



# BHUTAN DEVELOPMENT BANK

*“Your Development Partner”*

---

## ANNUAL REPORT 2025





**Banking  
Made  
Easy**

**DOWNLOAD NOW AND EXPERIENCE  
BANKING LIKE NEVER BEFORE**



Download on the  
**App Store**



GET IT ON  
**Google Play**

# Contents

<b>Introduction.....</b>	<b>4</b>
Who We Are.....	5
Our Mandate.....	5
What We Do.....	5
Foreword.....	6
From Typewriter to Transformation .....	8
Organogram .....	12
2025 Milestones.....	13
Board Of Directors .....	14
BDBL Management Team.....	16
<b>Director’s Report.....</b>	<b>18</b>
<b>Auditor’s Report.....</b>	<b>24</b>
<b>RMA Disclosures .....</b>	<b>94</b>
<b>Performance Indicators .....</b>	<b>108</b>
<b>Engagement Highlights.....</b>	<b>112</b>
<b>Customer touchpoint .....</b>	<b>128</b>
<b>List of Agents .....</b>	<b>129</b>
<b>Branch Managers .....</b>	<b>130</b>
<b>Transformation Journey .....</b>	<b>132</b>
The Power of a Guarantee .....	133
From Fiber splicer to Leader .....	134
A couple finds business success.....	136
Partnering for a Plastic-Free Bhutan.....	137
Banking at the Doorstep: BDB Zhabtong Transforms Financial Access.....	138
Small Branch, Massive Impact.....	139
Dharma Designs.....	141
Enhancing farmer livelihoods, Bhutan’s first crawfish hatchery.....	142
From unemployed graduate to successful entrepreneur .....	144
From Unfulfilled Dreams to Sustainable Success.....	146
Driving Agricultural Growth.....	148
Transforming the Dairy Industry.....	150



# Introduction



## Who We Are

Bhutan Development Bank Limited (BDBL) was established by Royal Charter in January 1988, with the support of the Asian Development Bank (ADB), to function as a specialised development finance institution. Over the years, BDBL has evolved into a domestic development bank with a full banking licence, combining traditional banking services with a strong development mandate to serve the nation's productive sectors. Today, the Bank is majority owned by the Royal Government of Bhutan and is regulated by the Royal Monetary Authority of Bhutan.



## What We Do

BDBL plays a vital role in expanding financial access across Bhutan, particularly for rural communities, farmers, and entrepreneurs. The Bank provides a range of financial services including seasonal, short- and medium-term loans, working capital finance, and deposit-taking services that support agriculture, livestock, industrial, and commercial enterprises nationwide. In line with its outreach mission, BDBL delivers services through its extensive branch and field network, bringing banking closer to underserved and remote populations.

## Our Mandate

- 1. Promote Economic and Enterprise Development**  
Provide micro, small, and medium financial services to support the modernisation and growth of agricultural, commercial, and industrial enterprises.
- 2. Enhance Financial Inclusion and Livelihoods**  
Increase access to financial services to improve incomes and living standards, particularly for rural households and underserved communities.
- 3. Support Private Sector Growth and Poverty Alleviation**  
Facilitate private sector development and poverty reduction through targeted financing, advisory support, and mobilisation of internal and external funds for productive investments.

## VISION

To be a strong, dependable, and customer-focused bank that contributes meaningfully to the achievement of Gross National Happiness (GNH) in Bhutan.

## MISSION

To operate as a premier development bank with a dedicated focus on rural prosperity, delivering prompt, efficient, and effective financial services on a sustainable and inclusive basis.

## CORE VALUES

BDBL is guided by a set of core values that define its culture, service standards, and commitment to stakeholders:

- **Professionalism** – Strive to give one's best in all actions and decisions.
- **Excellence** – Aim for the highest ideals in performance and service.
- **Ownership** – Take responsibility for the Bank's success and clients' well-being.
- **Partnership** – Work collaboratively to foster growth and mutual benefit.
- **Loyalty** – Remain committed and true to oneself and all stakeholders.
- **Efficiency** – Deliver timely, responsive, and high-quality services.

# Foreword

It is my privilege to present the Bhutan Development Bank Limited's (BDBL) Annual Report for the year ending 31 December 2025. In a year defined by shifting global economic conditions, BDBL has remained a steadfast cornerstone of inclusive development, focusing our efforts on resilience, national priorities, and the empowerment of Bhutan's grassroots economy.

The year 2025 was marked by significant strategic progress as we intensified our support for the pillars of our nation—agriculture and Cottage and Small Industries (CSIs). By prioritizing financing for these productive sectors, we have directly enabled rural entrepreneurs and farmers to scale their operations and improve their livelihoods.



This commitment to the grassroots remains our core purpose, and we take immense pride in being a development partner that reaches those who contribute most meaningfully to Bhutan's socio-economic fabric.

From a financial standpoint, 2025 was a period of resilience and prudent growth. The Bank maintained a robust and stable asset base while significantly enhancing operational efficiency. Through the strengthening of our risk management frameworks and a disciplined approach to credit oversight, we have ensured that our growth is both sustainable and responsible. Our focus on asset quality and sound governance has positioned us to navigate future uncertainties with confidence and stability.

A cornerstone of our 2025 achievements was the acceleration of our digital transformation to enrich the customer experience. We successfully launched our Online Customer Service Portal, a key initiative that provides our clients with faster, more transparent, and more accessible support. This digital evolution was further bolstered by the integration of our online platforms with the Bhutan National Digital Identity (NDI), making banking significantly more accessible, secure, and paperless. Together, these milestones represent a major leap forward in bringing modern, user-centric banking services to every corner of the Kingdom.

Our successes this year were made possible through the visionary guidance of the Royal Government of Bhutan and the Royal Monetary Authority. I extend my sincere gratitude to our shareholders, development partners, and most importantly, our customers, for their enduring confidence in BDBL. I also wish to recognize the professionalism and dedication of our employees across the nation; their integrity and adaptability remain our greatest strengths in an increasingly complex financial landscape.

As we look toward 2026, we remain committed to leveraging our new digital infrastructure and upholding the highest standards of governance. Our goal is to continue contributing meaningfully to Bhutan's long-term economic prosperity and self-reliance through innovation and purposeful service. On behalf of the Management and the Board of Directors, I invite you to review our progress in the pages that follow.

Tashi Delek

**Chief Executive Officer**  
Bhutan Development Bank Limited

# From Typewriter to Transformation

## *My 37-Year Journey with BDBL*

I am Lobsang Lhamo, and this year marks my 37th year with the BDB family. My journey with the institution began in 1988, during the very establishment of the office itself, when I joined as a typist. What started as a humble beginning gradually became a lifelong journey of dedication, growth, and resilience.

Over the years, I have had the privilege of serving the organization in various capacities. From working as a Personal Assistant to the Joint Managing Director, Cashier at the Agriculture Lending Division (ALD), Disbursement Officer, handling accounting responsibilities at Thimphu Main Branch (TMB), to currently serving as an Assistant Credit Officer, each role has contributed to my professional and personal growth in unique ways.

In recognition of my commitment and long service, I was honoured for completing 25 years with the institution in 2013. Even today, I continue to serve the organization with the same sincerity, loyalty, and dedication that guided me when I first joined.

Looking back, the early years of work were filled with challenges that today's generation may hardly imagine. During those days, all official documents and reports were prepared using manual typewriters. Even a single typing mistake meant retyping the entire document from the beginning, requiring immense patience, concentration, and precision. The arrival of digital typewriters brought some relief, but the real transformation came with the introduction of computers and modern office technology.

Like many others from my generation, adapting to computers, report preparation software, and

applications such as Excel was initially difficult. However, through continuous learning, determination, and experience, I gradually embraced the digital way of working. Over time, technology not only made office tasks faster and more efficient but also transformed the overall working environment within the organization.

Beyond professional growth, BDBL played a deeply significant role in shaping my personal life. As a single mother, the organization provided me with the stability, strength, and opportunity to raise my three children with dignity and provide them with quality education. My career gave me confidence, independence, and the ability to become self-sufficient while balancing both family and professional responsibilities.

Throughout my journey, I have been fortunate to work alongside supportive colleagues and under the guidance of committed leaders. The teamwork, encouragement, and mutual respect within the organization made my years of service meaningful and fulfilling. It is these relationships and shared experiences that I will always cherish the most.

One of the most valuable lessons I have learned throughout my career is the importance of patience and understanding, especially while dealing with clients. Every individual comes with different circumstances and expectations, and treating people with empathy and respect always makes a difference. Over the decades, I have also witnessed remarkable changes in management styles — from more rigid and traditional systems in the past to the innovative, dynamic, and progressive approaches practiced today.



To the younger generation, I would like to share a simple but important message: cultivate the habit of saving for the future, because life is uncertain and financial security is essential. At the same time, continue investing in your education and skills to create better opportunities and confidently explore new possibilities. Most importantly, as Bhutanese, we must preserve and uphold our rich culture and traditions, because our roots and values are what make us unique in the world.

As I now look forward to my superannuation, I do not have elaborate plans for the future. Instead, I wish to embrace a simpler and more peaceful life

— dedicating more time to spiritual practice, engaging in dharma, and undertaking pilgrimages. I also look forward to spending quiet days gardening at my home in Kabesa and cherishing meaningful moments with my family.

When I reflect upon my 37 years with BDBL, I do not simply see a career — I see a journey of perseverance, learning, transformation, and gratitude. From the sound of manual typewriters to the digital age of banking, I have witnessed the institution evolve over the decades, and I remain proud to have grown alongside it.

## Employees completing 25 years of service with BDB



**(Left-Right):** Ms. Rinzin Lhadon (Assistant credit officer, TMB); Tshering Dema (Customer Desk Assistant, Bumthang Branch); Mr. Sangay Dorji (CM, Phuentsholing Branch); Ms. Goma Kafley (Head of Archive Unit, HR & Logistic Division); Mr. Dhendup (Assistant Customer Relations Officer, Wangdue Branch).



## Online Account Opening & Update eKYC



### Generate QR Code

To update or create an **account**, generate QR code and scan it using the Bhutan NDI app.



Create Account

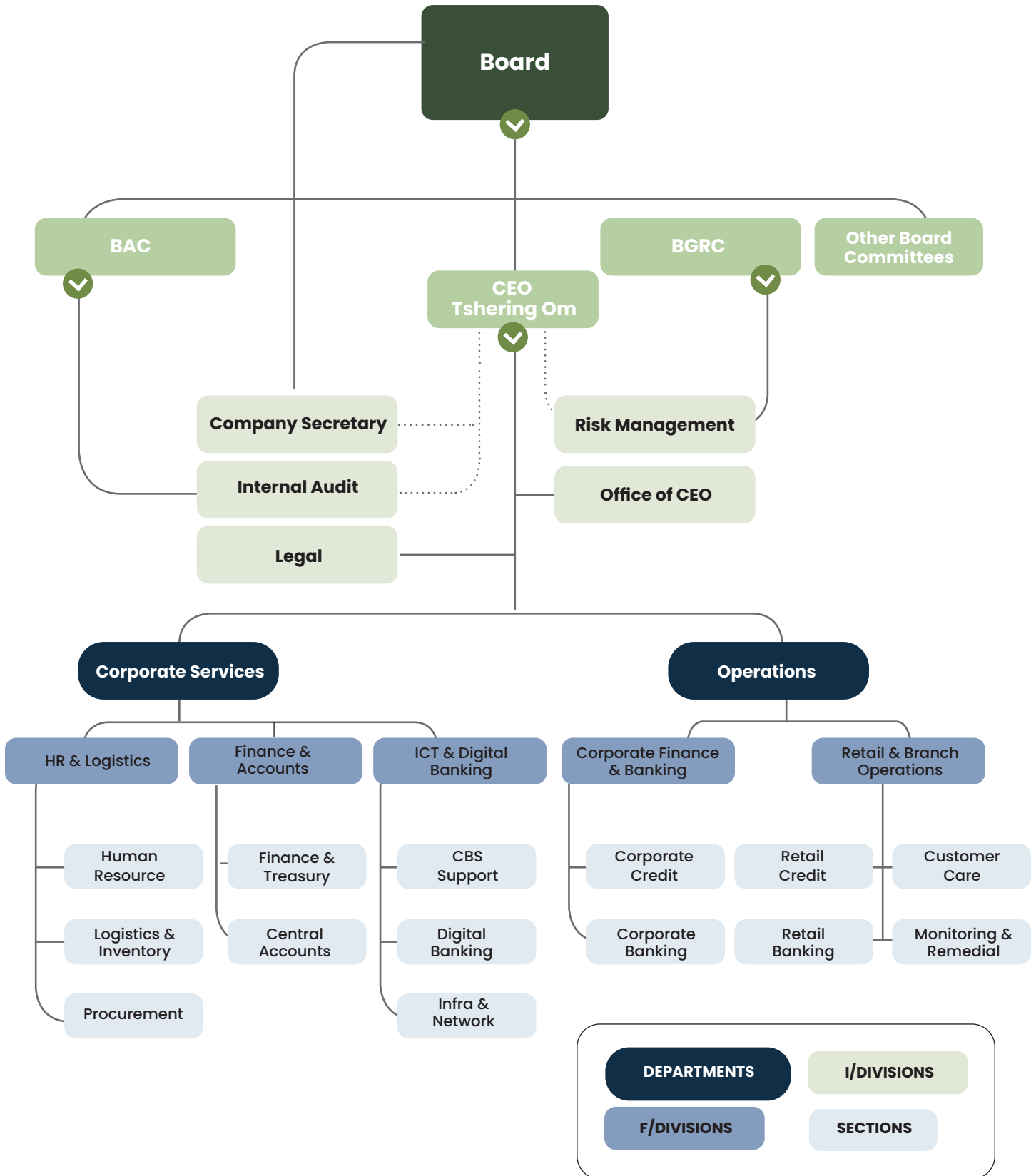


Update KYC

Click on **Create Account**, if you are a first time user.

Didn't get the information? [Help](#)

# Organogram



# 2025 Milestones



**JAN**

- Launch of eKYC**  
 The eKYC system strengthens secure and seamless digital banking services while enhancing customer experience across Bhutan.



**MAY**

- Launch of Customer Self Service Portal**  
 The Customer Self-Service Portal marks a significant step towards faster, smarter, and more convenient digital banking services, enabling customers to access banking solutions anytime, anywhere.

**AUGUST**



- Commissioning of Renovated TMB**  
 The official commissioning of the renovated TMB marks a renewed commitment to improved customer service and a modern banking experience.
- Signing of MoA with AIT**  
 The signing of a Memorandum of Agreement with AIT strengthens collaboration in capacity building, skills development, and institutional growth.

**SEP.**

- 1st National Financial Inclusion Steering Committee (Governing Body) Meeting**  
 BDBL participates in the 1st National Financial Inclusion Steering Committee (Governing Body) Meeting strengthens inclusive, accessible, and sustainable financial services across the country.



**OCT.**

- Launch of One-Time Special Support Scheme**  
 The One-Time Special Support Scheme provides targeted financial relief and timely support to eligible clients, strengthening resilience and promoting inclusive economic recovery.



**NOV.**



- ePay 3.0 Launch**  
 The ePay 3.0 enhances digital payment services through a faster, more secure, and user-friendly platform, improving overall customer convenience and transaction efficiency.

## BOARD of DIRECTORS



**Kinzang Tobgay**  
**Interim Chairman**  
Independent Director  
CEO, Lhojong Construction

Kinzang Tobgay is a Certified Practicing Accountant (CPA), Australia, and holds a Bachelor of Business from the University of South Australia and Bachelor of Commerce (Honours) from Sherubtse College.



**Kuenzang Lhamu**  
Non- Executive Director  
Director General  
Department of Employment & Entrepreneurship, MoICE

Ms. Kunzang Lhamu holds a Master in Public Policy from the National University of Singapore and a Bachelor's degree in Arts from Sherubtse College.



**Dechen Yangden**  
Non-Executive Director  
Director, Department of Water, MoENR

Ms. Dechen Yangden holds a Master of Philosophy in Urban Infrastructure Management from Yokohama National University, Japan, and a Bachelor's degree in Civil Engineering from the University of Wollongong, Australia. She served as an assistant engineer in BUDP, MoWHS (2002-2005), and as executive engineer, MoWHS (2011 – 2014). She has a wide range of experience in planning, designing and implementation of urban infrastructure.



**Deki Yangzom**  
Non-Executive Director  
Chief Legal Officer, MoF

Ms. Deki Yangzom holds a Master's in Law from University of Hawaii (United States of America), P.G. Diploma from RIM, Thimphu, and a Bachelor's in law from University of Mumbai.



**Rinzin Lhamo**  
Non-Executive Director  
Director  
Department of Procurement and Properties, MoF

Ms. Rinzin Lhamo holds a Master's in Public Policy from KDI School of Public Policy and Management, South Korea, a post graduate degree in Financial Management from RIM, Thimphu, and a Bachelor's degree from Sherubtse College.



**Tshering Om**  
Chief Executive Officer  
BDBL

Ms. Tshering Om holds a Master's of Business Administration (MBA) from the University of Canberra, Australia, and a Bachelor of Commerce from St. Joseph's College, Darjeeling, West Bengal, India.

**BDBL**  
MANAGEMENT  
TEAM



**Tshering Om**  
Chief Executive Officer



**Kuenzang Thinley**  
General Manager  
Retail & Branch Operation Division



**Dasho Gembo Dorji**  
Chief Legal Counsel  
Legal Division



**Pema Wangdi**  
General Manager  
Internal Audit Division



**Lobzang Dhendup**  
General Manager,  
Corporate Finance &  
Banking Division



**Tashi Rinchen**  
General Manager  
Finance & Accounts Division



**Pema Khandu**  
General Manager  
HR & Admin Division



**Kushma Khar Adhikari**  
General Manager  
Economic Stimulus Programme



**Thukten Dhendup**  
General Manager  
ICT & Digital Banking Division



"Your Development Partner"




# BDB ZHABTOG

*Banking at your doorstep*



 Agent locations across Bhutan

Access BDB services through trusted **local agents** in your community.

-  Open Account Locally
-  Save Time and Travel costs
-  Get Support in Your Community

Call Toll-Free

Visit our website



1424



<https://bdb.bt/bdb-agents>





# Director's Report



## Dear Shareholders,

I am happy to report that the year 2025 was a good year for the Bank.

Despite a challenging credit environment and increased impairment requirements (following the exit from loan deferments), the Bank delivered significant improvement in profitability, expanded its balance sheet, and strengthened its role as one of the primary intermediaries supporting national development objectives and priorities.

### The Financial Performance

Our interest income for the year was a record, Nu. 2.86 billion an increase of 22% or about Nu. 522 million, from Nu. 2.34 billion in 2024.

Our interest expenditure on the other hand, decreased marginally from Nu. 1.824 billion to Nu. 1.813 billion in 2025.

This has resulted in our highest ever Net Interest Income of Nu. 1.048 billion. An increase of almost 2 times from the previous year, when our Net Interest Income was Nu. 515 million.

As a result, our Net Interest Margin (a key KPI for the bank) was 2.4% in 2025 compared to 0.2% in 2024.

These incredible results have been made possible because of 2 key strategies deployed by the bank:

1. A strong lending strategy due to which our loan portfolio increased by 33% from Nu. 21 billion in 2024 to Nu. 28 billion in 2025; and
2. A concerted effort to manage our cost of funds. We liquidated high-cost deposits, improved our CASA accounts, and rationalized our interest rates. The success of this strategy is evident in the fact that while our deposits from customers have increased by 11% from Nu. 31 billion in 2024 to Nu. 35 billion in 2025, our interest expenses have in fact declined by 1%.



Other income also increased substantially from Nu. 310 million in 2024 to Nu. 546 million in 2025, reflecting improved recovery of charged-off loans through settlement schemes and negotiated recoveries.

**On the downside**, the bank continues to grapple with the problem of Non-Performing Loans.

Our consolidated NPL grew from Nu. 1.2 billion in 2024 to Nu. 1.65 billion in 2025. As a result, the bank has been required to keep high loan loss provisioning covering 65% of the NPL. This has resulted in our impairment charges for the year increasing from Nu. 82 million in 2024 to Nu. 642 million in 2025, an increase of Nu. 559 million. Our NPL as at the end of the year was 5.8% as compared to 5.6% in 2024. BDB standalone (excluding NCSIB) was 4.9% in 2025 compared to 4.1% in 2024.

The NPLs increased significantly due to:

1. The impact from exiting the monetary measures or relief provided by RMA.
2. Change in the NPL Classification system. During the year, the RMA issued a new policy directive whereby NPL accounts are required to be kept in NPL for an additional observation period of 3 months even after payment regularization by the customer. This change has resulted in additional NPL of Nu. 281 million.
3. Customer profile. Given that our clientele are primarily farmers - factors such as market and product failures, volatile borrower income, and low financial literacy rates continue to impact our NPLs.

It is pertinent to mention that all-in-all about 90% of the NPLs are legacy cases, which the current Board and management are earnestly trying to resolve.

We understand that lowering the levels of NPL is critical to the Bank's sustainability and we would like to assure our shareholders that we are continuing to give this matter our utmost priority. Some of the measures that we have taken to combat the NPL issues are:

1. We have strengthened our credit appraisal systems.
2. Initiated a weekly review of NPLs across all branches.
3. Implemented incentive structures for employees to resolve NPL accounts.
4. Approved frameworks to allow for restructuring and negotiated settlements.
5. Approved schemes for NPL resolution such as:
  - a. The Debt Relief Program, whereby a borrower with less than Nu. 100,000/- outstanding, has been given lifetime repayment opportunity after freezing their interest. Under this program, we have given incentives to 944 borrowers amounting to Nu. 47 million in 2025. This has resulted in closure of 339 NPL accounts amounting to Nu. 12 million.
  - b. Concession in terms of interest and penalty waiver have been initiated, targeting NPLs, mainly loans, in off-balance sheet. A total of 378 accounts for Nu.315.92 million have been closed during the year.

Despite the significant increase in impairment charges, we are pleased to report that your Bank has recorded its highest profits till date of Nu. 250 million. An increase of 74% from Nu. 144 million in 2024.

## **The Financial Position**

In 2025, our total assets increased by 17% from Nu. 37.65 billion to Nu. 44.10 billion. This increase in our asset was primarily due to growth in our loans and advances. Gross loans grew by 33% from Nu. 21 billion in 2024 to Nu. 28 billion in 2025.

On the liabilities side, customer deposits grew from Nu. 31 billion to Nu. 35 billion. We are pleased to report that our CASA accounts have increased from 52% of deposits to 55% in 2025.

Our credit–deposit ratio also improved to 81% from 71% in 2024.

Our liquidity ratio at the year-end was 29%, or 10% more than the SLR requirement of the RMA of 20%, allowing BDB to take advantage of any opportunities in the coming year.

The total equity, as at the year-end was Nu. 3.84 billion, an increase of Nu. 171 million from 2024.

## **Non-Financial Highlights**

### **ESP Loan Progress**

As our shareholders are kindly aware, BDB has been mandated to execute the ESP loan program on behalf of the government. Towards this, Nu. 3.3 billion was transferred to BDBL by the Lhengye Zhungstog.

During the year BDB received and reviewed 3,969 loan applications, out of which 2,200 loan applications amounting to Nu. 3.12 billion, were approved.

By the end of the year, Nu. 2.1 billion or 67% of the sanctioned amount were disbursed. The portfolio remains well managed, with only one non-performing account amounting to Nu. 0.6 million.

The total cost of running the ESP operations for the year 2025 was Nu. 22 million. Impairment charges were Nu. 18 million, totaling to Nu. 40 million in expenditure. The interest income for the year for the ESP loans was Nu. 43.04 million, resulting in a small profit of about Nu. 2 million.

The ESP portfolio continues to operate under an 18-month regulatory sandbox approved by the Royal Monetary Authority and the bank is closely monitoring these loans especially due to the collateral-free nature of lending.

### **Exit from Monetary Measures**

The exit from monetary measures or relief that was provided by the RMA is one of the most pertinent challenges faced by the bank.

Initially, we had 35,528 accounts amounting to Nu. 18 billion under deferment. Under guidance of RMA, the bank adopted a phased exit from the monetary measures after carefully assessing the loan accounts.

Accordingly, in 2024, 31,471 accounts amounting to Nu. 14 billion (80%) were managed out of deferment.

In 2025, an additional 4,057 accounts amounting to Nu. 4 billion were brought out of deferment after initiating the restructuring measures as per the policy directives from RMA.

Out of the above, 3,153 accounts amounting to approximately Nu. 3 billion are active and as of today, these accounts pose the highest risks of NPLs. Some of these accounts have already started becoming non-performing.

While the bank has successfully exited the deferment provided by the monetary measures, the challenge remains to ensure that these accounts do not become NPL. The management will continue to monitor these accounts and carry out restructuring and remedial measures on time.

### **Digital Transformation and Innovation**

During 2025, the Bank made significant progress in its digital transformation agenda. The bank launched the:

- Customer Self-Service Portal,
- National Digital Identity integration for customer on-boarding, and
- Upgraded ePay 3.0 mobile banking application.

