132,052,640
	<b>Total Share Capital</b>	<b>792,325,330</b>
<b>32.1</b>	<b>Reconciliation of Equity Share Capital</b>	
	<b>No. of Shares</b>	
	<b>As at 1st January 2023</b>	<b>60,025,223</b>
	Change during the year	6,002,046
	<b>As at 31st December 2023</b>	<b>66,027,269</b>
	Change during the year	13,205,264
	<b>As at 31st December 2024</b>	<b>79,232,533</b>
<b>33</b>	<b>Reserve &amp; Surplus</b>	
	<b>Retained Earnings</b>	
	Opening Balance	729,423,835
	Profit during the year as per Statement	
	Comprehensive Income	151,589,400
	Adjustment 1% Rebate	-
	Adjustments (Bonus Shares issue)	(132,052,640)
	Add: Addition during the year to Exchange Fluctuation Re:	(3,704,541)
	PVBA Adjustment	-
	Adjustment	6,428,564
	Additional Tax Paid for the prior Year	1,616,268
	Dividend Paid	-
	BFRS Adjustment (Ref -Note below 33.1)	(157,363,726)
	<b>Closing Balance</b>	<b>595,937,161</b>
	<b>Exchange Fluctuation Reserve</b>	
	Opening Balance	49,022,602
	Addition during the year	3,704,541
	<b>Closing Balance</b>	<b>52,727,143</b>
	<b>Asset Pending Foreclosure Reserve (APFR)</b>	
	Opening Balance	37,779,532
	Addition during the year	1,522,277
	Transfer during the year	(3,281,965)
	<b>Closing Balance</b>	<b>36,019,844</b>
	<b>HRD Fund</b>	
	Opening Balance	12,000,000
	Addition during the year	-
	Transfer during the year	-
	<b>Closing Balance</b>	<b>12,000,000</b>
	<b>Research/ Digital Development Fund</b>	
	Opening Balance	8,000,000
	Transfer during the year	(4,335,236)
	<b>Closing Balance</b>	<b>3,664,764</b>
	<b>Total Reserves &amp; Surplus</b>	<b>700,348,912</b>
		<b>836,225,969</b>



- 33.1 The Company has adopted BFRS – 9 in the year 2018 and prepared the BAS complied financial statements for the year 2024. The BFRS Adjustment reconciliation is shown below:

Opening Balance (due to BFRS adoption from SOFP)	(156,025,473)	(40,756,532)
Addition during the year from SOFP:	25,090,567	156,025,473
Addition during the year from SOCI:	(26,428,819)	(147,989,757)
<b>Total</b>	<b>(157,363,726)</b>	<b>(32,720,816)</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 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	2024	2023
<b>Contingent Liabilities</b>		
Performance Guarantees	133,020,515	150,803,056
Financial Guarantees	54,679,474	27,742,756
Import Letter of Credits	602,214,545	183,580,199
<b>Commitment &amp; contingencies</b>	<b>789,914,534</b>	<b>362,126,011</b>

#### 34.2 Capital Commitment

Project	Project Cost	Advance Paid	Balance
T Wallet	8,662,300	1,299,369	7,362,931
ECL	8,726,950	7,016,325	1,710,625
<b>Total</b>	<b>17,389,250</b>	<b>8,315,694</b>	<b>9,073,556</b>

#### 34.3 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 dependents of the KMPs and the KMPs domestic partner.

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

<b>For the Year Ended 31st December</b>	<b>2024</b>	<b>2023</b>
Remuneration paid to CEO	8,205,492	6,360,504
Sitting Fees paid to CEO	240,000	258,000
Board Director's fees	955,000	1,256,472
<b>Total</b>	<b>9,400,492</b>	<b>7,874,976</b>

In addition to the above, the bank has also paid non cash benefits such as fuel in line with the Service Rules & Regulations.