The Customer Self-Service Portal represents a major enhancement in service delivery and customer convenience. It enables independent access to services such as complaint management with real-time tracking, dormant account reactivation, loan interest certificate generation for PIT filings, ePay de-registration requests, and online account opening and KYC services.

The launch of ePay 3.0 introduced a secure, future-ready platform with enhanced features including incentives for mobile recharges, simplified low-value transactions without T-PIN, customizable transaction limits, and personalized voice alerts.

These initiatives underscore the Bank's commitment to improving operational efficiency, enhancing customer experience, and supporting Bhutan's digital economy agenda.

### **Strategic Alliances and Partnerships**

In 2025, the Bank strengthened its institutional capacity through strategic partnerships. A Memorandum of Agreement with the Asian Institute of Technology (AIT) was signed on 13 August 2025 in Thimphu, providing employees access to advanced academic programmes, including Master's and PhD studies in engineering, environment, and management, along with scholarship opportunities for eligible candidates.

Additionally, with technical assistance from the UN Food and Agriculture Organization (FAO), Thailand, the Bank initiated the development of a Value Chain Financing (VCF) Framework in collaboration with the Bank for Agriculture and Agricultural Cooperatives, Thailand. This initiative marks a strategic transition from traditional lending to a holistic value-chain-based financing model aimed at strengthening agricultural finance, enhancing inclusiveness, and improving sustainability.

### **Human Capital Management**

Despite business expansion, the Bank continued to optimize its human resource base. Total staff strength stood at 564 employees in 2025, including 17 ESP-unit recruitments, compared to 622 employees in 2020. Attrition declined significantly to 6% in 2025, from 11.3% in 2024 and 30.1% in 2023.

During the year, 85% of employees were trained across key areas including credit appraisal, customer relationship management, and operational competencies.

### **Control, Audit, and Risk Management**

In 2025, the Bank resolved 104 out of 253 outstanding audit observations, reducing the balance to 149, of which 122 cases remain under review by the Anti-Corruption Commission and the courts. Excluding these cases, the effective audit resolution rate stood at 89.33%.

Our Audit coverage continues to remain robust, encompassing 31 branches and 6 Head Office divisions. Governance and accountability were further strengthened through the issuance of the Internal Audit Accountability Fixation Guidelines, and the Supplementary Guidance on Dealing with Fraud and Corruption, 2025.

Risk oversight continues at both Board and Management levels through an independent risk function. The Bank's Risk Management Framework, established in 2022, emphasizes continuous assessment, mitigation, monitoring, and reporting of enterprise-wide risks.

The overall risk profile remained stable during the year, with many exposures assessed as low, reflecting the effectiveness of governance, risk management, and internal control frameworks.

## **Outlook**

For 2026, the Bank projects asset growth of approximately 17%, with continued emphasis on digitization, operational efficiency, and customer service enhancement.

In alignment with the Royal Government of Bhutan's 10x Goal, BDBL will reposition itself as a key development partner, supporting agricultural export targets, organic farming initiatives, increased CSI financing, and play a pivotal role in increasing private sector contribution to the GDP by 60% by the year 2050.

Key priority areas for 2026 include:

1. Strengthening asset quality and NPL management
2. Expanding value chain financing and development partnerships
3. Advancing digital transformation and operational efficiency
4. Deepening financial inclusion in rural and underserved segments including women banking initiatives

## **Acknowledgement**

The Board extends its sincere appreciation and gratitude to the Royal Government of Bhutan, the Ministry of Finance, Royal Monetary Authority, development partners, our customers, and stakeholders for their continued support.

Most importantly, the Board would like to acknowledge and commend the exceptional work that is being done at the Bank by all the employees under the leadership of CEO Tshering, and her team of talented General Managers and Managers. These results that we see today at the Bank would not have been possible without their concerted effort, dedication and commitment to the success of the Bank.

With the continued support of our shareholders and stakeholders, we remain confident in the Bank's direction and in its ability to play an even stronger role in supporting Bhutan's development priorities in the years ahead.

Thank you and Tashi Delek!





# Auditor's Report





*Your Development Partner since 1988*

# AUDIT REPORT ON THE FINANCIAL STATEMENTS BHUTAN DEVELOPMENT BANK LIMITED

PERIOD: JANUARY 1, 2025, to DECEMBER 31, 2025

APRIL 2026

## TITLE SHEET

Title	:	Audit Report on the financial statements of Bhutan Development Bank Limited
AIN	:	
Head of the Agency	:	Ms. Tshering Om, Chief Executive Officer CID No. 11005000916
Finance Personnel	:	Mr. Tashi Rinchen, General Manager, Finance & Treasury Department CID No. 10806000832
Period Audited	:	January 1, 2025 - December 31, 2025
Schedule of Audit	:	Planning: January 15, 2026 - January 20, 2026 Actual: January 20, 2026 - February 17, 2026 Reporting:
Composition of Audit Team	:	<u>Team Leader:</u> Kunzang Pasa Tenzin, Partner CID No. 11410000669 <u>Team Members:</u> 1. Rakesh Tamang, Sr. Audit Associate CID No. 10201000790 2. Nima Dorji Tamang, Sr. Audit Associate CID No. 11802000915 3. Dorji Gyelpo, Audit Intern CID No. 11005000518 4. Sonam Wangdi, Audit Intern CID No.10606000871 5. Tandin Wangchuk, Audit Intern CID No. 11914000452
Supervising Officer	:	Kunzang Pasa Tenzin, Partner
Engagement Letter	:	RFPL/ENL/25/003
Focal Person	:	Kunzang Pasa Tenzin Email: <a href="mailto:kunzang@rinzingfinancial.com">kunzang@rinzingfinancial.com</a> Phone: <a href="tel:+97577726615">+975 77726615</a>
Date of Exit Conference	:	February 27, 2026

# INDEPENDENT AUDITOR'S REPORT





## INDEPENDENT AUDITOR'S REPORT

To the Members of Bhutan Development Bank Limited ("BDBL"):

### Opinion

We have audited the standalone financial statements of Bhutan Development Bank Limited ("the bank"), which comprise the Statement of Financial Position as at 31 December 2025, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

### Basis for Opinion

We conducted our audit in accordance with the 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 this report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matters

We draw attention to **Note 1.11** to the financial statements, which describe the correction of prior period errors relating to the accounting treatment of FEIF loan accounts established under Monetary Measures IV and subsequent programs. During the year, the Accounting and Auditing Standards Board of Bhutan issued a directive requiring reporting entities to determine the fair value of FEIF instruments in accordance with BFRS 9 and to apply retrospective adjustments in accordance with Bhutan Accounting Standard (BAS) 8. In addition, the Royal Monetary Authority's directive issued in 2022 requiring the creation of reserves for FEIF accounts associated with non-performing deferred loans had not been implemented in prior periods.

As disclosed in **Note 1.11**, management has corrected this matter through retrospective restatement of the affected financial statement line items. The error has been adjusted against the opening balance of retained earnings as at January 1, 2025, in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

### 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 for the financial year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The determination of ECL involves significant judgement in developing and applying models and assumptions, including the estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Management judgement is also required in determining staging of financial assets, incorporation of forward-looking macroeconomic information and probability weighting of economic scenarios.

Further judgement is applied through qualitative or management overlays to address model limitations, emerging credit risks or factors not fully captured within the underlying models.

Given the significance of loans and advances within the Bank's statement of financial position and the degree of estimation uncertainty and judgement involved in determining the ECL allowance, we considered the ECL allowance on financial assets to be a key audit matter.

#### **How our audit addressed the Key Audit Matter**

Our audit procedures included, but were not limited to, the following:

- We evaluated the Bank's accounting policies relating to impairment of financial assets and assessed compliance with the requirements of BFRS 9.
- We obtained an understanding of management's processes, systems and internal controls over the ECL estimation process and evaluated the design and tested the operating effectiveness of key controls.
- We assessed the appropriateness of the ECL models adopted by the Bank, including key inputs, assumptions and methodologies used in determining PD, LGD and EAD.
- We evaluated whether the modelling assumptions and parameters, including historical and externally sourced data, were relevant and representative of current economic conditions.
- On a sample basis, we tested the completeness and accuracy of input data used in determining credit risk parameters by agreeing selected data points to underlying source documentation and accounting records.
- We assessed the appropriateness of staging classifications applied to financial assets in accordance with BFRS 9 requirements.
- We evaluated management's forward-looking macroeconomic assumptions, economic scenarios and probability weightings applied in the ECL calculation.
- We tested the mathematical accuracy of ECL calculations and confirmed that the methodology was applied consistently in accordance with approved models.
- We assessed whether the presentation and disclosures relating to expected credit losses in the financial statements were adequate and compliant with applicable accounting standards.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.



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

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with BAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone 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 audit 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. Our responsibilities are to:

- i. 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 basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;

- ii. 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 purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- iv. 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 going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit 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; and
- v. 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, actions taken to eliminate threats or safeguards applied.

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



### Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as a separate section *“report on minimum audit examination requirements”*

Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Bank in so far as it appears from our examination of those books;
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- d) Based on the information, explanations and management representations received during the course of our audit, the Bank has complied with other legal and regulatory requirements to the extent applicable to the Bank.

### For Rinzing Financial Private Limited

Firm License No. 1036380

A handwritten signature in blue ink that reads 'Kunzang Pasa Tenzin'.



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147

Date: 15-April-2026  
Place: Thimphu, Bhutan

# REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS





## REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

Our audit was carried out by applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).

The statutory audit report was prepared under the Companies Act of Bhutan, 2016 and other relevant Acts and regulatory norms in examining the accounts of the Bank containing *inter alia*, the following:

General:

- a) The Companies audited adhere to the Corporate Governance Guidelines and Regulations as applicable to them.
  - b) The governing board/authority pursues prudent and sound financial management practice in managing the affairs of the Bank.
  - c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
  - d) Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
  - e) Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
  - f) The mandatory obligations social entrusted are being fulfilled.
  - g) The amount of tax is computed correctly and reflected in the financial statements.
1. The Bank has maintained Property, Plant & Equipment (PPE) Register showing full particulars including quantitative details and situation of PPE. *During our fixed assets verification, we found certain discrepancies which is noted in "management report" section of this report.*
  2. The fixed assets of the Bank have not been revalued during the year.
  3. The Bank conducted physical verification of the inventories on December 27, 2025. Thus, considering the size and frequency of moment of inventories, the verification conducted once a year is adequate.
  4. The Bank adequately maintains the inventories records. The method of valuation of inventory for the Bank is adequate and commensurate with the size and nature of business.
  5. During the physical verification of inventory, no discrepancies were noted.
  6. On the basis of explanation from the management of records, we are of the opinion that there is a reasonable system of recording receipts, issues and consumption of materials of stores through in the system which is commensurate with the size and nature of its business.
  7. Based on the information, the Bank does not have any finished products and therefore, quantitative reconciliation is not required to be carried out in respect of finished products.
  8. In our opinion and according to the information and explanations given to us, obsolete, damaged, slow moving, and surplus goods/inventories has been determined and if the value is significant, adequate provisions are made. However, the Bank does not have obsolete, damaged, slow moving, and surplus goods/inventories as of December 31, 2025.

9. Since there are no such obsolete and surplus inventories identified by management during the year, thus disposal of such material does not arise.
10. The Bank has not identified Obsolete, damaged, and surplus goods during the Financial Year 2025.
11. In our opinion the method of valuation of stock is fair and proper in line with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB).
12. In our opinion and on the basis of information and explanations given to us, the rate of interest and the other terms and conditions of loans are not prejudicial to the interest of the Bank.
13. As per our assessment and the information furnished to us, the Bank, operating as a financial institution, has refrained from extending loans to entities that would be deemed ultra-vires under its Articles of Incorporation and other applicable acts and regulations.
14. *Advances granted to officers/staff are generally in accordance with the provisions of the service rules as advances are frequently allowed before the settlement of prior advances, leading to accumulation of large advances against few particular staff.*
15. In our opinion and according to the information and explanations given to us in the course of this audit, the Bank has generally established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Bank as well as to ensure adherence to the rules/regulations and system which are found.
16. In our opinion and according to the information and explanations given to us, there is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the Bank and nature of its business, on issue of stores and allocation of Materials and labors to Jobs.
17. There is a proper system of competitive biddings, commensurate with the size of the Bank and the nature of its business, for the purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services.
18. (a) As explained to us, the Bank has not entered into transactions for purchases and sales of goods and services during the year in pursuance of the contracts or arrangements entered into with the Bank in which the director(s) are directly or indirectly interested at the prices which are reasonable considering the prevailing market conditions.  
  
18.(b) The examination of records does not reveal any transaction entered into by the Bank which is prejudicial to the interest of the Bank wherein directors are directly or indirectly interested. Please refer to the note 20 Related Party Transaction.
19. During the course of our examination of the books of account, we have neither come across any personal expenses (other than contractual and/or as per customary business practices), which have been charged to the Statement of Comprehensive Income nor have we been informed about such cases by the management.



20. In our opinion and according to the information and explanations given to us, there are no unserviceable or damaged stores, which have not been provided for in the books of account. The Bank being a finance sector Bank, does not have any raw materials or finished goods.
21. *This section is not applicable to the Bank.*
22. *This section is not applicable to the Bank.*
23. *This section is not applicable to the Bank.*
24. In our opinion and according to the information and explanations given to us, the Bank is regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authorities.
25. In our opinion and according to the information and explanations given to us, there was no undisputed amount payable in respect of taxes, rates, duties, royalties, provident funds and other statutory deductions outstanding as on the last day of financial year.
26. *This section is not applicable to the Bank.*
27. *This section is not applicable to the Bank.*
28. In our opinion and according to the information and explanations given to us, the Bank has a reasonable system of periodical review of minimum lending rate and based on such review and considering the market and economic conditions, the minimum lending rate are determined and approved by the Royal Monetary Authority of Bhutan.
29. The credit sales policy of the Bank is reasonable and credit rating of customers is carried out by the bank which are based on the CIB report.
30. Commission agents is adequate where sales are made through commission agents and that the agency commission structure is in keeping with the industry norms/market conditions.
31. The Bank has reasonable system of continuous follow-up with debtors and other parties for recovery of outstanding amounts. *Age wise analysis is not carried out for management information and follow up action.*
32. In our opinion and according to the information and explanations given to us, the management of liquid resources particularly cash/bank and short-term deposits etc. are adequate and that excessive amount are not lying idle in non-interest-bearing accounts and withdrawals of loan amounts are made after assessing the requirement of fund from time to time and no excess amounts is withdrawn leading to avoidable interest burden on the Bank.
33. In our opinion and according to the information and explanations given to us, the activities carried out by the Bank are lawful and intra-vires the Articles of the Bank.
34. On the basis of our test verification and according to the information and explanations given to us, the Bank has system and procedures for obtaining the approval of the Board/delegated authority for all capital investment and also for the investment in bonds, treasury bills, commercial papers and equity etc. made in the normal banking business and the investments in

new projects/ventures are made after considering the technical and economic feasibility of such projects as per the stipulated procedures.

35. In our opinion, the Bank has established an effective budgetary control system.
36. *This section is not applicable to the Bank.*
37. The details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or any of their relatives (including spouse(s) and child/children) if any, by the Bank directly or indirectly are disclosed in the accounts. Please refer to the note 20 Related Party Transaction.
38. In our opinion and according to the information and explanations given to us, the management of the Bank complies with the directives of the Board of Directors as we have not come across any such incidence where it is not complied.
39. In our opinion and according to the information and explanations given to us, the officials of the Bank have not transmitted any price sensitive information which are not made publicly available, unauthorized to their relatives / friends/ associates or close persons which would directly or indirectly benefit themselves. We have however relied on the management assertion on the same and cannot independently verify the same.
40. In our opinion and according to the information and explanations given to us, proper records are kept for inter unit transactions/services and arrangements for services made with other agencies engaged in similar activities.
41. In our opinion and according to the information and explanations given to us, the Bank has executed agreements properly and the terms and conditions of leases are reasonable and the same are applied for machinery/ equipment acquired on lease or leased out to others.

**In the case of Finance and Investment Company**

1. The Bank fulfilled all matters specified in clause A except those pertaining to manufacturing activities.
2. Adequate documents and records have been maintained for loans and advances with timely entries.
3. Proper records of transactions and contracts have been maintained with timely entries in the books pertaining to shares, securities and other investments.
4. On the basis of verification of records, information and explanations given to us, we noted that reasonable records have been maintained for the funds collected from the depositors and interest payments.
5. On basis of the verification of records, information and explanations given to us, we noted no permanent diminutions during the current year.
6. The financial statements prepared are in accordance with Bhutanese Accounting Standards and per Prudential Rules and Regulations 2017 of RMA.
7. On the basis of verification of records, information and explanations given to us, non-performing assets were noted and the requirements relating to provisioning have been complied with per the BRFS 9.



8. On the basis of verification of records, information and explanations given to us, the Bank has assets hypothecated against loans.
9. On the basis of verification of records, information and explanations given to us, the Bank has a system of monitoring projects for which loans have been provided to ensure that loan amounts are used for the specified purposes and project activities are progressing satisfactorily.
10. On the basis of verification of records, information and explanations given to us, disposed assets are sold through open/sealed bids.
11. On the basis of records, information and explanations given to us, we noted instances of deferment of loans during the year.
12. No rescheduling of loans during the year as the defaulted loans are under deferment period.
13. On the basis of records, information and explanations given to us, we noted no additional loans granted to those who have defaulted on payments of previous advances.
14. On the basis of the records, information, and explanations provided to us, *we noted that the Company has written off loans during the year pursuant to decisions made by the High-Level Committee. The total number of accounts written off comprised 492 Term Loan accounts amounting to Nu. 96,355,108.85 and 54 Overdraft accounts amounting to Nu. 70,986,637.53.*

#### **Computerized Accounting Environment**

1. The Bank maintains its accounts using various software systems such as Finacle, EMPOWER, MIS, and Microsoft Excel, which are stored on a Bank server at the head office and Phuentsholing. Given the size of the operation of the Bank, this is considered to be an adequate system for maintaining accounts.
2. The Bank has implemented a system for backing up its data on servers to safeguard against any potential disasters or system failures.
3. The backup facility is located at Phuentsholing, with hard copy documents also being stored at the head office.
4. The Bank's operational controls were found to be generally adequate to ensure the correctness and validity of input data and output information.
5. To prevent unauthorized access to the Bank's data, the system of accounting is controlled and maintained by credential-based passwords. The IT team's access is separate from the accounting team's, ensuring the system is secure and protected.
6. There has been no data migration carried out during the year.

#### **Other requirements:**

##### **1. Going concern problems**

The financial position as on the date of this report is healthy. Additionally, the bank has been making profit over the years. There are no potential going concern problems for the Bank as of the date of the audit report.

## 2. Ratio Analysis

Relevant ratio analysis has been carried out and the details are under Section “**Ratio Analysis.**”

## 3. Compliance with the Companies Act of Bhutan 2016

The Bank has complied with the various provisions of the Companies Act of Bhutan 2016; details are under section “**compliance calendar & checklist.**”

## 4. Adherence to Laws, Rules, and Regulations

The audit of the bank is governed by the Companies Act of Bhutan 2016, Internal Service manual, and Bhutanese Accounting Standards. The scope of audit is limited to examination and review of the financial statements prepared by the management. During our audit, we have considered the compliance of the provisions of the said Act, rules and regulations as well as the Bhutanese Accounting Standards.

**For Rinzing Financial Private Limited**  
Firm License No. 1036380



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147



Date: *15 - April - 2026*  
Place: Thimphu, Bhutan

# FINANCIAL STATEMENTS



**BHUTAN DEVELOPMENT BANK LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	Note no	December 31, 2025	December 31, 2024 (Restated)	January 1, 2024 (Restated)
<b>ASSETS</b>				
Cash & Cash Equivalent	2.1	671,354,913	864,889,205	1,172,393,563
Balances with Central Bank	2.2	8,576,362,621	4,493,018,235	7,433,864,042
Due from Banks	2.3	3,548,415,326	4,633,943,363	4,735,818,575
Loans & Advances to Customers*	3	26,126,245,398	20,228,311,467	17,271,781,319
Equity Instruments at FVOCI	4	83,391,382	81,730,183	80,997,261
Debt Instruments at Amortised Cost	5	3,274,535,567	5,429,007,076	2,635,756,557
Other Assets	6	1,509,266,638	1,686,508,611	1,874,364,294
Property, Plant & Equipment	7.1	259,410,323	175,448,956	155,068,087
Intangible assets	7.2	59,003,418	62,734,053	82,609,923
<b>Total Assets</b>		<b>44,107,985,587</b>	<b>37,655,591,149</b>	<b>35,442,653,621</b>
<b>LIABILITIES</b>				
Due to Banks	8	5,314,793,288	2,047,283,891	2,297,739,565
Due to Customers	9	34,681,239,201	31,375,514,653	28,863,779,413
Retirement Benefit Plans	10	11,324,690	22,963,594	16,559,650
Deferred Tax Liability	11	37,346,642	51,945,286	50,858,817
Current Tax Liability		118,340,930	65,818,699	143,995,088
Other Liabilities	12	107,323,748	425,174,950	327,824,946
<b>Total liabilities</b>		<b>40,270,368,499</b>	<b>33,988,701,073</b>	<b>31,700,757,479</b>
<b>Equity</b>				
Share Capital		1,946,414,730	1,946,414,730	1,946,414,730
Retained Earnings		519,240,221	350,174,408	425,409,502
General reserves		1,345,764,773	1,345,764,773	1,345,891,477
FVOCI Reserve		26,197,364	24,536,165	24,180,433
<b>Total equity</b>		<b>3,837,617,087</b>	<b>3,666,890,076</b>	<b>3,741,896,142</b>
<b>Total liabilities and equity</b>		<b>44,107,985,587</b>	<b>37,655,591,149</b>	<b>35,442,653,621</b>

\*The loan and advances have been restated refer note3 for details

For Rinzing Financial Private Limited:  
Firm License 1036380



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147

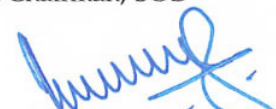
Date: 15-April-2026  
Place: Thimphu, Bhutan



For Bhutan Development Bank Limited:



**Mr. Kinzang Tobgay**  
Interim Chairman, BOD



**Ms. Tshering Om**  
CEO



**Mr. Tashi Rinchen**  
GM, F&T Department

**BHUTAN DEVELOPMENT BANK LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	Note no	December 31, 2025	December 31, 2024
Interest & Similar Income	13	2,861,828,167	2,340,121,212
Interest & Similar Expense	14	(1,813,519,827)	(1,824,986,481)
<b>Net interest income</b>		<b>1,048,308,340</b>	<b>515,134,731</b>
Fee and commission income		54,413,325	53,848,399
Fee and commission expense		(574,466)	(627,206)
<b>Net fee and commission income</b>		<b>53,838,859</b>	<b>53,221,193</b>
Rental Income		3,648,152	3,287,593
Other income	15	546,501,748	310,214,156
Net gains/ (losses) on FV of Financial assets		(18,335,512)	-
<b>Total revenue</b>		<b>1,633,961,586</b>	<b>881,857,674</b>
Personnel expenses	16	453,328,902	412,069,607
Depreciation on Property Plant & Equipment	17	29,549,953	27,753,148
Amortization of Intangible Assets	17	9,121,616	17,393,187
Other Operating Expenses	18	145,057,576	135,103,305
Impairment (charges)/reversal for loans and other losses		641,620,175	82,194,035
<b>Total Operating Expenses</b>		<b>1,278,678,223</b>	<b>674,513,282</b>
<b>Profit Before Tax from Continuing Operations</b>		<b>355,283,364</b>	<b>207,344,391</b>
<b>Income tax expense</b>	19		
-Current tax		118,340,930	62,203,317
-Deferred tax		(13,446,837)	(1,086,469)
<b>Profit For the year ending</b>		<b>250,389,271</b>	<b>144,054,605</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit and loss			
-Remeasurement of defined benefit liability (asset)		2,671,188	(9,024,034)
-Equity investments at FVOCI - net change in fair value		1,661,199	355,732
Total (i)		<b>4,332,387</b>	<b>(8,668,302)</b>
<b>Other comprehensive income for net of tax</b>		<b>4,332,387</b>	<b>(8,668,302)</b>
<b>Total comprehensive income</b>		<b>254,721,658</b>	<b>135,386,304</b>