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

	2024		2023		Average Balance	
	Limit	Closing Balance	Limit	Closing Balance	Limit	Closing Balance
Loans and Receivables	10,883,265	10,894,337.76	9,383,664	10,447,609.76	10,133,465	10,670,973.76

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

	2024	2023
	Deposits	2,163,702.00



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

		2024	2023
<b>Loans &amp; receivables:</b>			
BCCL	Overdraft Facility	19,172,822.31	17,893,846.80
BCCL-OWMI	Overdraft Facility	69,358,475.03	69,088,875.49
Bhutan Airlines	Overdraft Facility	7,881,577.90	41,310,552.54
Bhutan Airlines	Term Loan	36,335,893.06	34,831,783.47
Bhutan Airlines	Term Loan	582,099.15	358,496.00
Bhutan Airlines	Term Loan	323,775.12	724,545.00
Bhutan Airlines	Term Loan	288,751.39	402,043.49
Bhutan Fruit Products Pvt Ltd	Term Loan	9,235,756.51	14,419,042.80
Bhutan Fruit Products Pvt Ltd	Overdraft Facility	17,541,377.68	28,589,855.23
Druk Petroleum Corporation	Overdraft Facility	14,216,706.99	28,392,437.67
Tashi Beverages Limited	Overdraft Facility	69,567,937.75	76,771,063
Tashi Beverages Limited	Term Loan	425,857.69	958,299.51
Tashi Beverages Limited	Term Loan	274,835.73	572,962.77
Tashi Beverages Limited	Term Loan	29,093.80	384,602.45
Tashi Beverages Limited	Term Loan	12,612,932.14	16,434,809.91
Tashi Beverages Limited	Term Loan	770,955.82	1,026,629.44
Tashi Beverages Limited	Term Loan	321,693.15	636,214.45
Tashi Beverages Limited	Term Loan	20,351,638.27	20,822,692.91
Bhutan Bitumen Industries Pvt Ltd	Overdraft Facility	-	9,976,204
Tashi InfoComm Ltd.	Term Loan	92,439,377.09	99,111,682.49
Tashi InfoComm Ltd.	Overdraft Facility	1,010,438.06	50,498,652.77
Tashi Metals Private Limited	Overdraft Facility	-	4,154,982.88
Tashi Metals Private Limited	Term Loan	53,070,923.13	56,249,848.76
Tashi Tours and &Travel	Overdraft Facility	-	489,462
Tashi Thuendrei Lerig	Overdraft Facility	12,603,256.96	17,382,715.72
<b>Documentary Credits</b>			
Bhutan Hyundai Motors	Letter of Credit	184,226,327.20	-
Bhutan Isuzu Motors	Letter of Credit	21,464,198.00	-
Tashi Commercial Corporation	Letter of Credit	-	1,961,953.76
<b>Guarantees</b>			
Bhutan Airlines		2,000,000.00	2,000,000.00
Bhutan Airlines		6,228,580.00	4,349,280.00
Bhutan Airlines		8,024,690.00	6,189,360.00
Bhutan Airlines		1,500,000.00	1,500,000.00
Bhutan Airlines		12,500,000.00	12,500,000.00
Bhutan Airlines		100,000.00	100,000.00
Bhutan Carbide & Chemical Limited		37,200,000.00	-
Druk Petroleum Corp Ltd		2,400.00	2,400.00
Druk Petroleum Corp Ltd		1,680.00	1,680.00
Druk Petroleum Corp Ltd		1,960.00	1,960.00
Druk Petroleum Corp Ltd		2,144.00	-
Tashi Infocomm Ltd.		3,110.00	14,574.00
Bhutan Isuzu		471,964.40	-
Tashi Tours & Travel		2,000,000.00	2,000,000
Bhutan Bitumen Industries Pvt Ltd		-	35,000
Bhutan Bitumen Industries Pvt Ltd		-	72,238
Samdrupling Metals Pvt Ltd		1,834,032.00	-
Yuendrung Clearing House		100,000.00	-
Tashi Beverages		852,000.00	829,900
<b>Corporate Bonds</b>			
Tashi Air Pvt. Ltd.		70,000,000	70,000,000
		<b>786,929,260.33</b>	<b>693,040,647.96</b>



<b>Goods and Services Purchased</b>		
35.4	During the year, the Bank purchased goods and services from entities where KMPs have either control and or joint control.	
<b>For the year ended 31st December</b>	<b>2024</b>	<b>2023</b>
Tashi Real Estate Pvt. Ltd	8,496,213	7,058,044
Tashi InfoComm Ltd.	3,516,833	4,093,371
Hotel Druk	424,839	324,262
RICBL	580,828	463,664
Bhutan Airlines	915,446	747,020
Business Bhutan	138,335	-
	<b>14,072,493.50</b>	<b>12,686,360</b>

### 36 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.

#### Financial Investments Available for sale

Available for sale financial assets (primarily consist of quoted equities and Government debt securities) are valued using valuation techniques or pricing models. These assets are valued using models that use observable data.

#### 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 I - 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.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
<b>31st December 2024</b>			
Financial Investment	42,828,559		7,750,000
<b>31st December 2023</b>			
Financial Investment	44,142,844		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.

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Cash & cash equivalents	1,523,756,374	1,523,214,112	1,404,454,655	1,403,381,094
Balances with Royal Monetary Authority o	1,667,732,516	1,667,732,516	1,542,240,314	1,447,392,262
Placements with Banks	1,976,470,023	1,972,171,858	2,023,155,165	2,020,624,011
Loans & Advances to Customers	14,151,142,835	13,807,593,062	13,253,298,976	12,868,785,682
Equity Instrument (at Amortized Cost)	7,750,000	7,750,000	7,750,000	7,750,000
Equity Instrument (FVPL)	44,142,844	42,828,559	37,714,281	44,142,844
Debt Instrument	1,545,934,120	1,545,934,120	1,335,496,970	1,335,183,968
Other Financial Assets	32,247,636	32,247,636	32,535,697	32,535,697
<b>Financial Liabilities</b>				
Due to customers	15,599,378,367	15,592,967,763	13,641,701,724	13,646,619,183
Due to Banks	2,897,104,679	2,897,104,679	3,875,646,707	3,875,646,707
Debts Issued & Other Borrowed Funds	700,000,000	700,000,000	500,000,000	500,000,000
Other Financial Liabilities	380,241,975	380,241,975	148,644,073	148,644,073



## 37 Risk Management

### 37.1 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.

31st December 2023	Maximum Exposure to credit Risk (Nu)	Net Collateral	Net Exposure
<b>Financial Assets</b>			
Placement with other Banks	2,020,624,011		2,020,624,011
Due From Banks			-
Loans & Advances to Customers	12,868,785,683	18,383,979,546	-
Investments in Subsidiaries	-		-
Investments in Associates	-		-
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
31st December 2024	Maximum Exposure to credit Risk (Nu)	Net Collateral	Net Exposure
<b>Financial Assets</b>			
Placement with other Banks	1,972,171,858		1,972,171,858
Due From Banks			-
Loans & Advances to Customers	13,807,593,062	19,725,132,946	-
Investments in Subsidiaries	-		-
Investments in Associates	-		-
Financial Investments (Equity Instruments)	50,578,559		50,578,559
Investment's in Bonds	1,545,934,120		1,545,934,120
Other Financial Assets	32,247,636		32,247,636



### 37.1 Credit Risk (Contd.)

#### 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 amount uncollected one day or more beyond their contractual due date as 'Past due'.

31 December 2024	Neither past due nor Individually impaired	Past due but not impaired	Individually Impaired	Total
Cash & cash Equivalents	1,523,214,112	-	-	1,523,214,112
Cash & Balances with Central Bank	1,667,732,516	-	-	1,667,732,516
Placement with other Banks	1,972,171,858	-	-	1,972,171,858
Loans & Advances to Customers	13,807,593,062	242,314,013	191,420,331	14,241,327,406
Equity Instruments	7,750,000	-	-	7,750,000
Debt Instruments	1,545,934,120	-	-	1,545,934,120
Other Financial Assets	1,421,460	-	-	1,421,460
	<b>20,525,817,127</b>	<b>242,314,013</b>	<b>191,420,331</b>	<b>20,959,551,471</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	
Personal Loans	3,470,617.77	274,340.59	220,166.04	7,026,754.17	10,991,879
Other Loans	2,509,149.38	1,555,447	556,210.94	1,795,796.08	6,416,604
Service and Tourism	54,624,788.04	1,315,721.28	9,699,234.99	125,857,760.91	191,497,505
Overdraft	4,611,045.31	405,533.35	328,026.89	28,063,420.03	33,408,026
Loans & receivables to other customers	<b>65,215,601</b>	<b>3,551,042</b>	<b>10,803,639</b>	<b>162,743,731</b>	<b>242,314,013</b>