**For Rinzing Financial Private Limited:**  
Firm License 1036380



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147

Date: 15-April-2026  
Place: Thimphu, Bhutan



**For Bhutan Development Bank Limited:**



**Mr. Kinzang Tobgay**  
Interim Chairman, BOD



**Ms. Tshering Om**  
CEO



**Mr. Tashi Rinchen**  
GM, F&T Department

**BHUTAN DEVELOPMENT BANK LIMITED**  
**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	December 31, 2025	December 31, 2024
<b>Operating Activities</b>		
<b>Profit Before Tax from Continuing Operations</b>	355,283,364	207,344,391
Adjustments for;		
Current Tax		
Dividend received	(1,717,056)	(3,043,332)
Depreciation of Property, plant and equipment	29,549,953	26,643,582
Amortisation of intangible asset	9,121,616	18,502,754
Adjustment for Actuarial and Fair value movement in equity instruments	4,332,387	(8,668,302)
Prior period adjustment	-	(126,704)
(Gain)/loss on Disposal of PPE	(179,571)	625,036
<b>Operating profit before changes in operating assets &amp; liabilities</b>	<b>396,390,693</b>	<b>241,277,425</b>
(Increase)/Decrease in operating assets		
(Increase)/decrease in loans and advances to customers	(5,897,933,932)	(3,013,313,909)
(Increase)/ decrease in other assets	177,241,973	187,855,682
<b>Increase/(Decrease) in operating liabilities</b>		
Increase/(decrease) in deferred tax liabilities	(1,151,806)	1,086,469
Increase/(decrease) in deposits	3,267,509,397	384,831,592
Increase/(decrease) in Due to customers	3,305,724,549	2,511,735,240
Increase/(decrease) in provisions	(11,638,904)	6,403,944
Increase/(decrease) in current tax liabilities	52,522,230	(78,176,389)
Increase/(decrease) in other Liabilities	(317,851,202)	(537,937,261)
<b>Cash flow from operating activities before taxes</b>	<b>970,812,998</b>	<b>(296,237,207)</b>
Income tax (paid) / refund (Net)	(118,340,930)	(63,289,786)
<b>Net cash flow from operating activities (A)</b>	<b>852,472,068</b>	<b>(359,526,993)</b>
<b>Cash flow from investing activities:</b>		
Dividend received	1,717,056	3,043,332
Purchase of Property plant & equipment	(113,331,750)	(47,024,449)
(Purchase)/Proceeds from sale/discard of intangible asset	(5,390,980)	748,080
(Investment in)/proceeds from investment securities	2,152,810,310	(2,793,983,442)
<b>Net cash used in investing activities (B)</b>	<b>2,035,804,636</b>	<b>(2,837,216,479)</b>
<b>Cash flow from financing activities:</b>		
Dividend paid	(83,994,647)	(153,481,905)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(83,994,647)</b>	<b>(153,481,905)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,804,282,057</b>	<b>(3,350,225,377)</b>
Cash and cash equivalents at the beginning of the year	9,991,850,803	13,342,076,180
<b>Cash and cash equivalents at the end of the year</b>	<b>12,796,132,860</b>	<b>9,991,850,803</b>
Cash and Cash Equivalents (Refer note-2)	12,796,132,860	9,991,850,803
<b>Cash and cash equivalents at the end of the year</b>	<b>12,796,132,860</b>	<b>9,991,850,803</b>

**For Rinzing Financial Private Limited:**  
 Firm License 1036380

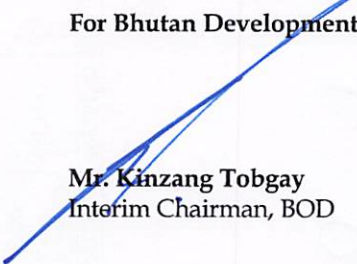



**Kunzang Pasa Tenzin**  
 Audit Partner  
 CPA License No. 10534147

Date: 15 - April - 2026  
 Place: Thimphu, Bhutan



**For Bhutan Development Bank Limited:**

  
**Mr. Kinzang Tobgay**  
 Interim Chairman, BOD

  
**Ms. Tshering Om**  
 CEO

  
**Mr. Tashi Rinchen**  
 GM, F&T Department

**BHUTAN DEVELOPMENT BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	Stated Capital	Retained Earnings	Other Reserves			Staff Development Fund	FVOCI	Total Shareholders' Funds
			General Reserves	Reserve for Land and Building	IT Development Reserve			
Balance as at January 1 2024	1,946,414,730	468,206,252	1,188,615,634	52,749,982	48,945,654	55,580,207	24,180,433	3,784,692,891
Correction of error (FV of FEIF)	-	(35,279,357)	-	-	-	-	-	(35,279,357)
Transfer to FEIF reserve	-	(7,517,393)	-	-	-	-	-	-
<b>Balance as at January 1 2024 (Restated)</b>	<b>1,946,414,730</b>	<b>425,409,502</b>	<b>1,188,615,634</b>	<b>52,749,982</b>	<b>48,945,654</b>	<b>55,580,207</b>	<b>24,180,433</b>	<b>3,741,896,141</b>
Transfers during the year	-	(7,301,137)	157,149,139	(52,749,982)	(48,945,654)	(55,580,207)	-	(7,427,841)
Dividend paid	-	(153,481,905)	-	-	-	-	-	(153,481,905)
Actuarial Gains/(Losses)	-	(9,024,034)	-	-	-	-	355,732	(8,668,302)
Net profit for the year	-	144,054,605	-	-	-	-	-	144,054,605
Correction of error (FV of FEIF)	-	(49,482,623)	-	-	-	-	-	(49,482,623)
<b>Balance as at 31st Dec 2024 (Restated)</b>	<b>1,946,414,730</b>	<b>350,174,408</b>	<b>1,345,764,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,536,165</b>	<b>3,666,890,076</b>
Balance as at January 1 2025	1,946,414,730	350,174,408	1,345,764,773	-	-	-	24,536,165	3,666,890,076
Adjustments	-	-	-	-	-	-	-	-
Adjustments/ Additional	-	-	-	-	-	-	-	-
Dividend paid	-	(83,994,647)	-	-	-	-	-	(83,994,647)
Actuarial Gains/(Losses) & Equity movement	-	2,671,188	-	-	-	-	-	2,671,188
Net profit for the year	-	250,389,271	-	-	-	-	1,661,199	4,332,387
<b>Balance as at 31st Dec 2025</b>	<b>1,946,414,730</b>	<b>519,240,221</b>	<b>1,345,764,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,197,364</b>	<b>3,837,617,087</b>

**For Rinzing Financial Private Limited:**  
Firm License 1036380



*Kunzang Pasa Tenzin*

**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147

Date: 15 April - 2026  
Place: Thimphu, Bhutan

**For Bhutan Development Bank Limited:**

*Mr. Kinzang Tobgay*  
Interim Chairman, BOD

*Ms. Tshering Om*  
CEO

*Mr. Tashi Rinchen*  
GM, F&T Department

# ACCOUNTING POLICIES & NOTES TO ACCOUNTS





## ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. Accounting Policy

#### 1.1 Corporate Information

Bhutan Development Bank Limited is specialized deposit taking bank licensed by the Royal Monetary Authority with the mandate to provide financial services to Small and Medium Enterprises (SME) and farmers' outreach mainly in Agriculture and rural focus in all parts of the Kingdom of Bhutan.

Bhutan Development Bank Limited is a domestic development bank incorporated and domiciled in the Kingdom of Bhutan. Its registered office is at P.O. Box 256, Norzin Lam, Thimphu, Bhutan.

The financial statements for the year ended 31<sup>st</sup> December 2025 were authorized for issue in accordance with a resolution of the Board of Directors on 06<sup>th</sup>, March 2026.

#### 1.2 Basis of Preparation

The Financial Statements are prepared on accrual basis. The Bhutan Development Bank Ltd. has prepared its financial statement on the basis that it will continue to operate as a going concern – Refer to Note 3.5.

#### 1.3 Basis of Accounting

The financial statements have been prepared on a historical cost basis, except for available for sale investments. The financial statements are presented in Bhutan Ngultrum rounded (Nu.)

##### i. Statement of Compliance

The financial statements of the Bank have been prepared in accordance with Bhutanese Accounting Standards (BAS) issued by the Accounting and Auditing Standard Boards of Bhutan (AASBB).

##### ii. Basis of Measurement

The Financial Statements of the bank have been prepared on the historical cost basis except for Financial Instruments at Fair Value through other comprehensive Income and defined benefit obligation.

##### iii. Presentation of financial statements

The Bank presents its statement of financial position 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) is considered when preparing the statement of Financial Position.

The amounts in the Financial Statements have been rounded off to the nearest Ngultrum, except where otherwise indicated as permitted by the Bhutanese Accounting Standard on "Presentation of Financial Statements" (BAS 1).

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

#### **iv. Going concern basis of accounting**

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

#### **v. Materiality and Aggregation**

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year

#### **vi. Comparative information**

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year

### **1.4. Changes in accounting policies and disclosures**

#### **i. New and amended standards and interpretations**

In these financial statements, the latest standards applied are BFRS 9 ECL and BFRS 16 effective for annual periods beginning on or after 1 January 2022.

## **ii. Changes to the impairment calculation**

The adoption of BFRS 9 (IFRS 9) has fundamentally changed the Bank's accounting for loan loss impairments by replacing BAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. BFRS 9/IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

## **iii. Regulatory requirements**

Based on the Monetary Measures IV approved by the Royal Monetary Authority in June 2022, the banks were allowed to transferred interest accumulated by borrowers into separate loan accounts hereafter 'FEIF' with zero interest as the amounts are interest accumulated of deferred loans during deferment period. The FEIF was granted to customers as part of COVID-19 relief under Monetary Measures IV.

Subsequently in 2025, the banks were required to carry out FEIF related adjustments interms of fair valuation as per BFRS 9 and recognition of FEIF provisions as per RMA Directives.

## **iv. Significant accounting judgements, estimates and assumption**

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

## **v. Judgements**

In the process of applying the Bank's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

## **vi. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a 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 parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

## **vii. Classification of financial assets and liabilities**

The Significant Accounting Policies of the bank provides scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortized Cost (AC), Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL) based on the following criteria.

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial assets

### **1.5 Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models.

For the purpose of valuation of quoted equity, the Bank considers market approach.

### **1.6 Impairment losses on loans and advances**

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on 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 incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, loan type, etc.) and judgement on the effect of economic and market conditions.

The measurement of impairment losses both under BFRS 9/IFRS 9 and BAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's criteria for assessing, if there has been a significant increase in credit risk and allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

### **1.7 Property, plant and equipment, investment property, and intangible assets**

Accounting estimates are used to determine the useful life of property, plant and equipment/intangible assets based on various factors such as the present condition of asset, technological advances, regulation, and the past experience of using similar assets.

The recoverable amount of property, plant and equipment is based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.

### **1.8 BFRS 16 Judgments for leases:**

#### **i. Determination of the leases and lease terms**

The bank uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Further, the bank applies judgement in evaluating whether it is reasonably certain to renew or terminate the lease at the end of the lease term. That is, it considers all relevant factors create an economic benefit for it to exercise, either the renewal or termination option.

#### **ii. Estimating the Incremental Borrowing Rate**

As the bank cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. As there aren't any borrowings, the bank uses the internal cost of fund rate. The bank estimates the IBR using observable inputs when available and is required to make certain entity-specific adjustments.

### **1.9 Actuarial valuation of employee benefits**

Employee benefit obligations pertaining to gratuity, leave encashment and terminal benefits are measured on the basis of actuarial assumptions concerning future developments in discount rates, the rate of increase in salary and the attrition rate.

### **1.10 Provisions and Other Contingent Liabilities**

Provisions are recognized when the bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of Bank. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of management/ independent experts. These are reviewed at each reporting date and are adjusted to reflect the current management estimate.

### 1.11 Correction of error

From 2022- 2025, the bank has been opening separate loan accounts for FEIF as part of Monetary Measures IV and thereafter. Initially, the bank did not carry out fair valuation of these accounts as it was not recognition of new financial assets and were subsequently measured at amortized cost along with its primary accounts.

In 2025, the Accounting and Auditing Standards Board of Bhutan issued a directive requiring all reporting entities to carry out Fair value of FEIF as per BFRS 9 and make retrospective adjustments as per BAS 8.

The RMA had also issued directive on treatment of FEIF accounts in 2022, which required banks to create reserve for FEIF for NPL related deferred accounts. The bank had overlooked in implementing this directive due to mass attrition of staffs in 2022 whereby proper handing taking of such directives were not informed to the employees who took over the responsibilities.

Both the errors have been corrected by restating each affected financial line items for the prior period as follows:

Changes in Assets	December 31, 2024	January 1, 2024
Loans & Advances	20,327,891,976.46	17,314,578,068.51
FV change in FEIF instruments	84,761,979.55	35,279,356.68
Provision for FEIF	14,818,530.00	7,517,393.00
<b>Restated Loans &amp; advances</b>	<b>20,228,311,466.91</b>	<b>17,271,781,318.83</b>

Changes in Equity	December 31, 2024	January 1, 2024
Reserve for FEIF	7,301,137.00	7,517,393.00
FV change in FEIF	49,482,622.87	35,279,356.68
<b>Net impact on equity</b>	<b>56,783,759.87</b>	<b>42,796,749.68</b>

Impact on statement of profit and loss	December 31, 2024	January 1, 2024
Gain/loss on FV of FEIF	49,482,622.87	35,279,356.68
Reversal of interest income for FEIF reserve	7,301,137.00	7,517,393.00
<b>Net impact on Profit &amp; Loss statement</b>	<b>56,783,759.87</b>	<b>42,796,749.68</b>

## 2. Significant Accounting Policies

### A. Foreign currency translation

The financial statements are presented in Bhutan Ngultrum (Nu) which is the functional currency of the Bank.

### B. Transactions and balances

Transactions 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. All differences arising on non-trading activities are taken to other operating income in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

### C. Financial instruments - initial recognition and subsequent measurement

#### C.1 Initial recognition of financial assets and liabilities

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

All financial liabilities are measured initially at their fair value.

#### C.2 Subsequent measurement of financial assets and liabilities

The subsequent measurement of financial asset depends on the classification of financial asset. The bank holds financial assets in the form of debt and instruments.

**Debt instruments** - Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans, government, and corporate bonds.

**Equity instruments** - Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

**Classification** - the financial assets are classified in the following categories:

- Amortized cost or
- Financial assets at fair value through other comprehensive income (FVOCI), or
- Financial assets at fair value through profit or loss (FVPL).

Financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for de-recognition, a financial liability is recognized for the consideration received for the transfer. In subsequent periods, the bank recognizes any expense incurred on the financial liability, when continuing involvement approach applies.
- Financial guarantee contracts and loan commitments.

### **C.3 Debt instruments**

Classification and subsequent measurement of debt instruments depend on:

- (a) Business model for managing the asset; and
- (b) The cash flow characteristics of the asset.

Based on these factors, the debt instruments are classified into following measurement category:

#### **C.4 Debt instruments at amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by incurred credit loss allowance recognized and measured as described under note 7.3.10. Impairment of Financial Asset. Interest income from these financial assets is included in 'interest income' using the Effective Interest Rate (EIR) method.

#### **C.5 Debt instruments at FVOCI**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in statement of comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of comprehensive income. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

### C.6 Debt instruments at FVPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the statement of comprehensive income and presented in the statement of comprehensive income. Interest income from these financial assets is included in 'interest income' using the EIR method.

The debt investments are reclassified when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

### C.7 Business model

The business model reflects how the bank manages the assets in order to generate cash flows. That is, whether the bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

Factors considered by the bank in determining the business model for a Bank of assets include

- Past experience on how the cash flows for these assets were collected,
- How the asset's performance is evaluated and reported to key management personnel,
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the bank's original expectations, the bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### C.8 Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In making this assessment, the bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic

lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

### **C.9 Equity instruments**

Equity investments are subsequently measured at fair value through OCI, where the management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to statement of comprehensive income, including on disposal. Dividends, when representing a return on such investments, continue to be recognized in statement of comprehensive income as other income when right to receive payments is established.

### **C.10 Reclassification of financial assets and liabilities**

The bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the business model for managing those assets change. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period. Financial liabilities are never reclassified.

### **C.11 Modification of financial assets and liabilities**

#### **i. Modification of loans**

The bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers as a result of commercial restructuring activity rather than due to credit risk and impairment considerations. When this happens, the bank assesses whether or not the new terms are substantially different to the original terms. For financial assets, this assessment is based on qualitative factors.

When assessing whether or not to derecognise a loan to a customer, amongst others, the bank considers the following factors:

- Introduction of an equity feature
- Change in counterparty
- Whether the modification is such that the instrument would no longer meet the SPPI criteria.

## C.12 Derecognition of financial assets and liabilities

### i. Derecognition of financial assets

#### a. Derecognition due to substantial modification of terms and conditions

The bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL.

#### ii. Derecognition other than for substantial modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

- a. The bank transfers substantially all the risks and rewards of ownership, or
- b. The bank neither transfers nor retains substantially all the risks and rewards of ownership and the bank has not retained control.

The bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the bank's continuing involvement, in which case, the bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the bank has retained.

## C.13 De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

When the transfer of financial asset did not qualify for derecognition, a financial liability is recognized for the consideration received for the transfer. In subsequent periods, the bank recognizes any expense incurred on the financial liability, when continuing involvement approach applies.

Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires).

## C.14 Impairment of financial assets

### i. Overview of the ECL principles

The bank records an allowance for expected credit loss 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.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no Significant Increase in Credit Risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL).

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL 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 banking financial assets measured on a collective basis.

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 Banks assesses its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the bank recognises an allowance based on 12mECL. ECL is computed based on the delinquency method where all facilities which are less than or equal to 30 days past due is considered under Stage 1.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the bank records an allowance for the LTECL. The definition of a significant deterioration is subject to assessment on an ad-hoc/annual basis. Lifetime losses are computed for all accounts classified as Stage 2. The bank computes ECLs based on the delinquency method where all facilities which are between 30 days past due and 90 days past due is considered under Stage 2.

**Stage 3:** Loans considered credit-impaired, the bank records an allowance for the LTECL. ECL is computed based on the delinquency method where all facilities which are greater than 90 days past due are considered as stage 3 facilities.

The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

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) derecognition of the financial asset.

## ii. Impairment of financial assets

### ii.a. Overview of the ECL principles

The bank records an allowance for expected credit loss 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.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no Significant Increase in Credit Risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL).

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL 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 banking financial assets measured on a collective basis.

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 Banks assesses its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the bank recognises an allowance based on 12m ECL. ECL is computed based on the delinquency method where all facilities which are less than or equal to 30 days past due is considered under Stage 1.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the bank records an allowance for the LTECL. The definition of a significant deterioration is subject to assessment on an ad-hoc/annual basis. Lifetime losses are computed for all accounts classified as Stage 2. The bank computes ECLs based on the delinquency method where all facilities which are between 30 days past due and 90 days past due is considered under Stage 2.

**Stage 3:** Loans considered credit-impaired; the bank records an allowance for the LTECL. ECL is computed based on the delinquency method where all facilities which are greater than 90 days past due are considered as stage 3 facilities.

The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

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) derecognition of the financial asset.

### **iii. The calculation of ECL**

The bank calculates ECL based on three 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:

#### **A. The Probability of Default (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 derecognised and is still in the portfolio.

#### **B. The Exposure at Default (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 drawdowns on committed facilities, and accrued interest from missed payments.

#### **C. The Loss Given Default (LGD):**

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 realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

When estimating the ECL, the bank considers three scenarios (best, base, and worse). Each of these is associated with different PDs, EADs and LGDs, as stated above. 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.

With the exception other revolving facilities, for which the treatment is separately set out in the accounting policy, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the bank records an allowance for the LTECL. 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, the bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

#### C.15 Debt instruments measured at fair value through OCI.

Loan commitments	<ul style="list-style-type: none"> <li>▸ When estimating LTECL for undrawn loan commitments, the bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.</li> <li>▸ For revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within Provisions.</li> </ul>
Financial guarantee contracts	<ul style="list-style-type: none"> <li>▸ The bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.</li> <li>▸ The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognized within Provisions.</li> </ul>

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

#### 5.3.11.4 Other revolving facilities

The bank's product offering includes a variety of corporate and retail overdraft facilities, in which the bank has the right to cancel and/or reduce the facilities with one day's notice. The bank does

not limit its exposure expectations of customer behaviour, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the bank's expectations, the period over which the bank calculates ECL for these products, is five years for corporate and seven years for retail products.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently not charged interest. The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products.

A collective impairment provision is established for Banks of homogeneous loans and advances that are not considered individually significant and Banks of assets that are individually significant but that were not found to be individually impaired

### C.16 Forward looking information

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

- GDP growth
- Inflation
- Interest Rate
- Exchange Rate
- Unemployment rates

### C.17 Credit enhancements: collateral valuation and financial guarantees

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, real estate, and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the bank's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by BFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

### C.18 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### D. Leases

BFRS 16 supersedes BAS 17 - "Leases", IFRIC 4 - "Determining whether an Arrangement Contains a Lease", SIC-15 - "Operating Leases-Incentives" and SIC-27 - "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under BFRS 16 is substantially unchanged under BAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in BAS 17. Therefore, BFRS 16 did not have an impact for leases where the bank is the lessor.

BFRS 16 became applicable for annual reporting periods beginning 01 January 2022. The bank has adopted BFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 January 2022. Under this method, the standard is applied to the opening balance as on date of initial application.

The bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **E. Recognition of income and expenses**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### **(i) Interest and similar income and expense**

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available for- sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate (EIR). Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

##### **(ii) Fee and commission income**

The Bank earns fee and commission income from a diverse range of services it provides to its customers.

Fee income can be divided into the following two categories:

##### **Fee income earned from services that are provided over a certain period of time**

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

##### **Fee income from providing transaction services**

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

### (iii) Dividend income

Revenue is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

### (iv) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

### F. Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

### G. Property, Plant and Equipment

Property, Plant and Equipment (including equipment under operating leases where the Bank is the lessor) is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The cost of replacing a part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of property and equipment are recognised in profit or loss as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

Land, work in progress, and paintings and other artworks and objects are not depreciated.

The estimated useful lives are as follows:

<u>Asset Type</u>	<u>Useful Life</u>
Buildings	20-50 years
Furniture & Fitting	10 years
Office Equipment	5 years
Electrical Equipment	10 years
Network Equipment	5 years
Computer Hardware	5 years
Motor Vehicle	10 Years
Security Equipment	5 years

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. 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 in the year the asset is derecognised.

The residual values of property, plant and equipment's are estimated at nil except vehicles based on the trend. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

#### **H. Intangible assets**

The Bank's other intangible assets include the value of computer software.

An intangible asset is recognised 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 Bank.

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.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

- **Computer software 6-7 years**

#### **I. Impairment of non-financial assets**

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### **J. Guarantees**

In the ordinary course of business, the Bank gives guarantees, consisting of letters of credit/guarantees and acceptances.

#### **K. Provisions**

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

#### **L. Employee Benefits**

The bank measures the present value of the Pension obligation, which is a defined benefit plan with the advice of an independent professional actuary using the Projected Unit Credit method (PUC) as required by BAS 19 Employee Benefits.

An actuarial valuation has been carried out at every year end to ascertain the full liability under the Fund.

Recognition of Actuarial Gains and Losses: Actuarial gains and losses occur when the actual plan experience differs from the assumed. The Bank recognises the total actuarial gains and losses that arise in calculating the Bank's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

#### **M. Short-term obligation**

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within the 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### **N. Other long-term benefit obligation**

The liabilities for the annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. Consideration is given to expected future wage and salary level, experience of employee departures and period of service. The expected future payments are discounted using market yields at the end of the reporting period of high- quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Re-measurements as a result of experience adjustments and changes in the actuarial assumptions are recognised in profit or loss.

The obligation is presented as current liabilities in the balance sheet if the entity does not have unconditional right to defer settlement for at least twelve months after the reporting period regardless of when the actuarial settlement is expected to occur.

## **O. Grants**

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Bank receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

Grants received by agencies are amortised to income over the period of a grant on straight line Basis and grants received during the period are assumed to be received by the end of the period for amortisation purpose.

## **P. Dividends on ordinary shares**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

## **Q. Equity reserves**

The reserves recorded in equity (Other comprehensive income) on the Bank's statement of financial position include:

FVOCI reserve, which comprises changes in fair value of FA classified at FVOCI.

## **R. Income tax**

### **i. Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## ii. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

## S. Fair value measurement

### i. Fair value hierarchy

This section explains judgements and estimates made in determining the fair values of the financial instruments. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the bank has access to at the measurement date. The bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- **Level 2 financial instruments** – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the bank manages a Bank of financial assets and liabilities on the basis of its net market or credit risk exposure, the fair value of the Bank of financial instruments is measured on a net basis, however the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the BFRS offsetting criteria.

The bank periodically reviews its valuation techniques including the adopted methodologies and model calibrations and it evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

**ii. Valuation technique used to determine fair value:**

Specific valuation techniques used to value financial instruments include:

- i. The fair value of the financial instruments other than equity shares is determined using discounted cash flow analysis.
- ii. The fair value of financial instruments in the form of investment in equity shares is determined using multiple valuation techniques by independent value.

**iii. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk includes deposits.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

**iv. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The bank's exposure to the risk of changes in market interest rates relates primarily to the bank's short-term deposits.



**v. Foreign currency risk**

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The bank's exposure to the risk of changes is limited as most foreign currency transaction are in Indian Rupee which is pegged to the Bhutanese Ngultrum.