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	-	-	2,020,624,011
Loans & Advances to Customers	12,868,785,682	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>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	
Personal 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>



### 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-2024	Bhutan	Asia	Australia	America	Total
Cash & cash Equivalents	1,171,157,939	277,887,036	73,305,479	863,658	1,523,214,112
Cash & Balances with Central Bank	1,667,732,516				1,667,732,516
Placement with other Banks	1,369,421,368	460,772,654		141,977,835	1,972,171,858
Loans & Advances to Customers	14,147,515,614				14,147,515,614
Equity Instruments	50,578,559				50,578,559
Debt Instruments	1,545,934,120				1,545,934,120
Other Financial Assets	32,247,636				32,247,636

Regional Break-up of Loans(Net Loans)	Amount
Phuentsholing	1,427,262,931.56
Wangdue	607,433,984.64
Gelephu	497,552,059.17
Paro	662,967,835.34
Mongar	214,145,806.48
Sjongkhar	430,609,233.06
Trashigang	266,311,499.99
Thimphu	9,670,552,571.88
Samtse	169,641,915.36
Trongsa	201,037,776.16
<b>Total</b>	<b>14,147,515,614</b>

#### 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	1,403,381,093
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
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>



37.1 Credit Risk (Contd.)

Industry Analysis											
	31st December 2024	Industrial	Government	Services & tourism	Construction	Financial Services	Transport	Trade & Commerce	Consumer	Others	Total
Cash and Cash Equivalents											1,667,732,516
Balances with Central Bank											1,972,171,858
Placement with other Banks							169,694,758	1,608,553,792	812,054,704		6,890,165,476
Loans & Advances to Customers	1,216,528,588			2,868,348,366	242,247,379						7,750,000
Equity Instruments						44,142,844					516,600,120
Debt Instruments			1,029,334,000								1,545,934,120
Other Financial Assets											32,247,636
<b>31st December 2023</b>		<b>Industrial</b>	<b>Government</b>	<b>Services &amp; tourism</b>	<b>Construction</b>	<b>Financial Services</b>	<b>Transport</b>	<b>Trade &amp; Commerce</b>	<b>Consumer</b>	<b>Others</b>	<b>Total</b>
Cash and Cash Equivalents											1,542,240,314
Balances with Central Bank											2,020,624,011
Placement with other Banks											7,023,900,448
Loans & Advances to Customers	638,699,525			2,319,202,378	259,612,292		222,173,856	1,214,918,753	1,190,278,429		12,868,785,683
Equity Instruments						44,142,844					7,750,000
Debt Instruments	21,208,219		1,313,975,749								1,335,183,968
Other Financial Assets											32,535,697

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

	31-Dec-24		31-Dec-23	
	Amount (Nu.)	%	Amount (Nu.)	%
Industrial	1,216,528,588	8.81%	638,699,525	4.96%
Government		0.00%		0.00%
Services & tourism	2,868,348,366	20.77%	2,319,202,378	18.02%
Construction	242,247,379	1.75%	259,612,292	2.02%
Financial Services		0.00%		0.00%
Transport	169,694,758	1.23%	222,173,856	1.73%
Trade & Commerce	1,608,553,792	11.65%	1,214,918,753	9.44%
Consumer	812,054,704	5.88%	1,190,278,429	9.25%
Others	6,890,165,476	49.90%	7,023,900,448	54.58%
	<b>13,807,593,062</b>	<b>100%</b>	<b>12,868,785,683</b>	<b>100%</b>