**vi. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED DECEMBER 31, 2025**

**Note 1: (a) Remeasurement of Balance Sheet as at 31<sup>st</sup> December 2025**

*(Amount in Nu.)*

Particulars	Note no	31 Dec 2025 (GAAP)	Re-measurement	31 Dec 2025
<b>ASSETS</b>				
Cash & Cash Equivalent	2.1	672,158,508	803,595	671,354,913
Balances with Central Bank	2.2	8,576,362,621	-	8,576,362,621
Due from Banks	2.3	3,550,919,435	2,504,109	3,548,415,326
Loans & Advances to Customers	3	26,502,387,479	376,142,081	26,126,245,398
Equity Instruments at FVOCI	4	57,194,018	(26,197,364)	83,391,382
Debt Instruments at Amortised Cost	5	3,277,683,727	3,148,160	3,274,535,567
Other Assets	6	1,255,524,161	(253,742,477)	1,509,266,638
Property, Plant & Equipment	7.1	249,759,750	(9,650,572)	259,410,323
Intangible assets	7.2	21,956,329	(37,047,089)	59,003,418
<b>Total Assets</b>		<b>44,163,946,029</b>	<b>55,960,443</b>	<b>44,107,985,587</b>
<b>LIABILITIES</b>				
Due to Banks	8	5,314,793,288	-	5,314,793,288
Due to Customers	9	34,815,623,695	(134,384,494)	34,681,239,201
Retirement Benefit Plans	10	(25,816,072)	37,140,762	11,324,690
Deferred Tax Liability	11	-	37,346,642	37,346,642
Current Tax Liability		118,340,930	-	118,340,930
Other Liabilities	12	87,192,622	20,131,127	107,323,748
		-	-	-
<b>Total liabilities</b>		<b>40,310,134,463</b>	<b>(39,765,963)</b>	<b>40,270,368,499</b>
<b>Equity</b>				
Share Capital		1,946,414,730	-	1,946,414,730
Retained Earnings		899,760,012	(380,519,791)	519,240,221
General reserves		1,007,636,825	338,127,948	1,345,764,773
FVOCI Reserve		-	26,197,364	26,197,364
<b>Total equity</b>		<b>3,853,811,566</b>	<b>(16,194,479)</b>	<b>3,837,617,087</b>
<b>Total liabilities and equity</b>		<b>44,163,946,029</b>		<b>44,107,985,587</b>

**Note 1: (b) Remeasurement of Income Statement for the year ended 31<sup>st</sup> December 2025***(Amount in Nu.)*

Particulars	Note no	31 Dec 2025 (GAAP)	Remeasurement	December 31, 2025
Interest & Similar Income	13	4,218,153,634	1,356,325,467	2,861,828,167
Interest & Similar Expense	14	(3,183,443,258)	(1,369,923,431)	(1,813,519,827)
<b>Net interest income</b>		<b>1,034,710,376</b>	<b>(13,597,964)</b>	<b>1,048,308,340</b>
Fee and commission income		54,413,325	-	54,413,325
Fee and commission expense		(574,466)	-	(574,466)
<b>Net fee and commission income</b>		<b>53,838,859</b>	<b>-</b>	<b>53,838,859</b>
Rental Income		3,648,152	-	3,648,152
Other income	15	546,751,469	249,722	546,501,748
Net gains/ (losses ) on FV of Financial assests			18,335,512	(18,335,512)
<b>Total revenue</b>		<b>1,638,948,855</b>	<b>4,987,269</b>	<b>1,633,961,586</b>
Personnel expenses	16	431,784,477	(21,544,425)	453,328,902
Depreciation on Property Plant & Equipment	17	24,938,227	(4,611,726)	29,549,953
Amortization of Intangible Assets	17	8,001,194	(1,120,422)	9,121,616
Other Operating Expenses	18	144,980,059	(77,518)	145,057,576
Impairment (charges)/reversal for loans and other losses		641,138,171	(482,004)	641,620,175
<b>Total Operating Expenses</b>		<b>1,250,842,127</b>	<b>(27,836,095)</b>	<b>1,278,678,223</b>
Profit Before Tax from Continuing Operations		388,106,728	32,823,364	355,283,364
Income tax expense	19		-	
-Current tax		118,340,930	-	118,340,930
-Deferred tax		-	13,446,837	(13,446,837)
<b>Profit For the year ending</b>		<b>269,765,798</b>	<b>19,376,527</b>	<b>250,389,271</b>
Other comprehensive income			-	
(i) Items that will not be reclassified to profit and loss			-	
-Remeasurement of defined benefit liability (asset)			(2,671,188)	2,671,188
-Equity investments at FVOCI - net change in fair value			(1,661,199)	1,661,199
-Related tax			-	
<b>Total (i)</b>		<b>-</b>	<b>(4,332,387)</b>	<b>4,332,387</b>
<b>Other comprehensive income for net of tax</b>		<b>-</b>	<b>(4,332,387)</b>	<b>4,332,387</b>
<b>Total comprehensive income</b>		<b>269,765,798</b>	<b>15,044,140</b>	<b>254,721,658</b>

**Note-2. Cash and Cash Equivalent**

(Amount in Nu.)

Particulars	December 31, 2025	December 31, 2024
Cash in hand	671,354,913	864,889,205
Cheques, drafts on hand	-	-
<b>2.1 Cash &amp; cash equivalents</b>	<b>671,354,913</b>	<b>864,889,205</b>
CRR balance with central bank	2,559,770,113	2,391,585,715
Current account with central bank	6,016,592,508	2,101,432,520
<b>2.2 Cash &amp; Balances with Central Bank</b>	<b>8,576,362,621</b>	<b>4,493,018,235</b>
Balances with other banks	3,548,415,326	4,633,943,363
Balances with own banks	-	-
<b>2.3 Placement with banks</b>	<b>3,548,415,326</b>	<b>4,633,943,363</b>

**Note-3. Loans and advances (at amortised cost)**

(Amount in Nu.)

Particulars	December 31, 2025	December 31, 2024
Overdrafts	3,417,364,686	3,045,025,921
Term loans	24,071,805,722	17,992,972,548
Staff loan	343,134,698	264,927,036
	<b>27,832,305,106</b>	<b>21,302,925,504</b>
<u>Less:</u>		
Interest in Suspense	211,305,067	-
Impairment on loan	1,375,634,879	975,033,528
	<b>1,586,939,946</b>	<b>975,033,528</b>
<u>Less:</u>		
FV change in FEIF	103,097,491	84,761,980
Provision for FEIF	16,022,271	14,818,530
<b>Total</b>	<b>26,126,245,398</b>	<b>20,228,311,467</b>

Movement of impairment on loan	December 31, 2025	December 31, 2024
Opening balance	975,033,528	1,173,816,703
Addition- Current year provision	473,796,425	82,194,035
Reversal	(73,195,074)	(280,977,210)
Closing Balance	<b>1,375,634,879</b>	<b>975,033,528</b>

Impairment charge/(write-back)	December 31, 2025	December 31, 2024
Loans write-off	167,341,746	-
Loan loss provisioning	473,796,425	82,194,035
Other asset provisioning	482,004	-
<b>Total</b>	<b>641,620,175</b>	<b>82,194,035</b>

**Note-4. Equity Instruments at FVOCI***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
<u>At fair value through OCI</u>		
Investments in Equity Instruments	83,391,382	81,730,183
<b>Total</b>	<b>83,391,382</b>	<b>81,730,183</b>

**Note-5. Debt Instruments at Amortised Cost***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
<u>At ammortised cost</u>		
Investments in Debt securites	3,274,535,567	3,650,379,248
Investment in Governments Securities		1,778,627,829
<b>Total</b>	<b>3,274,535,567</b>	<b>5,429,007,076</b>

**Note-6. Other Assets***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Advances to suppliers	27,847,720	1,009,096
Prepaid expenses	255,479,818	159,370,297
Other assets	98,755,916	21,925,184
TDS receivable/ asset	21,988,763	33,580,320
Advance tax	35,749,520	36,077,683
Interest accrued on loan	585,252,263	-
Interest accrued on investments	94,347,361	-
Security and other refundable deposits	(281,556)	236,400
Staff advances	1,282,539	704,005
Other receivables	388,883,567	1,332,058,510
BFS - Receivable (Net)	-	101,547,117
Inter Branch receivable	(39,272)	-
<b>Total</b>	<b>1,509,266,638</b>	<b>1,686,508,611</b>

### Note-7.1 Property, Plant and Equipment

(Amount in Nu.)

Description	Gross Block				Depreciation				Net Block	
	As at 1st January, 2025	Additions	Disposals	As at 31st December, 2025	As at 31st January, 2025	For the year	Disposals	Adjustment	As at 31st December, 2025	As at 31st January, 2025
	Land	2,588,623	-	-	2,588,623	-	-	-	-	2,588,623
Building	114,853,607	10,861,746	17,700	125,697,653	49,961,703	4,716,617	17,699	-	64,891,904	71,037,031
Office Equipment & Machinery	52,474,607	5,611,660	2,002,783	56,083,484	43,211,970	4,012,270	1,699,425	-	9,262,637	10,558,670
Computer & Accessories	182,754,501	10,613,471	15,819,255	177,548,717	153,362,899	10,188,913	14,863,335	-	29,391,602	28,860,241
Motor Vehicles	16,002,013	3,721,055	1,247,848	18,475,220	8,906,516	1,865,442	580,280	-	7,095,497	8,283,541.59
Arts & Artifacts	1,503,761	175,000	9,480	1,669,281	-	-	-	-	1,503,761	1,669,281
Furniture & Fixtures	46,891,843	5,382,499	1,607,154	50,667,188	33,726,835	3,010,981	1,447,639	-	13,165,008	15,377,011
Security Equipment	38,587,734	489,250	3,547,597	35,529,387	32,906,132	1,463,108	3,432,594	-	5,681,602	4,592,741
Other Assets	940,350	257,284	7,030	1,190,603.92	7,545	60,531	-	-	932,805	1,122,528
Network Equipment & Installations	61,498,078	16,050,686	6,559,212	70,989,552	56,964,014	2,721,608	6,536,266	-	4,534,064	17,840,196
Electrical Equipment & Installations	20,003,730	150,000	1,579,554	18,574,176	13,570,624	1,510,482	1,298,460	-	6,433,106	4,791,530
Leases	19,672,508	-	-	19,672,508	-	-	-	-	19,672,508	19,672,508
(b) Capital work-in-progress	5,171,524	67,844,898	-	73,016,422	-	-	-	-	5,171,524	73,016,422
<b>Total</b>	<b>562,942,880</b>	<b>121,157,548</b>	<b>32,397,612</b>	<b>651,702,817</b>	<b>392,618,239</b>	<b>29,549,953</b>	<b>29,875,698</b>	<b>-</b>	<b>392,292,494</b>	<b>170,324,641</b>

### Note-7.2 Intangible assets

(Amount in Nu.)

Description	Gross Block				Depreciation				Net Block	
	As at 1st January, 2024	Additions	Disposals	As at 31st December, 2025	As at 31st January, 2025	For the year	Disposals	Adjustment	As at 31st December, 2025	As at 31st January, 2025
	Software	155,711,412	5,390,980.00	-	161,102,392	92,977,358	9,121,616	-	-	102,098,974
<b>Total</b>	<b>155,711,412</b>	<b>5,390,980</b>	<b>-</b>	<b>161,102,392</b>	<b>92,977,358</b>	<b>9,121,616</b>	<b>-</b>	<b>-</b>	<b>102,098,974</b>	<b>62,734,054</b>
										<b>59,003,418</b>
										<b>59,003,418</b>

**Note-8. Due to Banks***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
(b) Borrowings	583,166,110	658,461,302
(c) Subordinated liabilities	4,731,627,178	1,388,822,589
<b>Total</b>	<b>5,314,793,288</b>	<b>2,047,283,891</b>

**Note-9. Due to Customers***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Fixed deposits	13,412,340,267	14,669,969,755
Savings deposits	17,258,170,430	14,632,023,685
Current account	1,418,411,549	1,221,174,383
Recurring deposits	1,061,674,336	852,346,829
Interest payable	1,530,642,618	
<b>Total</b>	<b>34,681,239,201</b>	<b>31,375,514,653</b>

**Note-10. Retirement Benefit Plans***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Provision for gratuity	(2,500,361)	8,347,345
Leave Encashment	13,825,051	14,616,249
<b>Total</b>	<b>11,324,690</b>	<b>22,963,594</b>

Details for above as per below

**Note- Retirement Benefit Plans**

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 required under BAS 19, valuation of scheme benefits is done 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.

BAS 19 also requires that “Service Cost” be calculated separately in respect of the benefit accrued during the current period. Service Cost is calculated using the same method as described above.

(Amount in Nu.)

Particulars	BFRS Restated	December 31, 2024
Defined benefit liability at the beginning of the period	93,313,871	90,574,167
Current service cost	9,429,047	8,627,129
Interest cost on benefit obligations	6,352,183	6,259,177
Actuarial (Gains)/Losses recognized in the year	2,266,429	2,090,341
Liability Settlement/Adjustment During the period	(11,395,103)	(14,236,943)
	<b>99,966,427</b>	<b>93,313,871</b>
<b>LEAVE</b>		
Defined benefit liability at the beginning of the period	14,616,249	11,454,059
Current service cost	2,800,695	3,122,049
Interest cost on benefit obligations	700,641	460,400
Actuarial (Gains)/Losses recognized in the year	5,611,950	10,210,531
Liability Settlement/Adjustment During the period	(9,904,484)	(10,630,790)
	<b>13,825,051</b>	<b>14,616,249</b>
<b>Changes in Plan assets</b>		
Changes in Fair value of plan asset in the beginning	84,966,527	85,488,577
Contribution paid into the plan	6,178,597	-
Expected return on the plan assets	6,384,047	6,411,643
Return on plan assets greater or (less) than discount rate	4,937,617	(6,933,693)
Fair value of plan assets in the end	<b>102,466,788</b>	<b>84,966,527</b>
<b>GRATUITY</b>		
Defined Benefit Obligation (Gratuity)	99,966,427	93,313,871
Fair Value of Plan assets	(102,466,788)	(84,966,526)
Defined Benefit Obligation (Leave Encashment)	13,825,051	14,616,249
	<b>11,324,690</b>	<b>22,963,594</b>

#### Note-11. Tax Liability

(Amount in Nu.)

Particulars	December 31, 2025	December 31, 2024
(c) Deferred tax liabilities (Net)	37,346,642	51,945,286
Current tax liabilities (Net)	118,340,930	65,818,699
<b>Total</b>	<b>155,687,572</b>	<b>117,763,985</b>

#### 11.1 Deferred Tax Asset and Liability for 2025

(Amount in Nu.)

Particulars	Deposits	PPE	Intangible	Employee benefit
Carrying amount	33,150,596,583	259,410,323	59,003,418	11,324,690
Tax Base	33,284,981,077	249,759,750	21,956,329	
Difference	(134,384,494)		37,047,089	11,324,690
<b>Taxable temporary</b>	<b>(134,384,494)</b>	<b>(9,650,572)</b>	<b>(37,047,089)</b>	
<b>Deductible temporary</b>		-		<b>11,324,690</b>
DTL @ Tax rate 22%	(29,564,589)	(2,123,126)	(8,150,360)	
DTA @ Tax rate 22%				2,491,432
Final Deferred tax 2025	(29,564,589)	(2,123,126)	(8,150,360)	2,491,432
<b>Net DTL 2025</b>				<b>(37,346,642)</b>
DTL @ Tax rate 30%	(40,315,348)	(2,895,172)	(11,114,127)	

Particulars	Deposits	PPE	Intangible	Employee benefit
DTA @ Tax rate 30%	-	-	-	3,397,407
Final Deferred Tax 2025	(40,315,348)	(2,895,172)	(11,114,127)	3,397,407
Net DTL 2025 @ Tax rate 30%				(50,927,240)
<b>Impact of change in deferred tax due to change in income tax rate from 2026</b>				<b>(13,580,597)</b>

**Note-12. Other Liabilities***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Statutory liabilities	878,616	1,495,552
Other liabilities	120,858	131,368
Inter branch payable	(116,634,456)	178,706
(d) Trade payables	222,958,730	423,369,325
<b>Total</b>	<b>107,323,748</b>	<b>425,174,950</b>

**Note-13. Interest income***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Interest on loans	2,410,787,681	1,858,749,573
Interest income from investments	433,090,990	472,990,681
Notional Interest on staff loan	17,949,496	8,380,958
<b>Total</b>	<b>2,861,828,167</b>	<b>2,340,121,212</b>

**Note-14. Interest expense***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Interest on deposits	1,735,514,364	1,781,189,231
Interest on borrowings	23,481,375	14,151,703
Interest on subordinated liabilities	54,524,089	29,645,547
<b>Total</b>	<b>1,813,519,827</b>	<b>1,824,986,481</b>

**Note-15. Other Income***(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Dividend Income	1,717,056	3,043,332
Net gain/ (loss) on de-recognition of property, plant and equipment	(179,571)	(625,036)
Other Income	544,964,262	307,795,860
<b>Total</b>	<b>546,501,748</b>	<b>310,214,156</b>

**Note-16. Personnel expenses**
*(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Salaries and wages	340,544,666	322,197,847
Contribution to provident and other funds	53,115,731	56,037,753
Amortization of pre-paid employment benefits	17,949,496	8,380,958
Manpower Training expense	39,154,030	22,717,495
Staff welfare expense	2,564,979	2,735,554
<b>Total</b>	<b>453,328,902</b>	<b>412,069,607</b>

**Note-17. Depreciation and amortisation**
*(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Depreciation on Property, plant and equipment	29,549,953	27,753,148
Amortisation of Intangible assets	9,121,616	17,393,187
<b>Total</b>	<b>38,671,569</b>	<b>45,146,335</b>

**Note-18. Other expenses**
*(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Security Expenses	22,094,909	22,364,533
Rent, taxes and energy costs	22,467,614	23,262,517
Repairs and maintenance	32,799,224	27,689,662
Communication costs	5,461,001	5,363,187
Printing and stationery	7,308,000	5,450,012
Advertisement and publicity	6,411,325	6,482,990
Director's fees, allowances, and expenses	3,805,288	3,676,567
Auditor's fees and expenses	887,000	910,000
Legal and Professional charges	4,675,657	1,316,000
Insurance	1,765,837	1,774,415
Travelling and conveyance	22,799,932	29,041,981
Other expenditure	14,581,790	7,771,440
<b>Total</b>	<b>145,057,576</b>	<b>135,103,305</b>

**Note 19: Commitment & 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 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.

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

Bank has contingently liable as on for Nu. 1,261,578,647.25 (PY Nu. 796,107,958) towards guarantees issued to its constituents of which aging analysis are given in Note No. 29(ii) Pending capital commitments (net of advance) as on 31.12.2022 are of Nu. Nil (PY Nu. Nil).

## Note 20: Related Party Transactions

The Bank carries out transactions in the ordinary course of business with the parties who are defined as related parties in the 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.

### Note 20.1: Parent and Ultimate Controlling Party

A related party transaction is a transfer of resources, services and/or obligations between the Bank and a related party, regardless of whether a price is charged.

Of the 60,031,700 equity shares (Nu.10 each) issued by the Bank as at December 31, 2021, the 58,000,000 equity shares (96.62%) are held by the Ministry of Finance, Royal Government of Bhutan (RGOB). The Bank considers that for the purpose of BAS 24, Related Party Disclosures, the RGOB is in a position of control over it, and therefore regards the RGOB as related parties including the Key Managerial Personnel (KMPs) for the purpose of the disclosures required by BAS 24.

**A summary of the Bank's transactions with the RGOB are included below:**

*(Amount in Nu.)*

Name of the Primary Party	Relationship	Nature of Transactions with Related Party	December 31, 2025	December 31, 2024
Royal Government of Bhutan	Majority Shareholders	Investment in RGOB Bonds	1,129,334,000	3,594,334,000
Royal Government of Bhutan	Majority Shareholders	Investment in Short term T-Bills	-	1,773,316,200
Royal Government of Bhutan	Majority Shareholders	Sub-ordinated Term Debt	1,760,555,178	1,801,867,178
Royal Government of Bhutan	Majority Shareholders	SME Loan availed	102,356,250	110,544,750

### Note 20.2: Transactions with Key Managerial Personnel (KMPs)

According to 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 partners and children of the KMPs/domestic partners and dependents of the KMPs/domestic partners.

**Note 20.2.1: Transactions with Key Managerial Personnel (KMPs)**
*(Amount in Nu.)*

Particulars	December 31, 2025	December 31, 2024
Pay and Allowances to Chief Executive Officer	2,351,832	2,565,633
Director's Sitting Fee	1,070,500	1,280,000
Reimbursement of Travelling Expenses	202,748	439,850
	<b>3,625,080</b>	<b>4,285,483</b>

**Note 21: Events after the Reporting Date**

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements

**Note 22: Fair Value of Financial Instruments**
**A. Determination of fair value hierarchy**
*(Amount in Nu.)*

Particulars	December 31, 2025			December 31, 2024		
	Level I	Level II	Level III	Level I	Level II	Level III
<b>Financial Assets</b>						
Quoted Equities	55,830,382	-	-	54,169,183	-	-
Loans & Advances to Employees	-	-	343,134,698	-	-	264,927,036
<b>Total</b>	<b>55,830,382</b>	<b>-</b>	<b>343,134,698</b>	<b>54,169,183</b>	<b>-</b>	<b>264,927,036</b>

Set out below is a comparison, by class of the carrying amounts and fair values of the bank's financial instruments. This table does not include the fair value of non-financial assets & non-financial liabilities.

*(Amount in Nu.)*

Particulars	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Nu	Nu	Nu	Nu
<b>Financial Assets</b>				
Cash and cash equivalents	672,158,508	671,354,913	865,558,061	864,889,205
Balances with Royal Monetary Authority of Bhutan	8,576,362,621	8,576,362,621	6,271,646,063	6,271,646,063
Placements with Banks	3,550,919,435	3,548,415,326	4,637,645,733	4,633,943,363
Loans & Advances to Customers	26,518,409,750	26,144,345,674	20,082,152,053	20,062,964,941
Other Financial Assets	3,334,877,745	3,357,926,949	3,709,290,899	3,732,109,431
	<b>42,652,728,060</b>	<b>42,298,405,484</b>	<b>35,566,292,810</b>	<b>35,565,553,003</b>
<b>Financial Liabilities</b>				
Due to banks	5,314,793,288	5,314,793,288	2,047,283,891	2,047,283,891
Due to other customers	34,815,623,695	34,681,239,201	31,514,430,679	31,375,514,653
Other Financial Liabilities	87,192,622	107,323,748	425,169,263	425,169,263
	<b>40,217,609,605</b>	<b>40,103,356,237</b>	<b>33,986,883,833</b>	<b>33,847,967,807</b>

The Fair Value and carrying value of Financial Assets and Liabilities have been assumed to be significantly similar.

## Note 23: Risk Management

### Credit Risk

Credit risk is the risk of financial loss to the Bank if a borrower or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers/other Banks and investments in debt securities. In addition to the credit risk from direct funding exposure, the bank would also be exposed to indirect liabilities such as Letters of Credit guarantees etc, which would carry similar credit risk.

The Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector concentration risks) to ensure stringent Credit Risk Management. Maximum Exposure to Credit Risk/Type of collateral or credit enhancement:

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including geography of counterparty, and sector. As part of its overall risk management, the bank obtains various types of collaterals to mitigate the risk. Details such as nature of the collateral that could be accepted, required security margin etc are clearly defined in the Credit Policy of the Bank and any deviations require specific approval. However, respective approving authorities would take into account the availability of security only as the secondary source of repayment.

(Amount in Nu.)

Particulars	December 31, 2025			December 31, 2024		
	Maximum Exposure to credit Risk	Properties	Net Exposure	Maximum Exposure to credit Risk	Properties	Net Exposure
	Nu	Nu	Nu	Nu	Nu	Nu
<b>Financial Assets</b>						
Placements with Banks	3,548,415,326	-	3,548,415,326	4,633,943,363	-	4,633,943,363
Loans & advances to customers	26,144,345,674	26,144,345,674	-	20,062,964,941	20,062,964,941	-
Equity Instruments at FVOCI	83,391,382	-	83,391,382	81,730,183	-	81,730,183
Other assets	3,334,877,745	-	3,334,877,745	3,709,290,899	-	3,709,290,899
	<b>33,111,030,128</b>	<b>26,144,345,674</b>	<b>6,966,684,454</b>	<b>28,487,929,386</b>	<b>20,062,964,941</b>	<b>8,424,964,446</b>

Exposure to Credit risk and ECL Allowance on Loans and Advance (FA measured at amortized cost)

(Amount in Nu.)