### 38.2 Liquidity Risk & Funding management

The tables below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and financial liabilities as at 31<sup>st</sup> December, 2024. Repayment 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-24	up to 3 months	3 to 12 months	1 to 3 years	3-5 years	Over 5 years	Total
Cash & cash Equivalents	1,523,214,112						1,523,214,112
Cash & Balances with Central Bank	1,667,732,516						1,667,732,516
Placement with other Banks		1,752,750,489		210,000,000			1,962,750,489
Loans & Advances to Customers	1,423,617,232.08	2,252,736,841	684,778,384	9,146,001,117			14,151,142,470
Equity Instruments (at amortised cost)				7,750,000			7,750,000
Equity Instruments (FVPL)				44,142,844			44,142,844
Debt Instruments				1,499,334,000.00			1,499,334,000
Other Financial Assets		1,421,460	30,826,176				32,247,636
<b>Total Assets</b>	<b>4,614,563,860</b>	<b>4,006,908,790</b>	<b>88,483,572</b>	<b>684,778,384</b>	<b>10,697,227,961</b>		<b>20,888,314,068</b>
Due to Banks							2,897,104,679
Due to Customers	6,018,641,213	3,665,143,763	2,925,197,891.28	1,568,507,701.40	720,676,481.27		14,898,167,050
Debits Issued & Other Borrowed Funds			350,000,000		350,000,000		700,000,000
Other Financial Liabilities	380,241,975						380,241,975
<b>Total Liabilities</b>	<b>6,398,883,188</b>	<b>3,665,143,763</b>	<b>3,275,197,891</b>	<b>1,568,507,701</b>	<b>1,070,676,481</b>		<b>18,875,513,704</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>(1,784,319,328)</b>	<b>341,765,027</b>	<b>(2,390,362,819)</b>	<b>(883,729,318)</b>	<b>9,626,551,480</b>		<b>2,012,800,363</b>

	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	241,129,943	832,724,317	1,334,912,040	9,727,391,657		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>5,611,001,068</b>	<b>369,107,614</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							3,875,646,706
Due to Customers	1,652,766,271	2,222,880,435	1,949,481,319	1,469,164,356	623,016,246		13,646,619,184
Debits Issued & Other Borrowed Funds	2,426,049,462	7,178,907,801	350,000,000				500,000,000
Other Financial Liabilities	150,000,000						500,000,000
<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>1,233,541,262</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>





### 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 and liabilities are included at carrying amount and categorized by the earlier contractual re-pricing or maturity dates.

	31-Dec-24	Upto 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Placement with other Banks	-	-	1,752,750,489	210,000,000	-	-	1,962,750,489
Loans & Advances to Customers	1,423,617,232	2,252,736,841	644,008,896	684,778,384	9,146,001,117	14,151,142,470	
Debt Instruments	-	-	-	-	1,499,334,000	1,499,334,000	
<b>Total Assets</b>	<b>1,423,617,232</b>	<b>4,005,487,330</b>	<b>854,008,896</b>	<b>684,778,384</b>	<b>10,645,335,117</b>	<b>17,613,226,960</b>	
Due to Banks	-	-	-	-	-	-	2,897,104,679
Due to Customers	6,018,641,213	3,665,143,763	2,925,197,891	1,568,507,701	720,676,481	14,898,167,050	
Debts Issued & Other Borrowed Funds	-	-	350,000,000	-	350,000,000	700,000,000	
<b>Total Liabilities</b>	<b>6,018,641,213</b>	<b>3,665,143,763</b>	<b>3,275,197,891</b>	<b>1,568,507,701</b>	<b>1,070,676,481</b>	<b>18,495,271,729</b>	
<b>Interest Rate sensitivity Gap</b>	<b>(4,595,023,981)</b>	<b>340,343,567</b>	<b>(2,421,188,995)</b>	<b>(883,729,318)</b>	<b>9,574,658,636</b>	<b>(882,044,770)</b>	
	<b>31-Dec-23</b>	<b>Upto 3 Months</b>	<b>3-12 Months</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
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>367,712,550</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	-	-	-	-	3,875,646,706
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>9,401,788,236</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>(9,034,075,686)</b>	<b>(1,466,757,002)</b>	<b>339,261,249</b>	<b>9,927,676,925</b>	<b>(1,797,672,228)</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 2024.

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

	2024	2023
Rate Sensitive Assets (RSA)*	17,613,226,960	16,224,593,662
Rate Sensitive Liabilities (RSL)*	18,495,271,729	18,022,265,890
GAP (RSA - RSL)	(882,044,770)	(1,797,672,228)

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

Interest Rate Shock	2024	2023
0.50%	(4,410,224)	(8,988,361)
1.00%	(8,820,448)	(17,976,722)
-0.50%	4,410,224	8,988,361
-1.00%	8,820,448	17,976,722



### 38.5 Currency Risk

The table below indicated the currencies to which the bank had significant exposure as at 31<sup>st</sup> December 2024. The analysis calculates the effects of a reasonable possible movement of the currencies against the Ngultrum (Nu.).