SL.no	Portfolio Segment	Amortized Cost			
		Stage 1	Stage 2	Stage 3	Total
a	Agriculture & Livestock	3,176,823,596.32	453,931,372.35	550,246,995.37	4,181,001,964.04
b	General Trade	793,086,576.82	125,665,230.51	187,778,309.69	1,106,530,117.02
c	Transport	399,907,818.69	138,824,025.94	143,443,402.42	682,175,247.05
d	Housing	8,520,031,096.12	620,405,885.09	162,388,355.06	9,302,825,336.27
e	Personal	1,203,898,685.29	166,387,524.13	91,886,592.34	1,462,172,801.76
f	Service and Tourism	1,188,506,564.32	162,709,436.78	524,444,269.78	1,875,660,270.88
g	Industrial	3,137,840,275.64	162,324,409.00	145,337,041.16	3,445,501,725.80
h	Group	488,505,763.20	-	5,322,809.47	493,828,572.67
i	Education	161,600,725.18	6,336,751.74	-	167,937,476.92
j	Overdraft	4,763,931,559.78	165,524,824.27	260,681,738.85	5,190,138,122.90
k	NCISDBL portfolio (Acquired/ Merged)	167,022,664.37	69,936,271.46	300,012,866.00	536,971,801.83
l	Revoke Bank Guarantee	-	-	30,384,799.30	30,384,799.30
m	IPS Recoup	-	-	304,364,100.85	304,364,100.85
1	Total Collective Impairment	24,001,155,325.73	2,072,045,731.27	2,706,291,280.29	28,779,492,337.29
2	Individual Impairment			8,572,389,101.85	8,572,389,101.85

SL.no	Portfolio Segment	Amortized Cost			
		Stage 1	Stage 2	Stage 3	Total
3	Off-balance sheet (Guarantee)	760,323,678.59			760,323,678.59
<b>Total exposure</b>		<b>24,761,479,004.32</b>	<b>2,072,045,731.27</b>	<b>11,278,680,382.14</b>	<b>38,112,205,117.73</b>

(Amount in Nu.)

SL.no	Portfolio Segment	ECL			
		Stage 1	Stage 2	Stage 3	Total
a	Agriculture & Livestock	11,363,403.28	9,695,287.01	84,977,808.58	106,036,498.86
b	General Trade	9,219,878.26	9,664,529.08	54,641,613.39	73,526,020.72
c	Transport	1,320,185.86	483,865.22	21,646,127.11	23,450,178.19
d	Housing	26,258,034.34	23,036,009.94	29,917,498.39	79,211,542.67
e	Personal	4,430,288.29	4,336,495.99	11,833,402.11	20,600,186.39
f	Service and Tourism	7,561,101.71	9,315,815.70	109,727,105.53	126,604,022.95
g	Industrial	80,929,464.79	6,059,877.76	45,587,755.76	132,577,098.32
h	Group	2,097,049.70	-	393,533.23	2,490,582.94
i	Education	33,307.75	57,210.18	-	90,517.93
j	Overdraft	133,262,093.54	7,879,577.34	91,874,539.62	233,016,210.50
k	NCISDBL portfolio (Acquired/ Merged)	2,222,774.67	2,213,698.17	56,590,348.33	61,026,821.17
l	Revoke Bank Guarantee	-	-	9,530,776.18	9,530,776.18
m	IPS Recoup	-	-	78,182,877.07	78,182,877.07
1	Total Collective Impairment	278,697,582.19	72,742,366.39	594,903,385.31	946,343,333.90
2	Individual Impairment			21,696,927.90	21,696,927.90
3	Off-balance sheet (Guarantee)	310,387.39			310,387.39
<b>Total ECL</b>		<b>279,007,969.58</b>	<b>72,742,366.39</b>	<b>616,600,313.21</b>	<b>968,350,649.18</b>

#### Overall Provision for Loan Loss allowance

(Amount in Nu.)

Sl.no	Provision	Amount
1	ECL	968,350,649.18
2	Overlay (additional provisions)	407,284,229.75
	<b>Total Loan loss allowance</b>	<b>1,375,634,878.93</b>

In-addition ECL computed of Nu. 968,350,649.18, the management had kept overlay of Nu. 407,284,229.75 to ensure there is not reversal of loan loss provisions as the management would like to observe the adequacy of computed ECL especially during automation of ECL computation in-comparison to present excel based template.

#### Other Financial Assets

(Amount in Nu.)

Particulars	12-month ECL
Financial Investment Corporate Bond	3,148,160
Due From Banks	2,504,109
Cash & Cash Equivalent	918,595
<b>Total</b>	<b>6,570,864</b>

#### Note 23(i) Liquidity Risk & Funding management

(Amount in Nu.)

Particulars	December 31, 2023					Total
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	
Cash & Cash Equivalent	865,558,061					865,558,061
Balances with Central Bank	2,457,158,086	355,725,566	982,952,123	1,917,402,115	558,408,174	6,271,646,063
Due from Banks			837,707,001	3,799,938,732		4,637,645,733
Loans & Advances to Customers	2,484,439,317	129,547,487	4,079,709,177	13,258,710,461	569,412,613	20,521,819,055
Financial Investments Available for Sale	(22,513,722)	(443,208,387)	2,529,102,424	355,617,669	1,314,829,080	3,733,827,065

Particulars	December 31, 2023					
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Total undiscounted Assets	5,784,641,742	42,064,666	8,429,470,725	19,331,668,977	2,442,649,867	36,030,495,977
Due to Customers	15,854,711,218	462,689,119	3,994,276,635	9,765,339,506	1,299,352,974	31,376,369,452
Total Undiscounted Liabilities	15,854,711,218	462,689,119	3,994,276,635	9,765,339,506	1,299,352,974	31,376,369,452

(Amount in Nu.)

Particulars	December 31, 2024					
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Cash & Cash Equivalent	672,158,508					672,158,508
Balances with Central Bank	6,016,592,508	197,725,745	508,733,692	1,569,838,246	283,472,430	8,576,362,621
Due from Banks		2,775,728,978	350,090,615	425,099,841	-	3,550,919,435
Loans & Advances to Customers	3,533,128,100	1,244,124,772	4,458,164,323	16,668,947,314	614,044,241	26,518,408,750
Financial Investments Available for Sale	1,163,603,998	-	304,999,548	-	1,866,274,200	3,334,877,745
Total undiscounted Assets	11,385,483,114	4,217,579,495	5,621,988,178	18,663,885,401	2,763,790,871	42,652,727,059
Due to Banks						-
Due to Customers	18,705,623,607	1,529,987,139	3,325,332,555	9,463,950,611	1,790,729,783	34,815,623,695
Total Undiscounted Liabilities	18,705,623,607	1,529,987,139	3,325,332,555	9,463,950,611	1,790,729,783	34,815,623,695

**Net Undiscounted Financial Assets/ (Liabilities)****Note 23(ii): Liquidity Risk & Funding management**

The table shows the contractual expiry by maturity of banks contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn.

(Amount in Nu.)

December 31, 2024	On Demand Nu	Less than 3 months Nu	3 to 12 months Nu	1 to 5 years Nu	More than 5 years Nu	Total Nu
Financial Guarantees		97,095,487	414,788,349	92,545,201		604,429,036
Total	-	97,095,487	414,788,349	92,545,201	-	604,429,036
December 31, 2025	On Demand Nu	Less than 3 months Nu	3 to 12 months Nu	1 to 5 years Nu	More than 5 years Nu	Total Nu
Financial Guarantees		319,960,969.09	941,617,678.16			1,261,578,647
Total	-	319,960,969.09	941,617,678.16	-	-	1,261,578,647

**Note 24: Geographical Risk**

The geographical risk is the risk that an occurrence within geographical locations has an adverse effect on the bank directly by impairing the value through an obligor's ability to meet its obligation to the bank.

(Amount in Nu.)

Financial Assets	Thimphu Main Branch	Paro Branch	Phuntsholing Branch	Trashigang Branch	Others	Total
Loans & Advances to Customers	6,659,176,965	1,616,188,269	759,068,648	755,525,682	11,744,828,097	21,534,787,661
Total	6,659,176,965	1,616,188,269	759,068,648	755,525,682	11,744,828,097	21,534,787,661
Financial Assets	Thimphu Main Branch	Paro Branch	Phuntsholing Branch	Trashigang Branch	Others	Total
Loans & Advances to Customers	7,816,396,583	1,780,059,208	798,028,746	795,473,785	17,411,793,934	28,601,752,255
Total	7,816,396,583	1,780,059,208	798,028,746	795,473,785	17,411,793,934	28,601,752,255

## **25. Leases**

### **25.1 BDB as a lessee**

The bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the bank are classified as operating leases. The bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **25.1.1 Right-of-use assets**

The bank recognises Right-of-Use (RoU) assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). RoU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of RoU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. RoU assets are depreciated on a straight-line basis over the lease term.

Under the modified retrospective method, the bank has selected to measure the ROU asset, an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately on the date of initial application.

The RoU assets are presented as part of PPE under notes 18 and are subject to impairment in line with the bank's policy covered under ECL.

#### **25.1.2 Nature of the effect of adoption of BFRS 16**

The bank has lease contracts for 45 premises. Before adoption, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of BFRS 16, the bank has applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied.

#### **25.1.3 Lease liabilities**

At the commencement date of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

#### 25.1.4 Right-of-use assets/lease liabilities

Set below, are the carrying amounts of the bank's RoU assets and liabilities and the movements during the period.

Particulars	Amount (Nu.)
<b>Right-of-use asset</b>	
As at 01 January 2025	24,796,823
Additions	15,237,801.33
Less: depreciation expense	(20,362,116)
<b>As at 31 December 2025</b>	<b>19,672,508</b>
<b>Lease liability</b>	
As at 01 January 2025	25,177,924
Additions	15,237,801
Interest Expense	3,420,802
Less: Payments	(23,705,400)
<b>As at 31 December 2025</b>	<b>20,131,127</b>

The following are the amounts recognised in profit or loss

Particulars	Amount (Nu.)
Depreciation expense of right-of-use assets	20,362,116
Interest expense on lease liabilities	3,420,801
<b>As at 31 December 2025</b>	<b>23,782,918</b>

#### 25.2 BDB as a lessor

Leases in which the bank does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. The respective leased assets are included in the statement of financial position based on their nature and depreciated over their useful life.

The Bank has given a portion of office building under cancellable operating leases expiring within varying periods. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Rental Income relating to operating leases		
Particulars	2025(Nu.)	2024(Nu.)
Total rental income relating to operating leases	3,648,152	3,287,593

#### Other Disclosures:

26. Detail of remuneration and expenditure paid/reimbursed to the Chief Executive Officer and other directors is as under:

### Chief Executive Officer

Sl #	Particulars	December 31, 2025	December 31, 2024
1	Pay & Allowance	2,336,832	2,291,441
2	Leave Travel Concession	15,000	15,000
3	Leave encashment	89,830	87,640
4	Performance Incentive (Bonus)	136,824	171,552
5	Travel expense (In country)	39,000	70,380
6	Travel expenses (Abroad)	163,748	361,682
7	Provident Fund	161,366	157,110
8	Board Sitting Fees	212,000	206,000
<b>Total</b>		<b>3,154,599</b>	<b>3,360,805</b>

### Other Directors

Sl. No	Particulars	December 31, 2025	December 31, 2024
1	Board Sitting Fees	1,070,500	1,280,000

27. Additional information pursuant to the provision of Part II of Schedule XIII A of the Companies Act of the Kingdom of Bhutan 2000:

Sl. #	Nature of expense	December 31, 2025	December 31, 2024
1	Audit Fees	387,000	210,000
2	Power and Water	2,590,156	2,346,705
3	Rent	18,917,305	18,897,933
4	Repairs & maintenance of buildings	1,006,320	212,640
5	Repairs & maintenance of computer hardware	47,200	422,638
6	Salaries and bonus	370,466,596	355,616,071
7	Contribution to Provident Fund	20,578,192	20,185,221
8	Insurance	1,765,837	1,774,415
9	Rates & taxes excluding Income tax	677,038	689,833
10	Other expenses exceeding 1% of total revenue:		
10.1	Staff training	31,549,837	17,030,973
10.2	Travel expenses	26,483,396	30,311,416
10.3	Depreciation	24,937,839	30,178,560

28. Chetrumts have been rounded to the nearest Ngultrum.

29. Previous year's figures have been rearranged / regrouped wherever necessary to make them comparable with the current year's figures.

# RATIO ANALYSIS



## RATIO ANALYSIS

RATIOS	December 31, 2025	December 31, 2024
<b>A. Ratios for assessing Financial Health</b>		
(i) Capital Turnover Ratio: Income / Capital Employed	0.91	0.72
(ii) Fixed Assets Turnover Ratio Income / Fixed Assets	12.57	11.38
<b>B. Ratios for assessing Profitability</b>		
(i) Profit on Capital Employed Profit after Tax / Capital Employed	0.02	0.04
(ii) Profit turns over ( Net Profit/Total Income) *100	7%	5%
(iii) Operating Ratio ((All expenses - Financial Charges)/Total Income) *100	79%	67%
(iv) Total Expenses to Total Income *100	90%	92%
<b>C. Capital Adequacy Ratio (As per RMA Returns)</b>	19.7%	28.5%
<b>D. Statutory Liquidity Reserve Ratio (As per RMA returns)</b>	29.6%	36.2%
<b>E. Credit to Deposit Ratio</b>	85.9%	71.5%

# COMPLIANCE CALENDAR & CHECKLIST



## COMPLIANCE CALENDAR & CHECKLIST

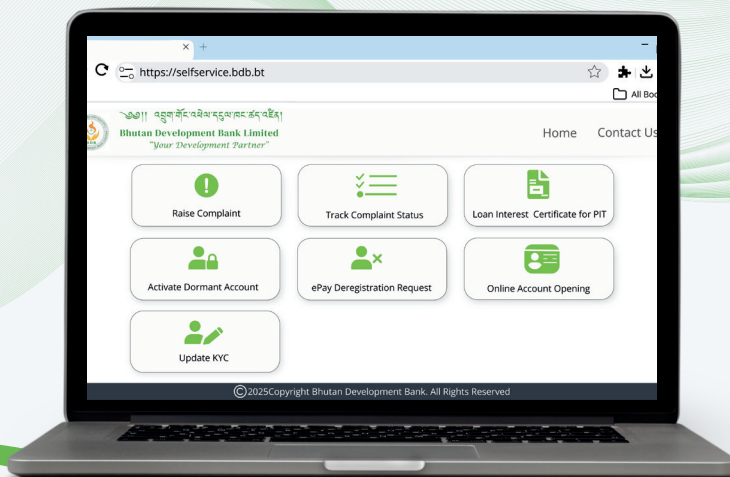
No.	Ss.	INCORPORATION OF A BANK & SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles/Approval		✓		
2	47	Change of name/ Approval		✓		
3	123	Increase or consolidation of share capital		✓		
4	124	Reduction of share capital		✓		
5	82	License Copy and Share Certificate filing		✓		
6	107	Public offer of shares & Debentures-ROC Approval		✓		
		MANAGEMENT & ADMINISTRATION				
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			
8	221	Publication of name by Bank (Letter Head, Seals and Sign Board)	✓			
9	241	Financial Year of Companies as of 31st Dec	✓			
	242	Extension up to 15 months - ROC approval		✓		
	243	Extension up to 18 months - Authority's approval		✓		
10	245	Financial Statements to follow BAS	✓			
11	267	Annual Return Submission On/ before 31st May for listed; others 31st July	✓			
12	177	Annual General Meeting (Minutes)	✓			
13	180	Extraordinary General Meeting (Minutes)	✓			
14	185	Notice for calling general meeting	✓			
15	187	listed Co. - written as well as in media Public Co/Private Co. - Written Notice			✓	
16	190	Chairman of meeting (CEO cannot chair)	✓			
17	192	Representation of corporations at meetings (Appointed by Board Directors)	✓			
18	193	Ordinary and special resolutions (Minutes)	✓			
19	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	✓			
20	199	Declaration and payment of dividend (199-209)	✓			
21	232	Books of account to be kept by the Company (location & time)	✓			
22		Board's report (signed by Chairman)	✓			
23	252	Appointment and removal of Auditors Need to re-appoint annually (251-259)		✓		
24	260	Resignation of Auditors from office (Annual Resignation)		✓		
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			
26	133	Number of directors				
27	134	One third of all Public Companies shall be independent	✓			
28	138	(Minimum No. & retirement on rotation)				
29	139	Additional directors		✓		

N o.	Ss.	INCORPORATION OF A BANK & SECURITIES	YES	NO	NA	REMARKS
30	140	Consent to act as directors	✓			
31	141	Certain persons not to be appointed as Directors		✓		
32	142	Resignation by a director		✓		
33	143	Removal of directors		✓		
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	✓			
35	152	General powers of the board	✓			
36	156	Restriction on powers of Board	✓			
37	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	✓			
38	213	Company Secretary required in all Public Companies	✓			
39	414	Appointment of selling or buying agents (govt. Approval obtained or not)	✓			
40	157	No loans to directors (only for Public Co.)	✓			
41	53	Inter-corporate investments (investments to be disclosed) apply old rule			✓	
42	158	Conflict of Interest Transactions by Board		✓		
43	161	Standard of care required by directors (Reckless decision)	✓			
		STATUTORY RECORD AND INSPECTION				
44	228	Statutory record and inspection				
	(a)	Register of buy-back of shares	✓			
	(b)	Register of transfers	✓			
	(c)	Register of charges	✓			
	(d)	Register of inter-corporate loans	✓			
	(e)	Register of inter-corporate investments	✓			
	(f)	Register of contracts in which directors are interested	✓			
	(g)	Register of directors	✓			
	(h)	Register of directors' shareholding	✓			



Empowering You With  
Seamless Digital Services

# BDB CUSTOMER SELF-SERVICE PORTAL





# RMA Disclosures



## RMA Disclosure as on December 31, 2025

\*All items in 000' Ngultrum

### Item 1: Tier 1 Capital and its sub-components

Sl. No.		31/12/2025	31/12/2024
<b>1</b>	<b>Total Tier 1 Capital</b>	<b>3,582,692</b>	<b>3,519,148</b>
a	Paid up Capital	1,946,414	1,946,415
b	General Reserves	1,007,636	969,457
c	Share premium Account	0	0
d	Retained Earnings	646,016	620,651
	Less:-		
e	Losses for the Current Year	0	0
f	Buyback of FI's own shares	0	0
g	Holdings of Tier 1 instruments issued by other FIs	17,374	17,375

### Item 2: Tier 2 Capital and its sub-components

Sl. No.		31/12/2025	31/12/2024
<b>1</b>	<b>Total Tier II Capital</b>	<b>2,314,269</b>	<b>2,606,865</b>
a	Capital Reserve	0	0
b	Fixed Assets Revaluation Reserve	0	0
c	Exchange Fluctuation Reserve	0	0
d	Investment Fluctuation Reserve	0	0
e	Research and Development Fund	0	0
f	Asset Pending Foreclosure Reserve	0	438,980
g	Bond Redemption Reserve	0	0
h	General Provision	282,040	213,301
i	Capital Grants	0	0
j	Subordinated Debt	1,760,555	1,801,867
k	Profit for the Year	271,674	152,718



### Item 3: Risk Weighted Assets (Current Year and Previous Year)

31/12/2025		Balance Sheet Amount	Risk Weight (%)	Risk Weighted Asset
Sl. No.	Assets			
1	Zero - Risk Weighted Assets	10,544,119	0%	0
2	20% - Risk Weighted Assets	5,275,758	20%	1,055,152
3	50% - Risk Weighted Assets	10,615,925	50%	5,307,962
4	100% - Risk Weighted Assets	12,435,738	100%	12,435,738
5	150% - Risk Weighted Assets	5,786,155	150%	8,679,232
6	200% - Risk Weighted Assets		200%	0
7	250% - Risk Weighted Assets		250%	0
8	300% - Risk Weighted Assets		300%	0
	<b>Add: Risk Weighted Assets for Operational Risk</b>			1,016,517
	OFF Balance Sheet Items	400,152	100%	400,152
<b>Grand Total</b>		<b>45,057,846</b>		<b>28,894,753</b>

31/12/2024		Balance Sheet Amount	Risk Weight (%)	Risk Weighted Asset
Sl. No.	Assets			
1	Zero - Risk Weighted Assets	9,759,885	0%	0
2	20% - Risk Weighted Assets	6,253,566	20%	1,250,713
3	50% - Risk Weighted Assets	7,750,256	50%	3,875,128
4	100% - Risk Weighted Assets	14,652,899	100%	14,652,899
5	150% - Risk Weighted Assets	0	150%	0
6	200% - Risk Weighted Assets	0	200%	0
7	250% - Risk Weighted Assets	0	250%	0
8	300% - Risk Weighted Assets	0	300%	0
	<b>Add: Risk Weighted Assets for Operational Risk</b>			1,048,999
	OFF Balance Sheet Items	325,533	100%	325,533
<b>Grand Total</b>		<b>38,742,139</b>		<b>21,153,273</b>



*Handwritten signature/initials*

#### Item 4: Capital Adequacy ratios

Sl. No.		31/12/2025	31/12/2024
<b>1</b>	<b>Tier 1 Capital</b>	<b>3,582,692</b>	<b>3,519,148</b>
a	Of which Counter-Cyclical Capital Buffer (CCyB) (If applicable)		
b	Of which sectoral Capital Requirements (SCR) (if applicable)		
	i Sector 1		
	ii Sector 2		
	iii Sector 3		
<b>2</b>	<b>Tier 2 Capital</b>	<b>2,314,269</b>	<b>2,606,865</b>
<b>3</b>	<b>Total qualifying capital</b>	<b>5,896,508</b>	<b>6,124,935</b>
	Less: Total NPL of Related Parties	453	1,078
<b>4</b>	<b>Core CAR</b>	<b>12.40%</b>	<b>16.64%</b>
a	Of which CCyB (if applicable) expressed as % of RWA		
b	Of which SCR (if applicable) expressed as % of Sectoral RWA		
	i Sector 1		
	ii Sector 2		
	iii Sector 3		
<b>5</b>	<b>CAR</b>	<b>20.41%</b>	<b>28.96%</b>
<b>6</b>	<b>Leverage ratio</b>	<b>7.88%</b>	<b>9.01%</b>



*(Handwritten signature)*

### Item 5: Loans and NPL by Sectoral Classification

Sl. No.	Sector	31/12/2025		31/12/2024	
		Total Loans	NPL (Amount)	Total Loans	NPL (Amount)
a	Agriculture & Livestock	4,920,239	494,070	4,557,133	473,546
b	Forestry & Logging	17,786	3,918	31,932	2,872
c	Production & Manufacturing	3,718,120	165,354	1,654,665	156,739
d	Mining & Quarrying	178,997	10,206	180,005	2,901
e	Hotel & Tourism	1,864,290	113,988	1,288,739	85,448
f	Service	1,351,322	129,574	1,308,311	105,248
g	Loans to Contractors	963,417	62,684	966,917	51,078
h	Trade & Commerce	2,544,667	252,707	2,446,880	134,373
i	Housing	9,267,724	202,718	5,931,866	53,872
j	Transport	762,170	124,468	919,574	54,403
k	Personal loan	1,485,290	99,147	1,447,251	83,483
l	Credit Cards	0	0	-	-
m	Staff Incentive Loan	602,314	0	425,331	-
n	Loan Against Term Deposits	146,945	0	125,774	-
o	Loan to Government	0	0	-	-
p	Loans to FI (s)	540,483	0	-	-
q	Loans for shares & securities	22,288	0	24,715	-
r	Education Loan	216,490	0	225,702	-
s	Medical Loan	0	0	-	-
	<b>Total</b>	<b>28,602,542</b>	<b>1,658,836</b>	<b>21,534,793</b>	<b>1,203,964</b>



M

## Item 6: Loans (Over-drafts and Term Loans) by types of counter-party

Sl. No.	Counter party	31/12/2025	31/12/2024
<b>1</b>	<b>Overdrafts</b>	<b>3,381,994</b>	<b>3,008,582</b>
a	Government		0
b	State Owned Enterprises	11,190	49,580
c	Public Companies	10,909	0
d	Private Companies	404,977	225,673
e	Individuals	2,071,894	2,258,670
f	Commercial Banks	0	0
g	Non-Bank Financial Institutions	456,558	0
h	NGO	0	0
i	Sole Proprietorship	426,466	474,659
<b>2</b>	<b>Term Loans</b>	<b>25,220,549</b>	<b>18,526,211</b>
a	Government	0	0
b	State Owned Enterprises	1,064,707	0
c	Public Companies	96,121	649,109
d	Private Companies	1,857,807	577,419
e	Individuals	20,594,668	16,778,466
f	Commercial Banks	0	0
g	Non-Bank Financial Institutions	83,925	0
h	NGO	0	0
i	Sole Proprietorship	1,523,321	521,217