	2024			2023		
	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%	14,818,163	11,113,622.19	1.50%	24,803,296	18,602,472

### 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

As at 31 Dec 2024

Assets	Within 12 Months	After 12 Months	Total
Cash & cash Equivalents	1,523,214,112	-	1,523,214,112
Cash & Balances with Central Bank	1,667,732,516	-	1,667,732,516
Placement with other Banks	1,752,750,489	210,000,000	1,962,750,489
Loans & Advances to Customers	3,676,354,073	10,474,788,397	14,151,142,470
Equity Instruments (at amortised cost)	-	7,750,000	7,750,000
Equity Instruments (FVPL)	-	44,142,844	44,142,844
Debt Instruments	-	1,499,334,000	1,499,334,000
Defined Benefit Assets	-	2,937,429	2,937,429
Other Financial Assets	1,421,460	30,826,176	32,247,636
Other Assets	266,438,994	-	266,438,994
Property, Plant & Equipment	-	88,083,083.60	88,083,084
Intangible Assets	-	113,682,352.80	113,682,353
Deferred tax assets	-	-	-
<b>Total Assets</b>	<b>8,887,911,644</b>	<b>12,471,544,283</b>	<b>21,359,455,927</b>
<b>Liabilities</b>			
Due to Customers	9,683,784,976	5,214,382,074	14,898,167,050
Due to Banks	2,897,104,679	-	2,897,104,679
Debt issued and Other Borrowed Funds	-	700,000,000	700,000,000
Current Tax Liabilities	6,573,950	-	6,573,950
Deferred Tax Liability	-	1,149,762	1,149,762
Other Liabilities	190,120,988	190,120,988	380,241,975
<b>Total Liabilities</b>	<b>12,777,584,593</b>	<b>6,105,652,823</b>	<b>18,883,237,416</b>
<b>Maturity Gap</b>	<b>(3,889,672,948)</b>	<b>6,365,891,460</b>	<b>2,476,218,512</b>
<b>Cumulative Gap</b>	<b>(3,889,672,948)</b>	<b>2,476,218,512</b>	



**As at 31 Dec 2023**

	<b>Within 12 Months</b>	<b>After 12 Months</b>	<b>Total</b>
<b>Assets</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 (at amortised cost)	-	7,750,000	7,750,000
Equity Instruments (FVPL)	-	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
Deferred tax assets	-	-	-
<b>Total Assets</b>	<b>6,283,168,843</b>	<b>13,474,044,276</b>	<b>19,757,213,119</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>13,800,555,567</b>	<b>4,460,158,894</b>	<b>18,260,714,461</b>
<b>Maturity Gap</b>	<b>(7,517,386,724)</b>	<b>9,013,885,382</b>	<b>1,496,498,658</b>
<b>Cumulative Gap</b>	<b>(7,517,386,724)</b>	<b>1,496,498,658</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.

	2024	2023
<b>Tier 1 Capital</b>		
Paid-up Share Capital	792,325,330	660,272,690
General Reserve	438,833,409	431,209,053
Share premium	-	3,424
Retained Earnings	157,005,101	298,214,782
<b>Total</b>	<b>1,388,163,840</b>	<b>1,389,699,949</b>
<b>Tier 2 Capital</b>		
Foreign Exchange Fluctuation Reserve	52,727,143	49,022,602
Reserch & Development Reserve	15,664,764	20,000,000
Asset Pending Forclosure Reserve	36,019,844	37,779,532
Subordinate debt	700,000,000	500,000,000
Less: Redemption Fund	210,000,000	-
<b>Total</b>	<b>594,411,751</b>	<b>606,802,134</b>
<b>Total Capital</b>	<b>1,982,575,591</b>	<b>1,996,502,083</b>



#### 41 Impairment allowance for loans and advances to customer (As per BFRS 9)

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

	2024	2023
<b>Individual Impairment</b>		
Other Loans		15,804,550
Term Loans (Other + Service-Tourism Loans+Housing)		
<b>Total (A)</b>	-	<b>15,804,550</b>
<b>Collective Impairment</b>		
Term Loans (Other + Service-Tourism Loans)	191,497,505	71,670,092
Personal Loans	10,991,879	19,040,590
Other Loans & Loans Against Shares	6,416,604	33,913,332
Overdrafts & Credit Card	33,408,026	63,750,699
Housing Loans	-	66,558,626
Credit Card	-	249,425
<b>Total (B)</b>	<b>242,314,013</b>	<b>255,182,765</b>
<b>Total (A+B)</b>	<b>242,314,013</b>	<b>270,987,314</b>