*Handwritten signature*

## Item 7: Assets (net of provisions) and Liabilities by Residual Maturity (Current Year and Previous Year)

31/12/2025	On Demand	1-30 Days	31-90 Days	91-180 days	181-270 Days	271-365 Days	Over 1 Year	Total
Cash in Hand	672,274	0	0	0	0	0	0	672,274
Government Securities	0	0	0	0	0	0	0	0
Investment Securities	0	0	0	0	0	0	3,334,878	3,334,878
Loans & Advances to Bank	0	0	0	0	0	0	0	0
Loans & Advances to Customers	0	0	6,274	6,773	5,104	809,807	26,557,745	27,385,702
Others Assets	4,023,183	673,263	875,880	2,494,443	-164,737	28,310	4,876,793	12,807,135
<b>Total</b>	<b>4,695,457</b>	<b>673,263</b>	<b>882,153</b>	<b>2,501,217</b>	<b>-159,633</b>	<b>838,117</b>	<b>34,769,416</b>	<b>44,199,989</b>
Amounts Owed to Others Bank	0	0	0	0	0	0	211,358	211,358
Demand Deposits	1,418,412	0	0	0	0	0	0	1,418,412
Savings Deposits	17,258,170	0	0	0	0	0	0	17,258,170
Time Deposit	4,765	0	1,242	287,232	84,179	258,434	13,972,547	14,608,399
Bonds & Others Negotiable Instruments	0	0	0	0	0	0	1,760,555	1,760,555
Other Liabilities	1,672	45,599	436	100,784	26,358	36,123	5,877,060	6,088,032
<b>Total</b>	<b>18,683,019</b>	<b>45,599</b>	<b>1,678</b>	<b>388,016</b>	<b>110,538</b>	<b>294,557</b>	<b>21,821,521</b>	<b>41,344,927</b>
<b>Assets/Liabilities</b>	<b>25%</b>	<b>1476%</b>	<b>52574%</b>	<b>645%</b>	<b>-144%</b>	<b>285%</b>	<b>159%</b>	<b>107%</b>
<b>Net Mismatch in Each Time Interval</b>	<b>13,987,562</b>	<b>-627,664</b>	<b>-880,475</b>	<b>-2,113,200</b>	<b>270,170</b>	<b>-543,560</b>	<b>-12,947,896</b>	<b>-2,855,062</b>
<b>Cumulative Net Mismatch</b>	<b>13,987,562</b>	<b>13,359,898</b>	<b>12,479,423</b>	<b>10,366,223</b>	<b>10,636,393</b>	<b>10,092,833</b>	<b>-2,855,062</b>	<b>-5,710,125</b>

31/12/2024	On Demand	1-30 Days	31-90 Days	91-180 days	181-270 Days	271-365 Days	Over 1 Year	Total
Cash in Hand	605,498	0	0	0	0	0	0	605,498
Government Securities	0	0	0	0	0	0	0	0
Investment Securities	0	0	1,680,971	0	0	0	3,882,884	5,563,855
Loans & Advances to Bank	0	0	0	0	0	0	0	0
Loans & Advances to Customers	0	0	439	7,045	1,858	375,435	20,333,341	20,718,118
Others Assets	1,248,355	763,374	2,345,310	2,325,010	-198,116	1,069,998	3,553,600	11,107,531
<b>Total</b>	<b>1,853,853</b>	<b>763,374</b>	<b>4,026,720</b>	<b>2,332,055</b>	<b>-196,258</b>	<b>1,445,433</b>	<b>27,769,825</b>	<b>37,995,001</b>
Amounts Owed to Others Bank	0	0	0	0	0	0	240,871	240,871
Demand Deposits	1,221,174	0	0	0	0	0	0	1,221,174
Savings Deposits	14,631,069	0	0	0	0	0	0	14,631,069
Time Deposit	517	0	0	273,145	8,498	143,648	13,830,440	14,256,247
Bonds & Others Negotiable Instruments	0	0	0	0	0	0	1,801,867	1,801,867
Other Liabilities	130	116,896	0	92,743	493	9,701	5,623,810	5,843,772
<b>Total</b>	<b>15,852,890</b>	<b>116,896</b>	<b>0</b>	<b>365,889</b>	<b>8,990</b>	<b>153,349</b>	<b>21,496,988</b>	<b>37,995,001</b>
<b>Assets/Liabilities</b>	<b>12%</b>	<b>653%</b>	<b>0%</b>	<b>637%</b>	<b>-2183%</b>	<b>943%</b>	<b>129%</b>	<b>100%</b>
<b>Net Mismatch in Each Time Interval</b>	<b>13,999,037</b>	<b>-646,478</b>	<b>-4,026,720</b>	<b>-1,966,167</b>	<b>205,248</b>	<b>-1,292,084</b>	<b>-6,272,837</b>	<b>0</b>
<b>Cumulative Net Mismatch</b>	<b>13,999,037</b>	<b>13,352,559</b>	<b>9,325,839</b>	<b>7,359,672</b>	<b>7,564,921</b>	<b>6,272,837</b>	<b>-</b>	<b>-</b>



## Item 8: Assets (net of provisions) and Liabilities by Original Maturity (Current Period and Previous Year)

31/12/2025	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	Total
Cash in Hand	672,274	0	0	0	0	0	0	672,274
Government Securities	0	0	0	0	0	0	0	0
Investment Securities	0	0	0	0	0	0	3,334,878	3,334,878
Loans & Advances to Bank	0	0	0	0	0	0	0	0
Loans & Advances to Customers	0	0	6,274	6,773	5,104	809,807	26,557,745	27,385,702
Others Assets	4,023,183	673,263	875,880	2,494,443	-164,737	28,310	4,876,793	12,807,135
<b>Total</b>	<b>4,695,457</b>	<b>673,263</b>	<b>882,153</b>	<b>2,501,217</b>	<b>-159,633</b>	<b>838,117</b>	<b>34,769,416</b>	<b>44,199,989</b>
Amounts owed to Others Bank	0	0	0	0	0	0	211,358	211,358
Demand Deposits	1,418,412	0	0	0	0	0	0	1,418,412
Savings Deposits	17,258,170	0	0	0	0	0	0	17,258,170
Time Deposit	4,765	0	1,242	287,232	84,179	258,434	13,972,547	14,608,399
Bonds & Others Negotiable Instruments	0	0	0	0	0	0	1,760,555	1,760,555
Other liabilities	1,672	45,599	436	100,784	26,358	36,123	5,877,060	6,088,032
<b>Total</b>	<b>18,683,019</b>	<b>45,599</b>	<b>1,678</b>	<b>388,016</b>	<b>110,538</b>	<b>294,557</b>	<b>21,821,521</b>	<b>41,344,927</b>
<b>Assets/Liabilities</b>	<b>25%</b>	<b>1476%</b>	<b>52574%</b>	<b>645%</b>	<b>-144%</b>	<b>285%</b>	<b>159%</b>	<b>107%</b>
<b>Net Mismatch in each Time Interval</b>	<b>13,987,562</b>	<b>-627,664</b>	<b>-880,475</b>	<b>-2,113,200</b>	<b>270,170</b>	<b>-543,560</b>	<b>-12,947,896</b>	<b>-2,855,062</b>
<b>Cumulative Net Mismatch</b>	<b>13,987,562</b>	<b>13,359,898</b>	<b>12,479,423</b>	<b>10,366,223</b>	<b>10,636,393</b>	<b>10,092,833</b>	<b>-2,855,062</b>	<b>-5,710,125</b>

31/12/2024	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	Total
Cash in Hand	605,498	0	0	0	0	0	0	605,498
Government Securities	0	0	0	0	0	0	0	0
Investment Securities	0	0	1,680,971	0	0	0	3,882,884	5,563,855
Loans & Advances to Bank	0	0	0	0	0	0	0	0
Loans & Advances to Customers	0	0	439	7,045	1,858	375,435	20,333,341	20,718,118
Others Assets	1,248,355	763,374	2,345,310	2,325,010	-198,116	1,069,998	3,553,600	11,107,531
<b>Total</b>	<b>1,853,853</b>	<b>763,374</b>	<b>4,026,720</b>	<b>2,332,055</b>	<b>-196,258</b>	<b>1,445,433</b>	<b>27,769,825</b>	<b>37,995,001</b>
Amounts owed to Others Bank	0	0	0	0	0	0	240,871	240,871
Demand Deposits	1,221,174	0	0	0	0	0	0	1,221,174
Savings Deposits	14,631,069	0	0	0	0	0	0	14,631,069
Time Deposit	517	0	0	273,145	8,498	143,648	13,830,440	14,256,247
Bonds & Others Negotiable Instruments	0	0	0	0	0	0	1,801,867	1,801,867
Other liabilities	130	116,896	0	92,743	493	9,701	5,623,810	5,843,772
<b>Total</b>	<b>15,852,890</b>	<b>116,896</b>	<b>0</b>	<b>365,889</b>	<b>8,990</b>	<b>153,349</b>	<b>21,496,988</b>	<b>37,995,001</b>
<b>Assets/Liabilities</b>	<b>12%</b>	<b>653%</b>	<b>0%</b>	<b>637%</b>	<b>-2183%</b>	<b>943%</b>	<b>129%</b>	<b>100%</b>
<b>Net Mismatch in each Time Interval</b>	<b>13,999,037</b>	<b>-646,478</b>	<b>-4,026,720</b>	<b>-1,966,167</b>	<b>205,248</b>	<b>-1,292,084</b>	<b>-6,272,837</b>	<b>0</b>
<b>Cumulative Net Mismatch</b>	<b>13,999,037</b>	<b>13,352,559</b>	<b>9,325,839</b>	<b>7,359,672</b>	<b>7,564,921</b>	<b>6,272,837</b>	<b>0</b>	<b>0</b>

### Item 9: Assets and Liabilities by time-to re-pricing (Current Period and Previous Year)

31/12/2025	Time to re-pricing				Non Interest bearing	Total
	0-3 Months	3-6 Months	6-12 Months	More than 12 Months		
<b>Inflows (Assets)</b>						
Cash and Balance with Banks	1,918,258	1,183,601	0	101,257	1,115,848	4,318,963
Treasury Bills	0	0	0	0	0	0
Loans and Advances	3,750,437	3,414,706	2,840,512	17,380,048	0	27,385,702
Investment Securities	1,413,425	162,709	309,590	1,449,153	0	3,334,878
Others Assets	101,632	233,521	403,308	1,912,572	6,509,413	9,160,446
<b>Total financial assets</b>	<b>7,183,752</b>	<b>4,994,536</b>	<b>3,553,410</b>	<b>20,843,030</b>	<b>7,625,261</b>	<b>44,199,989</b>
<b>Outflows (Liabilities)</b>						
Deposit	17,732,349	1,361,551	2,283,311	10,489,359	1,418,412	33,284,981
Borrowings	2,692,251	60,289	63,181	738,516	0	3,554,238
Other liabilities	532,302	106,565	164,318	2,614,687	4,430,716	7,848,588
<b>Total financial liabilities</b>	<b>20,956,902</b>	<b>1,528,405</b>	<b>2,510,811</b>	<b>13,842,562</b>	<b>5,849,127</b>	<b>44,687,807</b>
<b>Total Interest Re-pricing gap</b>	<b>34%</b>	<b>327%</b>	<b>142%</b>	<b>151%</b>	<b>130%</b>	<b>99%</b>

31/12/2024	Time to re-pricing				Non Interest bearing	Total
	0-3 Months	3-6 Months	6-12 Months	More than 12 Months		
<b>Inflows (Assets)</b>						
Cash and Balance with Banks	2,101,119	1,910,339	497,910	0	879,424	5,388,792
Treasury Bills	0	1,773,316	0	0	0	1,773,316
Loans and Advances	2,553,884	1,200,636	2,990,807	13,972,791	0	20,718,118
Investment Securities	537,750	139,010	1,537,556	1,576,222	0	3,790,538
Others Assets	60,440	326,877	350,884	1,972,647	3,613,390	6,324,237
<b>Total financial assets</b>	<b>5,253,192</b>	<b>5,350,179</b>	<b>5,377,157</b>	<b>17,521,660</b>	<b>4,492,814</b>	<b>37,995,001</b>
<b>Outflows (Liabilities)</b>						
Deposit	14,778,615	1,832,108	1,845,412	10,431,180	1,221,174	30,108,491
Borrowings	173,891	4,086	4,282	58,613	0	240,871
Other liabilities	801,865	96,872	132,808	2,248,343	4,365,751	7,645,640
<b>Total financial liabilities</b>	<b>15,754,371</b>	<b>1,933,067</b>	<b>1,982,502</b>	<b>12,738,136</b>	<b>5,586,925</b>	<b>37,995,001</b>
<b>Total Interest Re-pricing gap</b>	<b>33%</b>	<b>277%</b>	<b>271%</b>	<b>138%</b>	<b>80%</b>	<b>100%</b>



*(Handwritten signature)*

## Item 10: Non-Performing Loans and Provisions

Sl. No.		31/12/2025	31/12/2024
<b>1</b>	<b>Amount of NPLs (Gross)</b>	<b>1,658,836</b>	<b>1,203,964</b>
a	Substandard	289,713	571,338
b	Doubtful	406,502	250,526
c	Loss	962,621	382,100
<b>2</b>	<b>Specific Provisions</b>	<b>1,074,407</b>	<b>684,374</b>
a	Substandard	55,824	115,076
b	Doubtful	189,684	133,174
c	Loss	793,301	436,124
	Additional provisioning	35,597	
<b>3</b>	<b>Interest-in-Suspense</b>	<b>207,043</b>	<b>171,991</b>
a	Substandard	10,590	80,073
b	Doubtful	27,133	42,038
c	Loss	169,320	49,880
<b>4</b>	<b>Net NPLs</b>	<b>377,385</b>	<b>347,599</b>
a	Substandard	223,298	376,188
b	Doubtful	189,684	75,314
c	Loss	-35,597	-103,903
<b>5</b>	<b>Gross NPLs to Gross Loans</b>	<b>5.80%</b>	<b>5.59%</b>
<b>6</b>	<b>Net NPLs to Net Loans</b>	<b>1.38%</b>	<b>1.68%</b>
<b>7</b>	<b>General Provisions</b>	<b>270,553</b>	<b>213,301</b>
a	Standard	242,041	198,281
b	Watch	28,513	15,020



*M*

## Item 11: Assets and Investments

Sl. No.	Investment	31/12/2025	31/12/2024
<b>1</b>	<b>Marketable Securities (Interest Earning)</b>		
a	RMA securities	0	1,773,316
b	RGOB Bonds/Securities	1,129,334	2,429,334
c	Corporate Bonds	2,148,350	1,304,010
d	Others	0	0
	<i>Sub-total</i>	<b>3,277,684</b>	<b>5,506,661</b>
<b>2</b>	<b>Equity Investments</b>		
e	Public Companies	1,258	1,258
f	Private Companies	0	0
g	Commercial Banks	17,375	17,375
h	Non- Bank Financial Institutions	38,561	38,561
	<b>Less</b>		
i	Specific Provisions	0	0
	<i>Sub-total</i>	<b>57,194</b>	<b>57,194</b>
<b>3</b>	<b>Fixed Assets</b>		
j	Fixed Assets (Gross)	793,131	698,982
	<b>Less</b>	<b>0</b>	
k	Accumulated Depreciation	521,415	519,970
<b>l</b>	<b>Fixed Assets (Net Book Value)</b>	<b>271,716</b>	<b>179,011</b>

## Item 12: Foreign exchange assets and liabilities (Current Period and COPPY)

Liquid Foreign Currency Holdings (Upto One Week)			Long Term Foreign Currency Holdings (More Than One Week)			Nu. In Millions	
Assets in Foreign currency	Liabilities in Foreign currency	Net Short Tem Position	Assets in Foreign Currency	Liabilities in Foreign Currency	Long term Position	Overall Net Position	Overall Net Position/Core Capital
Currency 1							
Currency 2							
Currency 3							
Currency 4							
Currency 5							

## Item 13: Geographical Distribution of Exposures

	Domestic		India		Other	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Demand De- posits held With others banks	329,091	252,518	89,741	7,542	0	0
Time Deposits held with others banks	3,227,858	4,523,234	0	0	0	0
Borrowings	3,445,236	110,545	0	0	109,002	130,327

## Item 14: Credit Risk Exposure by Collateral

Sl. No.	Particulars	31/12/2025	31/12/2024
1	Secured Loans	25,817,503	20,627,031
a	Loans Secured by Physical/Real Estate collateral	24,449,105	19,106,529
b	Loans Secured by Financial Collateral	129,252	125,774
c	Loan Secured by Guarantees	1,239,146	1,394,728
2	Unsecured Loans	2,785,039	907,763
3	Total Loans	28,602,542	21,534,793

## Item 15: Earning Ratios (%)

Sl. No.	Ratio	31/12/2025	31/12/2024
1	Interest Income as a Percentage of Average Assets	6.92%	6.38%
2	Non-Interest Income as a Percentage of Average Assets	1.47%	1.00%
3	Operating Profit as a Percentage of Average Assets	0.94%	0.60%
4	Return on Assets	0.41%	0.41%
5	Business (Deposits plus advances) per employee	50,593,334	52,344,883
6	Profit Per employee	683	399

*Note: The earnings ratios are based on GAAP Accounts.*

## Item 16: Penalties imposed by RMA in the past period

	31/12/2023	31/12/2022		
Sl. No.	Reason for Penalty Imposed	Penalty Imposed	Reason for Penalty Imposed	Penalty Imposed
1	-	-	-	-
	<b>Total</b>	-	<b>Total</b>	-

## Item 17: Customers Complaints

Sl. No.	Particulars	31/12/2025	31/12/2024
1	No. of complaints pending at the beginning of the year	0	0
2	No. of complaints received during the year	8,347	4,846
3	No. of complaints redressed during the year	8,347	4,846
4	No. of complaints pending at the end of the year	0	0



*M*

### Item 18: Provisioning Coverage Ratio

Year	Gross NPL	Additional NPL	Additional Specific Provisions	Additional Interest-in-Suspense A/C	Required PCR (60% of Additional NPL)	Accretion to the Buffer	Countercyclical Provisioning Buffer (Stock)
1	2	3	4	5	6= (60% of Col.3)	7=(6-5-4)	8
2024	1,203,964	305,786	2,492	45,511	183,471	135,469	
2025	1,658,836	1,657,632	(1,073,723)	206,871	994,579	1,861,431	

### Item 19: Concentration of Credit and Deposits

Sl. No	Particulars	31/12/2025	31/12/2024
1	Total Loans to 10 Largest Borrowers	2,992,243	1,600,935
2	As % of Total Loans	0.01%	7.43%
3	Total Deposit of the 10 Largest Depositors	6,414,952	3,406,917
4	As % of Total Deposits	19.27%	11.79%

### Item 20: Exposure to 5 Largest NPL Accounts

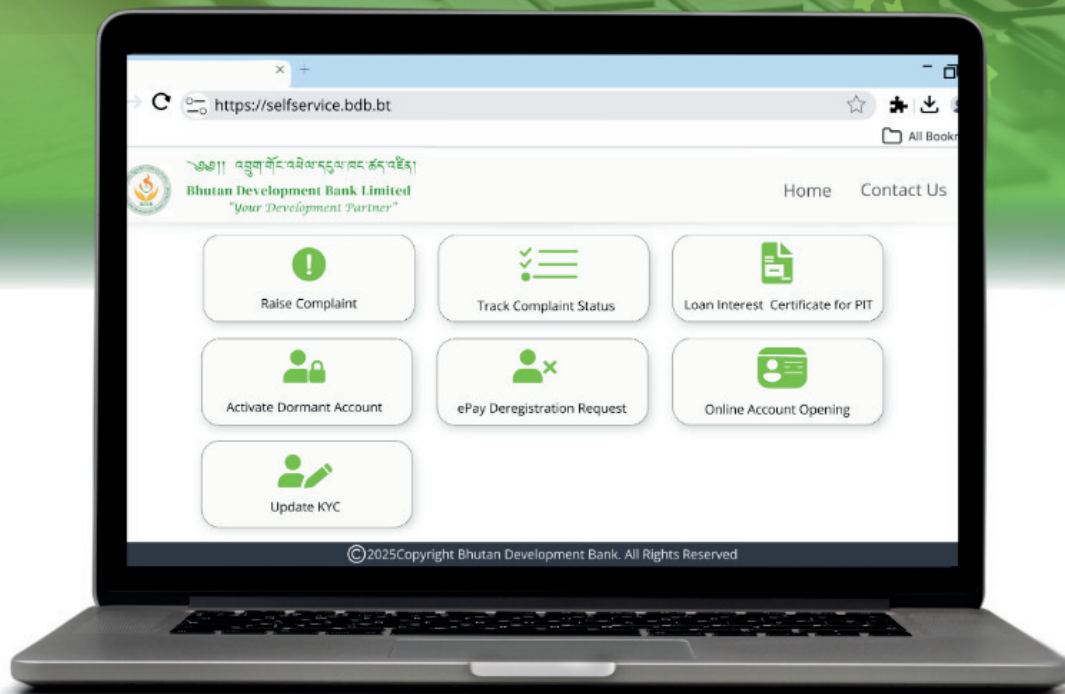
Sl. No	Particulars	31/12/2025	31/12/2024
1	Five Largest NPL Accounts	322,765	300,726
2	As % of Total NPLs	0.02%	24.98%



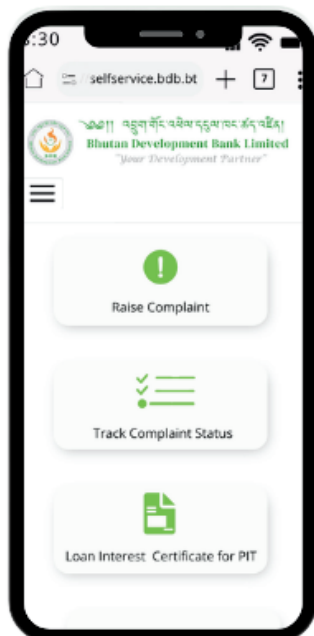
*M*

# Empowering users with convenience

## LAUNCH OF BDB CUSTOMER SELF-SERVICE PORTAL



<https://selfservice.bdb.bt>



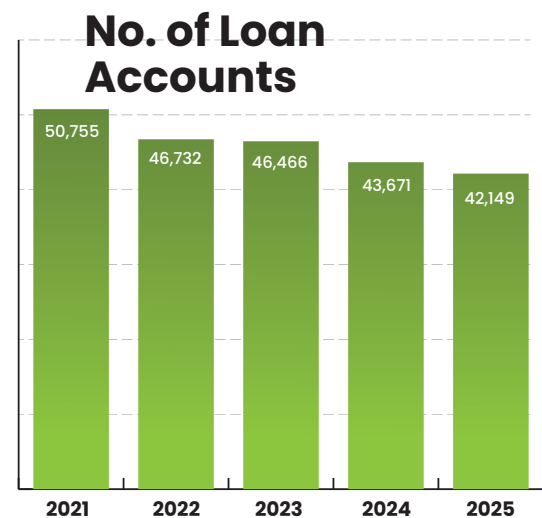
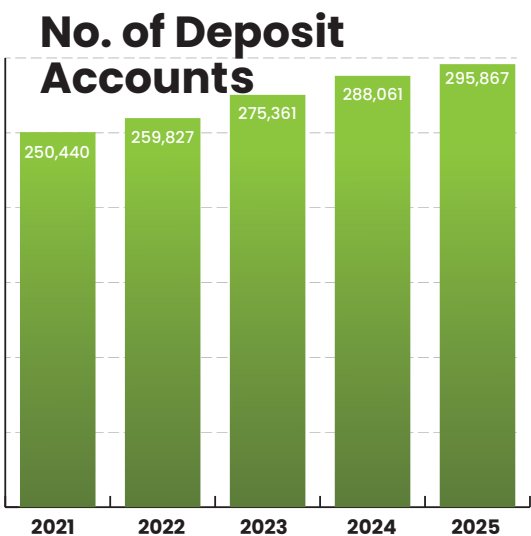
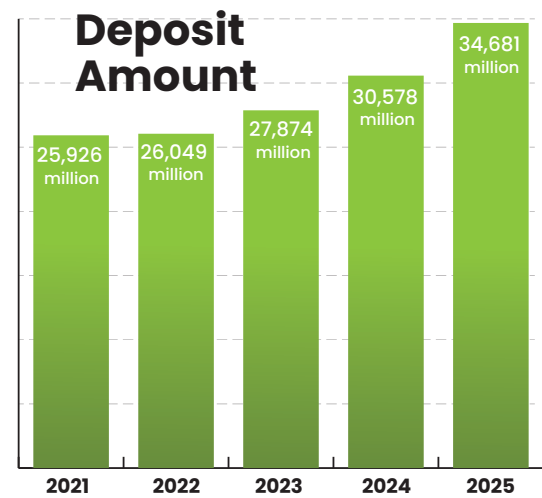
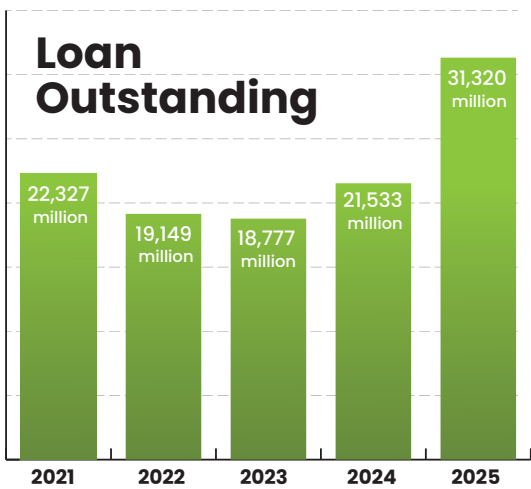
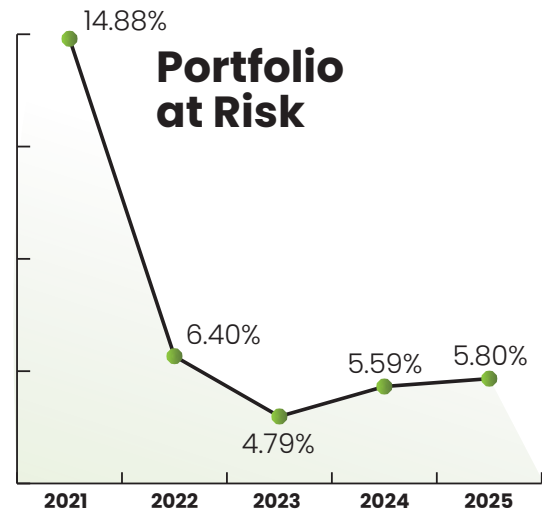
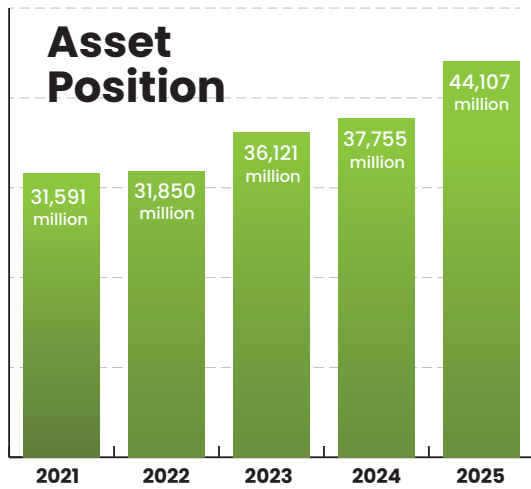
### Fast, Easy & At Your Fingertips!