#### 42 Penalties imposed by RMA

2024		2023	
Reason for Penalty imposed	Penalty Amount	Reason for Penalty imposed	Penalty Amount
Regulatory for Non-Compliance	4,375,581.76		
System Downtime from 22nd -24th October,2024	1,093,945.39		

#### 43 Events after the Reporting Period

The Board endorsed the issuance of Bonus Shares in the ratio of 1:10 (One Share for every 10 shares held) and Rights Shares in the ratio of 1:5 (One share for every five (5) Shares held). The shareholders also endorsed the proposal during its 15th AGM held on March 14, 2025.

44. Previous year's figures have been regrouped and re-arranged wherever required for better disclosure.



## 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  
Fax No: +975-2-336236  
Email ID: [customercare@tbank.bt](mailto:customercare@tbank.bt)

### PARO BRANCH

Tshongdue Town, Paro: Bhutan  
Post Box No: 1318  
PABX. +975-7792077/77102078  
Fax No: +975-8-272077

### MONGAR BRANCH

1st Floor, Tshering Yangzom Building,  
Below Trashigang-Mongar Highway,  
Mongar: Bhutan.  
Post Box No: 149  
PABX. +975-77192031/+975-4-641255  
Fax No: +975-5-4-641255

### WANGDUE BRANCH

Opposite to Druk PNB and RICBL Office,  
Bajotown, Wangdue : Bhutan  
Post Box No: 1269  
PABX. +975 77191215/+975-02-481018  
Fax No: +975-2-481733

### SAMDRUP JONGKHAR BRANCH

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

### GELEPHU BRANCH

Kezang Dechen Building,  
Gelephu Town, Losel Zur Lam,  
Post Box No. 212  
Gelephu, Sarpang, Bhutan  
Tel no. 975- 77190088/77190099  
Fax No: +975-6-252274

### PHUENTSHOLING BRANCH

TCC Complex Building, Near Zangdopelri  
Samdrup Lam, Phuntsholing : Bhutan  
Post Box no.118  
PABX +975 77190210/77190211/17110204  
FAX # 975-5-253157

### TRONGSA BRANCH

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

### SAMTSE BRANCH

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

### TRASHIGANG BRANCH

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

## List of AWARDS and EVENTS 2024

T Bank started providing BHIM (Bharat Interface for Money) QR codes to its Business Account holders from 4<sup>th</sup> January 2024.



T Bank held its Annual Corporate Strategy Meeting at the Gelephu Mindfulness City in Gelephu on 28<sup>th</sup> February 2024.



As a part of the Bank's Corporate Social Responsibility, the Bank organized Blood donation drive coinciding with the 14<sup>th</sup> foundation of the Bank on 12<sup>th</sup> March 2024.



T Bank upgraded its Core Banking System (CBS) to the latest version of Oracle Flexcube V14.7 on 26<sup>th</sup> March 2024.



As a part of the Bank's Corporate Social Responsibility, the management and employees of the Head Office and Thimphu Branch conducted a cleaning campaign in the Wangchuk River stretch from Lungtenzampa to Chang Jiji Bazam, Thimphu on 2<sup>nd</sup> May 2024.



As part of the annual exercise, the T Bank in collaboration with the Royal Bhutan Police, conducted an emergency evacuation drill on 6<sup>th</sup> July 2024.



T Bank held its half-yearly performance review meeting from 25<sup>th</sup> to 26<sup>th</sup> July 2024, focusing on evaluating the progress of strategic goals, assessing departmental achievements, identifying areas for improvement, and aligning future plans to enhance overall efficiency and service delivery.



T Bank introduced the revamped inward remittance service to send remittances from Australia to Bhutan, TBankRemit on 22<sup>nd</sup> of November 2024.





T Bank was awarded a Bronze Membership from the Association of Bhutanese at Perth (ABPI) Inc. for demonstrating remarkable dedication to the association.