- ✓ *Raise Complaints & Track Instantly*
- ✓ *Open Your Account Online – Hassle-Free!*
- ✓ *Download Loan Interest Certificate (PIT)*
- ✓ *Reactivate Dormant Accounts in Just a Click*
- ✓ *Deregister from ePay When You Choose*
- ✓ *Update Your KYC – Stay Compliant, Stay Secure*



# Performance Indicators





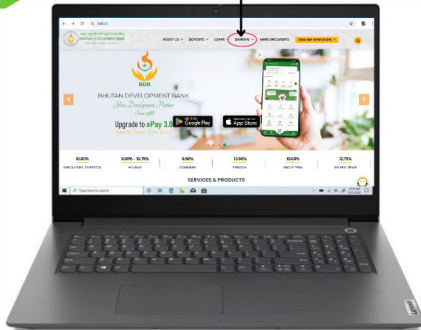
Particulars	Count	Total o/s
Agriculture & Livestock	20,042	5,493.89
Forestry & Logging	53	77.91
Production & Manufacturing	1,238	4,011.83
Mining & Quarrying	30	358.15
Hotel & Tourism	751	1,963.90
Service	982	1,694.15
Loans to contractors	332	1,286.81
Trade & Commerce	2,823	2,869.88
Housing	7,883	9,535.70
Transport	1,549	864.48
Personal	5,346	1,634.88
Credit Cards	-	-
Staff Incentive	551	602.31
Loan Against Term Deposit	205	146.95
Loans to Government	-	-
Loans to Financial Service Providers	4	540.48
Loans for shares & securities	2	22.29
Education Loan	358	216.59
Medical Loan		
<b>Total</b>	<b>42,149</b>	<b>31,320.20</b>

# INTERNET BANKING

## Internet Banking Login Guide

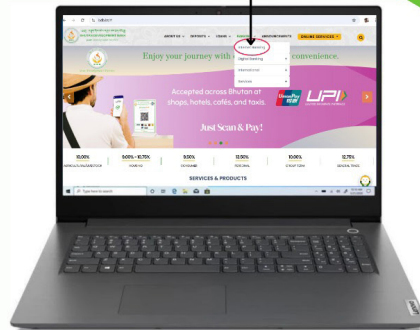
1

Banking



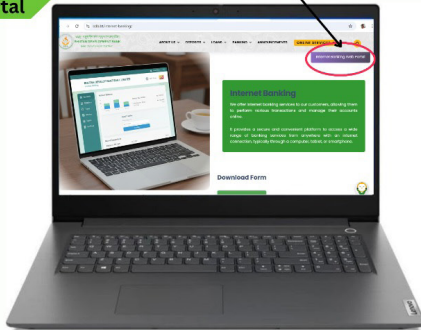
2

Click on internet banking



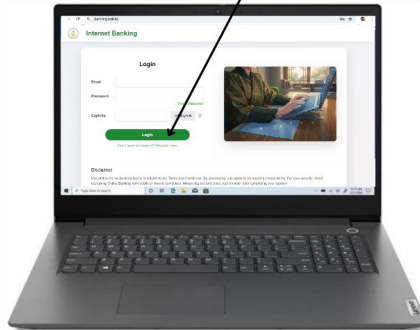
3

Click on internet banking web Portal

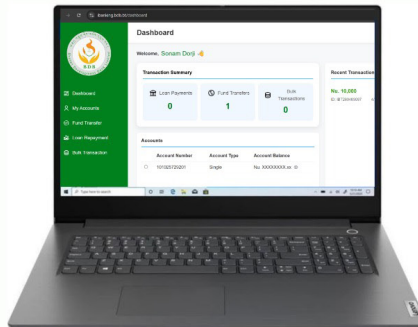


4

LOGIN



### DASHBOARD



    1424/www.bdb.bt





# Engagement Highlights



# 37<sup>th</sup> Foundation day & Launch of e-KYC



On January 31, 2025, Bhutan Development Bank Ltd (BDBL) proudly marked its 37th Foundation Day, celebrating nearly four decades of commitment to financial inclusion, economic growth, and community empowerment in Bhutan. The milestone was observed with enthusiasm across all 32 branch offices and the Head Office.

The celebration, which brought together employees and customers, honoured BDBL's journey, reflecting on its achievements, challenges, and continuous efforts in empowering communities, supporting businesses, and promoting sustainable development.

At the Head Office, a major milestone was achieved with the launch of the e-KYC (Electronic Know Your Customer) portal by the Bank's Chief Executive Officer (CEO). This initiative aims to enhance customer service by enabling the digital identification of customers using the NDI app, streamlining banking services for greater efficiency and security.

# Empowering women, empowering the world:

## *Celebration of international women's day at BDB*

On March 8, 2025, Bhutan Development Bank Limited (BDBL) commemorated International Women's Day at its Head Office in Thimphu, aligning with the global focus on empowering women and advancing gender equality.

The event featured a health screening and blood donation camp, offering essential medical check-ups and encouraging proactive health awareness among employees and community members.

The celebration also included a cake-cutting ceremony, fostering unity and reinforcing the Bank's commitment to social responsibility and women's empowerment.

BDBL expressed its appreciation to the teams from Jigme Dorji Wangchuck National Referral Hospital and Apollo Bhutan Institute of Nursing for their valuable support in ensuring the success of the event.



# Launch of customer self-service portal

In a significant step toward digital transformation, Bhutan Development Bank Ltd (BDBL) launched its Customer Self-Service Portal on May 16, 2025, to provide faster and more accessible banking services.

The launch, held at the bank's conference hall and attended by senior leadership, reflects BDBL's continued commitment to enhancing customer experience through technology-driven initiatives.

The new self-service portal offers a range of features, including, raising complaints and tracking ticket status in real time; re-activating dormant savings accounts; generating loan interest certificates for Personal Income Tax(PIT) filing; submitting mobile app (ePay) de-registration requests in cases of handset changes, loss, or damage; providing direct links for online account opening, and KYC updates. The introduction of this portal marks a pivotal step in BDBL's mission to go digital and provide customers with seamless and efficient services. With this innovation, the Bank continues to deliver on its vision of being a customer-centric and forward-looking financial institution.



## Thimphu Main Branch reopening & annual rimdo

On August 7, 2025, the Bhutan Development Bank Ltd (BDBL) opened its newly renovated Thimphu Main Branch, enhancing customer experience and reinforcing its commitment to improved service delivery.

The event began with the annual Rimdro ceremony at its Thimphu headquarters, where prayers were offered for peace, prosperity, and national well-being.

The bank also launched key digital initiatives, including a redesigned website with an AI-powered chatbot to provide 24/7 customer support.

These initiatives reflect BDB's commitment to preserving Bhutanese values while advancing innovation, ensuring sustainable growth and better service for the people of Bhutan.





# BDB Signs MoA with AIT:

## *Strengthening Partnership for Growth & Innovation*

Bhutan Development Bank Ltd (BDBL) signed a Memorandum of Agreement (MoA) with the Asian Institute of Technology (AIT), marking a significant milestone in advancing knowledge, skills, and innovation.

Under the agreement, BDBL employees will have access to a wide range of academic and professional opportunities at AIT, particularly for Master’s and PhD programs.

BDBL supported scholars who meet AIT admission criteria will automatically qualify for AIT scholarships on tuition fees. Each qualified Master’s degree student will be supported with 19 credits of AIT Scholarship, valued at THB 304,000 for SET/SERD/SOM programs, and THB 342,000 for SOM MBA programs. Students are expected to cover the remaining tuition and associated costs. After the scholarship contribution, the payable tuition fees range between THB 555,400 and THB 613,400, depending on the program.

Living and miscellaneous expenses are estimated at THB 11,500–15,000 per month (approx. THB 253,000–330,000 for the full program duration).

The partnership covers the School of Engineering and Technology (SET), the School of Environment, Resources, and Development (SERD), and the School of Management (SOM), including MBA programs.

BDBL Chairman Mr. Karma Tshering and AIT President Prof. Pai-Chi Li, signed the agreement on 13th August 2025 in Thimphu in the presence of senior delegates from both sides. The ceremony was also attended by members of BDBL’s Board and Management Team, including CEO Ms. Tshering Om, as well as a visiting delegation from AIT led by President Li.

This landmark partnership not only provides BDBL employees with access to world-class education and training opportunities but also reinforces the Bank’s vision of developing a highly skilled workforce capable of driving innovation and sustainable growth in Bhutan’s financial and development sectors.



# e-Pay 3.0 Launch

Bhutan Development Bank Limited (BDBL) launched ePay 3.0 on November 19, 2025, its latest secure and future-ready mobile banking application, aimed at enhancing customer convenience and overall banking experience.

The app offers a range of innovative features, including seamless transactions, enhanced security controls, and value-added benefits such as mobile recharge and real-time alerts. Mobile banking platforms like ePay enable services such as fund transfers, bill payments, and loan repayments, making banking more accessible and efficient.

To mark the launch, BDBL has introduced customer incentives, encouraging users to actively engage with the platform. This initiative reflects the Bank's continued commitment to digital innovation and delivering customer-centric, secure, and efficient banking solutions.



## Farewell to Chairman

As Bhutan Development Bank Ltd (BDBL) bids farewell to its Chairman, it reflects on a period of significant institutional strengthening, financial stability, and strategic evolution achieved under his leadership.

His tenure marked a turning point for the Bank, during which clear governance, decisive reforms, and a renewed commitment to service excellence positioned BDBL on a stronger and more sustainable path.

One of the most notable achievements during the Chairman's term has been the containment and gradual reduction of the Bank's Non-Performing Loans (NPLs). Compared with the elevated NPL levels at the end of 2022, the Bank has successfully narrowed the gap through targeted recovery initiatives, enhanced credit monitoring, and stricter underwriting discipline. These improvements have directly contributed to the Bank's stabilization and strengthened its overall financial profile.

Profitability has also improved. From modest profit figures in 2022, BDBL, under the Chairman's stewardship, transitioned into a more self-reliant and financially resilient institution. Today, the government entrusts the Bank to manage, mobilize, and deploy major funds on its behalf, reflecting strong confidence in BDBL's operational capacity and financial governance.

A key milestone during this period has been the successful mobilization of the Economic Stimulus Plan (ESP) trust fund. This mandate enabled the Bank to scale its lending operations and expand its development footprint. As a result, BDBL has increased its customer base, broadened outreach, and enhanced service offerings to better support rural households, farmers, and small businesses. BDBL's financial service portfolio has expanded meaningfully.

The Bank strengthened value added services, introduced more customer centered solutions, and improved service accessibility through significant ICT enhancements. Notably, the launch of ePay 3.0 on November 19, 2025, provided customers with a simpler and more advanced platform, enhancing operational efficiency through upgraded systems.





The Chairman's tenure placed strong emphasis on people development, ensuring staff received continuous training and upskilling opportunities, as well as recognition through enhanced banking allowances and motivational frameworks. This investment in human capital has resulted in a more capable and engaged workforce. The Bank deepened its relationship with the Asian Institute of Technology (AIT) and maintained close collaboration with the Bank of Agriculture and Cooperatives, creating avenues for knowledge exchange, staff exposure, and the adoption of improved agricultural and cooperative financing practices.

Additionally, BDBL strengthened relationships with domestic agencies to expedite services, expand outreach, and explore financial products most relevant to its clients. Institutionally, BDBL has gained greater government confidence through sustained improvements in governance and compliance.

The Bank reinforced its ICT capabilities by recruiting competent personnel, stabilizing the Core Banking System (CBS), and strengthening technological infrastructure to ensure secure, efficient, and customer-centric banking operations. Under the Chairman's guidance, BDBL also secured stronger support from the Asian Development Bank (ADB) than initially anticipated. This included technical support, capacity development, and institutional strengthening initiatives that further enhanced the Bank's systems and governance standards.

As the Chairman departs, the achievements realized under his leadership stand as a testament to his vision, discipline, and commitment to public service. The bank today is financially healthier, technologically stronger, operationally efficient, and strategically aligned with national priorities. His tenure leaves behind an institution that is more resilient, more trusted, and better positioned to serve the nation's development aspirations.

## BDBL Participation in the 4<sup>th</sup> Round of Volunteer Program at GMC

The Bhutan Development Bank Limited (BDBL) participated in the 4th Round of the Volunteer Program at Gelephu Mindfulness City (GMC), conducted over four days from 23rd to 26th December. Led by the Chief Executive Officer, 18 BDBL staff members, including two from the Gelephu Branch Office, along with three General Managers, participated in the program, reflecting strong leadership commitment.

The BDBL team was assigned to Team Number 17, comprising representatives from all financial institutions of Bhutan, providing a platform for collaboration and collective contribution to national development initiatives. During the program, volunteers were engaged in diverse activities: forest and bush clearing near the Airport area on the first day; a cleaning campaign in Gelephu core town on the second day; rock collection and site leveling at the Mow Khola riverside for lagoon development on the third day; and bush and forest clearing opposite the Airport on the final day. This allowed the team to participate in all major types of volunteer work.

The experience was both meaningful and enriching, strengthening teamwork and a spirit of service. The program concluded with His Majesty the King granting an audience and tho-kha for all participants, making the experience deeply inspiring. BDBL remains committed to supporting national initiatives and contributing to Bhutan's development through active service.





# Job Fair 2025

The Bhutan Development Bank Ltd (BDBL) was honoured to participate in the National Job Fair 2025, held at the Start up Center, Changzamtog, on December 25–26, 2025. We would like to extend our sincere gratitude to Ministry of Industry, Commerce and Employment for the invitation to this important national event.

Enthusiastic job seekers visited our booth to learn more about BDBL. While no vacancies were available, our team engaged with all visitors, sharing valuable insights on a range of topics. These included job-ready product awareness, important current scam alerts to safeguard financial transactions, information about our ongoing online platforms, a preview of anticipated new ePay registrations, and insights on potential job vacancies expected in the coming year. The engagement allowed BDBL to connect with aspiring professionals and provide guidance on preparing for careers in the banking sector.

On Day 2, BDBL continued to interact with more job seekers and provide additional guidance on career readiness, digital banking services, and future opportunities within the bank. Our team ensured that all visitors received personalized attention and responses to their queries, creating meaningful conversations and fostering a positive impression of BDBL as an employer of choice.

We would like to sincerely thank MOICE for organizing the event and for providing BDBL with the opportunity to engage with the next generation of professionals. We also extend our heartfelt appreciation to everyone who visited our booth over the two days. Your interest, curiosity, and enthusiasm are greatly valued, and we look forward to maintaining these connections and supporting aspiring talents as they prepare for future opportunities.

The National Job Fair 2025 provided a remarkable platform for knowledge sharing, awareness building, and talent engagement. BDBL remains committed to nurturing talent and contributing to the growth of Bhutan’s workforce.



# Employee Recognition Award



**(Left–Right): Mr. Sonam Galley (Credit Assistant, Retail & Branch Operation Division); Ms. Pema Choden (DGM, Corporate Finance & Banking Division); Ms. Kencho Wangmo (Sr. Account Officer, Finance and Accounts Division); Ms. Tashi Wangmo (AGM, Finance & Accounts Division); Ms. Nima Wangmo (Associate HR officer, HR & Logistics Division); Ms. Dema Lhamo (AGM, Finance and Accounts Division); Mr. Ugyen Tshering (Administration Assistant, HR & Logistics Division).**

# A Journey of Resilience and Vision: Reflections on the Pelsung Program



The Pelsung Program has been a profound journey of resilience and one of our most cherished experiences. Being part of His Majesty's visionary initiative has reshaped our perspective on leadership, discipline, and our role as citizens of Bhutan and of the Gelephu Mindfulness City. Through sessions on national security and governance, we have developed a strategic perspective on our nation's future, enhancing our sense of responsibility and appreciation for Bhutan's development philosophy.

Beyond learning from global experts, some of the most impactful insights emerged from within our own Pelsung cohort. Pelsuups developed a collaborative environment that improved critical thinking and teamwork by challenging assumptions and shared experiences through rigorous debates and diverse points of view. For young leaders, the three-week De-Suung program served as a reset, transforming our lives away from digital distractions and toward resilience and discipline. It gave us a strong sense of direction for Bhutan's future and helped us discover our skills.

For those of us with a background in finance, a focus on proposal preparation and project management served as a useful strengthening of our professional abilities. With greater understanding of the Diamond Strategy and its implementation, the program ultimately prepares Pelsuups to be guardians of prosperity and innovators for GMC and Bhutan as whole.

I, Sonam Tshomo, from the 2nd Cohort, participated in two “I 4 GMC” projects that addressed business, governance, strategy and policy as part of the program. While a project offered an Essential Service Registry digital platform to improve local service coordination and response times, another proposed segregating potable and non-potable water for sustainable supply. Sangay Lhamo, who participated in the 1st Cohort, completed her immersion phase in the “Underground Mindfulness Sanctuary,” a project blending Bhutanese heritage with modern sustainability to nurture inner silence. These projects are a reflection of our team’s teamwork and commitment to GMC’s future.

One of the most encouraging aspects of the Pelsung training was the shared energy and unified purpose among the youth, which enhanced the trust His Majesty has in us and solidified our commitment to serve. This program has equipped us with the skills and mindset to serve our King and country as ambassadors of the GMC vision.



**Sangay Lhamo (Manager operations),  
Dagana Branch, 1st Cohort**



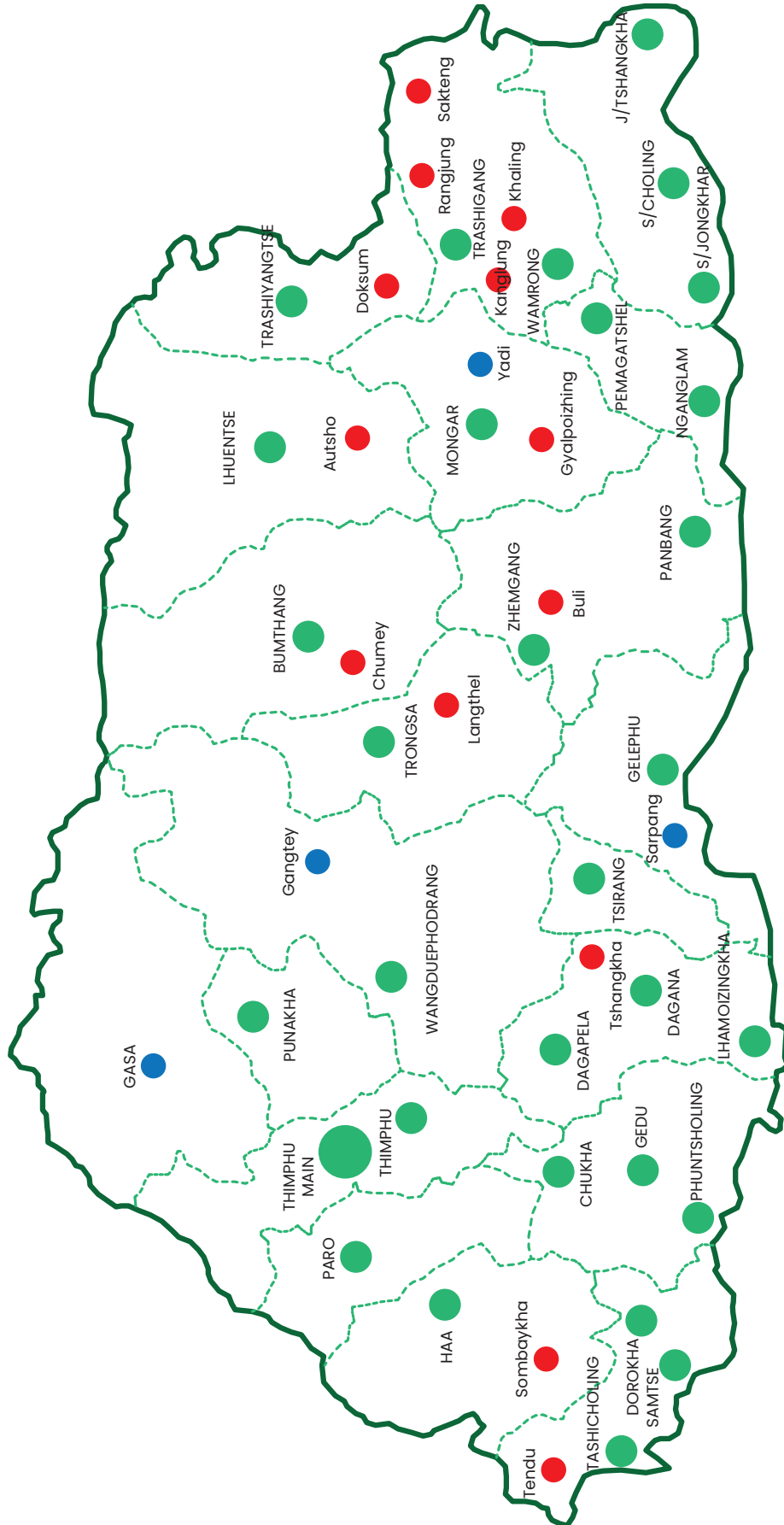
**Sonam Tshomo (Associate Innovation and  
Strategy Officer) Office of CEO, 2nd Cohort**

With deep humility and gratitude to His Majesty the King, we are honoured to have participated in the Pelsung Program and the “I 4 GMC” initiative. We are deeply grateful to our organization for the trust and support to embark on this journey of personal and professional growth.

### Customer touchpoint

- 31 Branch Offices
- 13 Gewog Field Offices
- 4 Extension Offices

300+ Farmer's Outreach Services



# BHUTAN DEVELOPMENT BANK LIMITED

## List of Agents

SL No	Agent Name	CID No	Phone Number	Address
1	Karma Choden	10706002199	17502016	KC General Store, Yangbari, Gondue, Mongar
2	Chimi Wangmo	10712000027	17688665	Serzhong, Shermuhung, Mongar
3	Phuntsho Choden	10904003121	17979593	Tashi Yarphe Tshongkhang, Yurung, Pemagatshel
4	Kinzang Pelden	10905003645	17914600	OMB Garments, Dewathang Throm, Samdrupjongkhar
5	Tshewang Dema	11102003405	77663573	Godhey Kuenjung General shop, Tshangchilo, Gomdar, Samdrupjongkhar
6	Jigme Wangchuk	10712000701	77213941	Vasundhara Restaurant, Jalamwoog, Orong, Samdrupjongkhar
7	Chador Tenzin	11501000330	17867568	Pema General shop, Bartsham Town, Trashigang
8	Karma Tenzin	11514001205	17819247	Karma sonam Tenzin General shop, Phegpari, Thrimshing, Trashigang
9	Rinchen Dorji	11514003364	17348867	Rinchen Dorji Resturant, Kochuboda, Thrimshing, Trashigang
10	Lobzang Lhamo	12007001257	17649048	Lobsang Enterprise, Gomtu, Phuntshopelri, Samtse
11	Tshering Delker	10206000045	77669933	TD Square Tshongkhang, Dungna, Gedu
12	Sonam Kuenden Lhamo	10905005902	17997687	Khenphen Tshongkhang, Rejuk, Umling, Sarpang
13	Rinchen Choki	12004001654	77368947	Rinchen Choki General shop, Rangtse, Gakaling, Haa
14	Tshering Dema	10402000327	17696921	Tshering Dema Resturant, Khatoed, Gasa
15	Jurme Wangmo	10716001791	17829438	Jurmey Wangmo Restaurant, Nobding, Dangchu, Wangdue Phodrang
16	Tshewang Lhamo	11107007047	17647442	Tshewang General Shop, Beikha, Naja, Paro

## Branch Managers



**Tenzin Tashi**  
Chief Manager  
Thimphu Main  
17952880



**Ugyen Dema**  
Chief Manager  
Paro  
17163959



**Sangay Choden**  
Offtg. Chief Manager  
Trashigang  
17387175



**Phurba Wangchen**  
Chief Manager  
Chukha  
17116998



**Yeshey Samdrup**  
Chief Manager  
Gelephu  
17634757



**Tshewang**  
Chief Manager  
Phuntsholing  
17699101



**Thinley Wangchuk**  
Chief Manager  
Samdrupjongkhar  
17351011



**Namgay Tenzin**  
Dy. Chief Manager  
Gedu  
17117466



**Jamyang Tenzin**  
Sr. Branch Manager  
Zhemgang  
17127700



**Nima Choezang**  
Sr. Branch Manager  
PemaGatshel  
17290334



**Wangda**  
Dy. Chief Manager  
Haa  
17973010



**Chencho Pem**  
Sr. Branch Manager  
Punakha  
17831105



**Jigme Norbu**  
Dy. Chief Manager  
Thimphu Branch  
17882708



**Damcho Wangdi**  
Dy. Chief Manager  
Wangdue  
17613317



**Namgay Doenyan**  
Dy. Chief Manager  
Samtse  
17125253



**Kunzang Tshomo**  
Dy. Chief Manager  
Mongar  
17730309



**Rinchen Tshering**  
Branch Manager  
Dorokha  
17301344



**Sonam Jamtsho**  
Branch Manager  
Tashicholing  
17116263



**Jigme Tenzin**  
Branch Manager  
Tsirang  
17772361



**Ngawang Tashi**  
Branch Manager  
Bumthang  
17449399



**Sangay Tenzin**  
Branch Manager  
Dagana  
17894482



**Sonam Duba**  
Sr. Branch Manager  
Lhamoizingkha  
77790580



**Dorji Norbu**  
Branch Manager  
Dagapela  
17548455



**Pema Choda**  
Branch Manager  
Panbang  
17232816



**Sonam Yangchen**  
Branch Manager  
Wamrong  
17396431



**Gyem Tshering**  
Branch Manager  
Samdrupcholing  
17351708



**Kinley Penjor**  
Branch Manager  
Jomotshangkha  
17678913



**Dendup Namgyel**  
Branch Manager  
Lhuntse  
17703598



**Ngawang Tenzin**  
Branch Manager  
Trashiyangtse  
17976677



**Pema Tenzin**  
Branch Manager  
Nganglam  
17395989



**Tashi Dema**  
Branch Manager  
Trongsa  
17447504



# Transformation Journey





# The Power of a Guarantee

*From a Start-up to National Brand*

**D**APPA Foods is driving import substitution, youth employment, and rural income generation and stands as a strong example of how entrepreneurship combined with targeted government support can create sustainable economic and social impact.

Founded in 2021 by Mr Duptho Kezang, it began operations at the Start-up Centre in Thimphu with a loan of Nu. 1.1 million from the CSI Bank under the National Credit Guarantee Scheme (NCGS), entering a largely underdeveloped and sensitive sector at both market and policy levels.

With limited precedents to follow, the founder relied on independent research and experimentation. While the initial concept focused on sausage production, market realities led to a strategic shift towards meat jerky products, which rapidly gained acceptance among urban consumers.

Despite early challenges of limited working capital and basic infrastructure, DAPPA Foods earned a strong reputation for quality, authentic flavours, and the use of locally sourced inputs, gradually es-

tablishing itself as a recognizable local brand.

To scale operations sustainably, DAPPA Foods received financial support under the Government's Economic Stimulus Plan (ESP), specifically for upscaling. This enabled the business to professionalize operations, strengthen compliance with food safety and regulatory standards, and plan for a modern meat processing facility in Chamgang, Thimphu. The upscaling initiative is driven not only by commercial objectives, but also to promote safe, hygienic, and responsible meat consumption practices in Bhutan.

Today, DAPPA Foods employs 17 Bhutanese youths and plans to recruit nine additional employees as operations expand, while also creating stable market linkages for local farmers across multiple dzongkhags. DAPPA Foods stands as a strong example of how entrepreneurship combined with targeted government support can create sustainable economic and social impact in Bhutan.

**Contributed By: Dorji Wangmo, Customer Relation Assistant, ESP**

# From Fiber splicer to Leader

*How Flexible Financing Built a Digital Frontier*



**Nima Lotay, a former telecom technician, turned his technical vision into a growing local internet service provider with financing support from Bhutan Development Bank.**

In 2014, Nima Lotay, a telecom technician, saw a critical gap: While the world was moving online, many Bhutanese communities remained underserved. He realized that high-speed internet access was a necessity rather than a luxury if Bhutan was to move ahead.

Resting entirely on his technical experience and a dream to help fill this void, he left his steady job to start a local Internet service company, Nilo Fiber-Net, a name inspired by his birth year and a deep sense of tradition.

Support from the Loden Foundation enabled the company's first launch, but the subsequent partnership with the Bhutan Development Bank offered the crucial financial scale to build a tech company that requires significant capital for specialized in-

frastructure.

Recognizing the unique potential of this venture, BDB prioritized the entrepreneur's technical skills and business model's sustainability over traditional collateral like land or building ownership, enabling expansion despite the lack of ownership.

This financial assistance served as the essential life-line for Nilo's expansion, allowing it to transform into a national digital presence. Beyond the money itself, the BDB team served as approachable partners and committed consultants who continuously prioritized the client's growth.

Nilo has now grown into a full internet service provider with a customer base of more than 1000 clients and a team with over 23 years of combined experience.



**Nilo FiberNet's 2018 Best Entrepreneur Award was a major milestone, but its journey continues as the company expands toward Bhutan's most remote corners**

Their diverse service includes high-speed fiber internet with 99.9% uptime and speeds reaching 1Gbps, specialized enterprise Wi-Fi solutions for the hospitality and business sectors, and integrated security and entertainment packages featuring premium TV and advanced CCTV solutions.

The partnership with BDB served as a strategic facilitator, enabling Nilo to scale its operations rapidly beyond Thimphu and into the valleys of Paro, Punakha, and Wangdue.

Nilo plans to strategically expand into a few other dzongkhags, focusing on isolated regions where there is less competition but a strong need for digital access. This growth has not only extended the company's geographic reach but has also strengthened its workforce, allowing Nilo to build a dedicated team of local experts who ensure that technical support is always local and accessible to the community.



While Nilo FiberNet's recognition as the Best Entrepreneur Award of 2018 marked a significant milestone, the journey is far from over. As the company sets its sights on the most remote corners of the kingdom, Nima Lotay sees in BDB as a lifelong financial partner in the mission to build a digitally empowered and fully connected Bhutan.

# A couple finds business success

*Credit changes lives in Tseza*

**D**etermination, combined with proper financial support, can transform lives and create sustainable income opportunities.

That's the story of Bishnu Maya Yonzen Tamang and her husband, Santa Bir Blon Tamang, residents of Dzongsel in Dagana dzongkhag.

Until a few years ago, the family survived on the Nu 20,000 salary that Santa Bir earned working as a JaliPhumi for the district administration. But his wife, Bishnu Maya Yonzen Tamang, realized that depending on his salary alone to meet household expenses and children's education would not secure a better future for the family.

In 2022, Bishnu made the bold decision to apply for a loan from BDBL, Dagana branch, and start her own general shop and become more financially secure. Inspired by her determination, her husband also decided to leave his job and join her in entrepreneurship. Together, they have also started a piggery farming business.



**Bishnu Maya Yonzen Tamang and her husband, Santa Bir Blon Tamang, also started a piggery farming business.**



**Bishnu Maya Yonzen Tamang at her general shop, established with support from a BDBL loan through the Dagana Branch.**

Through hard work, dedication, and proper financial planning, the couple are successfully managing their businesses. The income generated from their farm and shop not only supports their household and children's education but has also improved their overall standard of living.

With financial assistance and continuous support from the BDBL Dagana branch, they have been able to successfully run and expand their farm business and general shop operations.

**Contributed by-Dagana Branch**

# Partnering for a Plastic-Free Bhutan

## *The YBM Success Story*

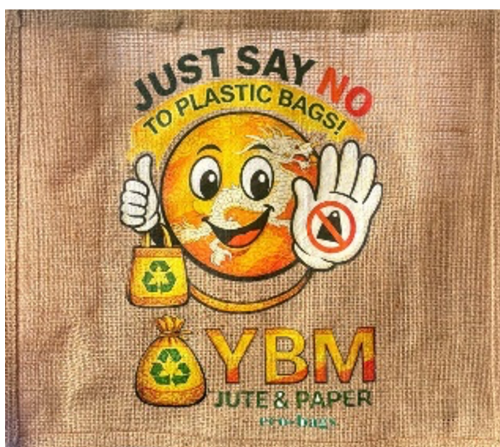
In July 2025, I, Gyam Dhendup, embarked on a journey to establish YBM Biodegradable Jute Bags Production Unit with a vision to promote sustainable plastic alternatives in Bhutan. The inspiration came after learning about the ESP Loan scheme. The loan sanctioned by BDB became the foundation for procuring essential machinery such as jute bag stitching machines, screen printing machines, and jute bag making machines. The journey was far from easy. The initial factory shed was insufficient to accommodate all machinery, raw materials, and finished goods, but through careful financial planning and supplier negotiations, I managed to overcome these limitations. Securing government approvals required persistence, and importing and installing machinery involved logistical hurdles that were resolved through continuous follow-up and coordination with suppliers. These experiences strengthened my resilience and shaped the foundation of the business.

By January 2026, the production unit became operational with a daily capacity of 200 biodegradable and combustible jute carry bags, guided by the slogan “JUST Say NO to Plastic Bags.” Our products quickly found their way into the mar-

ket through direct sales at the Sunday Farmers Market in Phuentsholing, bulk supply to private and government organizations for promotional use, and distribution through appointed agents. Despite being in the early stages, the market response has been highly encouraging, with growing awareness among customers about the importance of eco-friendly alternatives. While revenue is still stabilizing, the business is steadily progressing towards meeting its financial obligations.

YBM today stands not just as a business, but as a meaningful mission. In the short term, I aim to expand into jute bag production to meet domestic demand, while in the long run, I envision contributing to a Plastic Bag Free Bhutan and eventually exporting eco-friendly products internationally. This project holds deep personal significance for me, as it reflects my commitment to replacing single-use plastics, creating employment opportunities for local communities, raising awareness about environmental sustainability, and contributing to a cleaner, greener Bhutan.

**Contributed By: Kuenzang Chojey, Associate Credit Officer, ESP**



# Banking at the Doorstep

## BDB Zhabtog Transforms Financial Access in Bartsham

**B**hutan Development Bank successfully launched its Agency Banking services (BDB Zhabtog) in Trashigang, on January 31, 2026. This milestone represents a major step toward improving financial inclusion and ensuring that essential banking services are accessible to communities at their doorstep. As part of this initiative, Mr. Chador Tenzin serves as dedicated bank agent in Bartsham town which is 25 Km away from Trashigang Town, operating under the Trashigang branch.



The introduction of Agency Banking has ensured a community-based presence, providing residents with continuous access to cash deposits and withdrawals, loan repayments, and account inquiries. Additionally, this approach reinvests in the community by empowering a local entrepreneur, ensuring that agency commissions go directly to a community member and support a local livelihood. Since local agents frequently work from retail locations with longer hours, they offer more conven-

ience than a standard branch with fixed 9–5 hours. These services have significantly reduced the need for customers to travel long distances to visit bank branches, saving both time and money.

The agent has shared that the service has been extremely helpful for clients, especially farmers, small business owners, and residents of Bartsham Gewog with household of 498 and population of 3825. Clients are now able to conveniently deposit their savings, withdraw cash when needed, repay their



loans on time, and access their account statements with ease. This has not only improved financial convenience but also encouraged better financial management within the community.

Over the past two months, Mr. Chador has shown tremendous growth in providing his services. In February, he was recognized for processing the highest number of transactions, totaling Nu. 1.26 million. He still continues to perform exceptionally well in his locality, demonstrating strong trust and adoption by the local population.

The success of this initiative highlights the important role of Agency Banking in bridging the gap between formal banking services and rural communities. Bhutan Development Bank remains committed to expanding these services across the country to support national growth and development. The Bank extends its heartfelt appreciation to the Mr. Chador and the community for their continued support and trust in making this initiative a success.

**Contributed by: Trashigang Branch**

# Small Branch, Massive Impact

## The Evolution of GGLS at Wamrong Branch

**T**he Group Guarantee Loans and Savings (GGLS) scheme serves as a cornerstone of financial and social empowerment, bridging the gap for Bhutan's underprivileged communities by providing essential, collateral-free, group guarantee credit.

The significance of this scheme is particularly pronounced for the Wamrong Branch. By extending its reach into the most remote chiwogs such as Threlphu and Jeri/lemi, which are 66 km and 30 km away from branch, the branch ensures that even the most geographically isolated populations, traditionally excluded from conventional banking, now have a reliable pathway to economic stability.

Established in 2001, the GGLS under the Wamrong Branch initially began with the Khaling and Barshong centers. The scheme expanded in 2014 to include the Tshogonpa, Moshi, Reserbu, and Kurichilo centers under Lumang gewog. By 2024, the branch maintained six active centers across these two gewogs, sustained by a mix of founding and new members.





The program saw significant growth with six additional centers established in 2025. This expansion continued into 2026 with the initiation of the Dungmanma, Kangpar, Zordung, Threlphu, Jeri/Lemi, and Brekha centers.

As of March 26, 2026, the scheme supports a diverse membership of 290 individuals, comprising 180 female and 110 male participants. The impact of this scheme is evidenced by Drongdhay Samten Choe-ling furniture in Zordung, whose members have used GGLS credit facilities to strengthen their cooperative and enhance livelihoods in the local community.

Despite its smaller size, the Wamrong Branch has consistently and strategically expanded to contribute significantly to the Bank's overall objective. From its launch in 2001 to the enormous expansion observed in 2025 and 2026, the branch has effectively expanded the GGLS model throughout Lumang, Khaling, and Kangpar gewogs.

With a diverse membership of 290 individuals, the branch plays a pivotal role by covering distant chiwogs such as Dungmanma and Threlphu, and bringing formal banking services to the doorsteps of those with little to no capacity to pledge tangible assets.



Beyond banking services, the branch promotes resilience and unity in communities by transforming unofficial social groupings into long-lasting entities that may eventually become cooperatives.

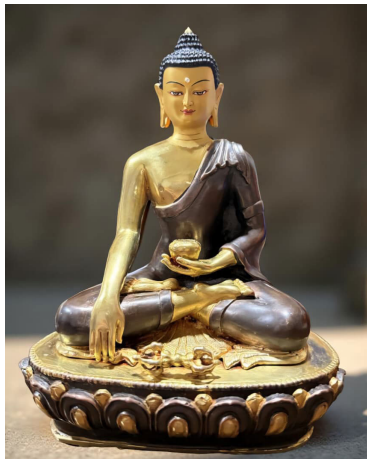
The branch, which has 180 female members, is a major force behind the economic development of women in the area. The Wamrong Branch enhances the long-term dependability of the Bank's customer base by encouraging saving habits and financial literacy among rural communities.

The Wamrong Branch exemplifies how a small branch can have a significant influence in the Bank's mission to improve livelihoods and create a self-sustaining, inclusive economy.

# Dharma Designs

**D**harma Design, established in August 2024 in Ramtokto, Thimphu, specializes in producing high-quality copper, brass, and bronze Buddhist statues and religious artifacts within Bhutan. The company is committed to preserving Bhutan's spiritual heritage while supporting employment generation,

reducing import dependency, and contributing to the conservation of foreign currency. By combining traditional Bhutanese craftsmanship with modern production techniques, it delivers authentic, finely detailed, gold-gilded statues that meet both domestic and international standards.



# Enhancing farmer livelihoods

*Bhutan's first crawfish hatchery*



**C**rawfish Himalayan Ltd. (CHL) was established as a Foreign Direct Investment (FDI) venture through a collaboration between Druk Holding & Investments and Singapore Crawfish, driven by a shared vision to enhance farmer livelihoods and strengthen food security in Bhutan through sustainable aquaculture development. Conceived in the aftermath of the COVID-19 pandemic in 2022, the initiative led to the establishment of an agri-tech enterprise focused on developing Bhutan's first crawfish hatchery with a projected annual production capacity of 200–300 metric tonnes.

Crawfish farming was identified as a promising venture due to its strong nutritional, agricultural, and economic potential. Crawfish is a high-protein, low-fat food source rich in essential nutrients such as Vitamin B12, selenium, zinc, and omega-3 fatty acids, contributing to both cardiovascular and cognitive health. Agriculturally, the species offers

a relatively short maturity cycle of approximately four months, enabling quicker returns for farmers. In addition, its compatibility with integrated paddy-crawfish farming provides opportunities for more productive land utilization with a comparatively low environmental footprint. Rising international demand for crawfish, coupled with supply shortages in global markets, further positioned the venture as a commercially viable and high-potential investment.

The establishment of the hatchery required a substantial capital investment exceeding Nu. 420 million. While part of the funding was secured through shareholder equity contributions, external financing was essential to support the remaining capital and operational requirements. Bhutan Development Bank Limited played a pivotal role in financing the project, providing critical support for both infrastructure development and working capital needs. The financing enabled the company

to meet major capital expenditure obligations and sustain operational growth, including the expansion of its workforce from three employees in 2023 to more than 34 local employees by 2026.

The loan financing was primarily utilized for the procurement and installation of the Recirculating Aquaculture System (RAS), the core technology underpinning the hatchery operations. Additional funding supported the construction of the hatchery facility, the development of outdoor grow-out ponds, and general working capital requirements necessary for scaling operations.

The financial support from BDBL was instrumental in advancing the project from concept to implementation. It facilitated the development of the 24-acre farm located in Phuentsholing near the Workforce Management Service Centre (formerly the quarantine facility). With the hatchery infrastructure now operational, CHL has commenced active fry production and is preparing for commercial market entry towards the end of 2026.

A key milestone achieved under the project is the successful operationalization of Bhutan's first RAS-based crawfish hatchery. Equipped with a fully functional RAS system, the hatchery is capable of producing up to 50,000 crawfish fry per day at full capacity. The company targets the production of over one million crawfish fry by the end of 2026,

marking a significant advancement in Bhutan's aquaculture sector.

Beyond commercial achievements, the project is expected to generate meaningful socio-economic benefits. CHL is actively engaging local communities and farmers in crawfish cultivation, creating opportunities for additional household income and rural livelihood enhancement. The company also plans to promote integrated paddy-crawfish farming systems, which have the potential to further improve earnings for paddy farmers across Bhutan.

Looking ahead, CHL envisions contributing to Bhutan's long-term food security by introducing a nutritious, high-protein food source into the national diet while supporting diversification into high-value aquaculture products. The company also aims to generate foreign exchange earnings through the export of crawfish, positioning Bhutan as a competitive participant in regional and global aquaculture markets.

Reflecting on its partnership with BDBL, CHL acknowledged the Bank's smooth and professional corporate banking support throughout the project implementation phase. The company further suggested that periodic updates on drawdown amounts and accrued interest would enhance transparency and support improved financial planning for businesses undertaking large-scale investments.



## ECONOMIC STIMULUS PLAN

# From unemployed graduate to successful entrepreneur

**M**r. Santosh Rai from Lhamoizingkha Dungkhag is a shining example of how determination, hard work, and the right financial support can transform a life. After graduating in 2014, he struggled with unemployment and uncertainty about his future. His turning point came when he learned about the Economic Stimulus Plan (ESP) through friends and later confirmed the information through news shared on Facebook from Kuen-sel. Motivated by the collateral-free loan facility and low interest rate offered by Bhutan Development Bank Limited, he decided to begin piggery farming in his village.

After availing the ESP loan and starting his piggery farming project on leased land, Mr. Santosh joined the Daga Cooperative, where he learned about livestock farming and community coordination. Later, after gathering more than 25 members from his chiwog, he was appointed as a Tshogpa. In this role, he helped register new members, coordinated the distribution of piglets, visited farms to ensure proper hygiene and bio-security measures, and assisted farmers in marketing and selling matured pigs. These experiences further strengthened his skills and confidence as an entrepreneur.



Although he faced challenges such as shortages in feed supply when the cooperative encountered financial difficulties, Mr. Santosh remained determined and adapted quickly by building a relationship with BLDC for the supply and marketing of matured pigs.



Mr. Santosh did not become successful overnight. With the small profits he earned from one business and along with financial support from friends, relatives, and family members, he gradually invested and expanded into other ventures. He first opened a Farmers Supportive Meat Stall at Changzamtok, Thimphu. As his earnings slowly increased, he es-

established a poultry farm in Karmaling, became a feed agent in Lhamoizingkha, and later invested in a 24/7 convenience shop through a partnership business. He also founded “My Taste Frozen Shop” at Bebena, Thimphu, specializing in packaged pork products such as pork belly, tenderloin, smoked pork, local pork, and fish.

Today, Mr. Santosh has transformed from an unemployed graduate into a successful entrepreneur. His businesses have created employment opportunities for seven people, while also supporting farmers from Samtse, Tsirang, and Dagana by helping market their pigs and broilers in Thimphu. He proudly describes his journey as going from “zero to hero” — becoming independent, self-sufficient,



and capable of creating jobs for others.

Reflecting on his success, Mr. Santosh believes that while funding is important, true success comes from having good ideas, taking calculated risks, proper planning, sacrifice, hard work, and perseverance. He encourages young entrepreneurs not to lose hope during difficult times, reminding them that failures are part of the learning process and that persistence eventually leads to success. Looking ahead, he plans to further expand his businesses by opening a frozen meat shop franchise in Lhamoizingkha and upgrading his packaging machinery within the next few years. Although he still faces financial challenges as his businesses continue to grow, he remains optimistic and hopes to seek further support from Bhutan Development Bank Limited in the future.

Mr. Santosh shared that the implementation of



the ESP completely changed his life of struggle to one of stability and growth. What began as a small piggery farm has now grown into multiple thriving businesses, proving that with opportunity, resilience, and determination, dreams can become reality.

**Contributed By:**  
**Sonam Duba Sr. BM**  
**Lhamoizingkha Branch**

# From Unfulfilled Dreams to Sustainable Success

## *New product helps break collateral barrier*

**O**ne story that reflects the impact of inclusive financial support in empowering rural entrepreneurs is that of Mr Nar Bahadur Pradhan from Dungle, Tsirang district.



An educated farmer, Mr. Pradhan previously worked alongside his relative in piggery farming. He gained valuable hands-on experience and practical knowledge, including in daily operations, business challenges, market opportunities, and sustainable farming practices.

This exposure strengthened his aspiration to establish his own piggery farm.

However, like many rural farmers and aspiring entrepreneurs, the lack of adequate collateral prevented him from obtaining the financial support necessary to turn his vision into reality.

Mr. Pradhan also explored the GGLS scheme, which does not require collateral. However, due to difficulties in forming the required group partnership under the scheme, he was unable to proceed further. As a result, his entrepreneurial ambitions remained unrealized for several years.

The turning point came with the introduction of the Community Development Loan (CDL). Designed specifically to support individuals with limited collateral and promote community-based income-generating activities, Mr. Pradhan was finally able to establish his piggery farm with the CDL

provided by Bhutan Development Bank.

Mr. Pradhan has successfully expanded his farming business and significantly improve his family's livelihood and financial stability. He has also been able to purchase a marketing van to strengthen business operations.

According to Mr. Pradhan, the CDL product has been particularly beneficial for farmers and aspiring entrepreneurs who face challenges in meeting conventional collateral requirements. He expressed that the scheme has created meaningful opportunities for rural individuals to improve their economic conditions, become self-reliant, and work towards a more secure and sustainable future.

Mr. Pradhan's story is a testament to the effectiveness of the CDL product in promoting financial inclusion, supporting rural entrepreneurship, and empowering communities through accessible and sustainable financing solutions.



# BDB LOAN

Empowering Farmers,  
Growing Futures

Your Growth  
Is Our  
*Priority*



## Agriculture/ Livestock Loan

Supporting farmers with accessible financing for agriculture and livestock activities to enhance productivity, expand opportunities, and promote sustainable growth.



Minimal  
Paperwork



Quick  
Approval



Grow Your  
Business



## Seasonal Loan

Providing flexible short-term financing to help farmers manage seasonal agricultural expenses, maintain cash flow, and support timely farming activities.



Competitive  
Rates



Transparent  
Terms



Affordable  
Repayments



<https://bdb.bt/loan/agricultural-livestock-loan/>



<https://bdb.bt/loan/seasonal-loan/>

# COMMUNITY DEVELOPMENT LOAN (CDL)

Empowering rural communities  
for a stronger tomorrow.

## KEY FEATURES:



Credit support for rural livelihoods



Finance for agriculture  
and livestock



Drives income generation  
and supports rural  
economic development



Building stronger  
communities  
together.



For any enquiries, please visit your  
nearest branch for assistance.



# Driving Agricultural Growth

*How Farm Machinery enterprise is supporting eastern farmers*



**M**r. Tshering Dorji, of Takhambi village in Tshakaling gewog, Mongar, is recognized as one of the most promising young entrepreneurs in eastern Bhutan.

His enterprising spirit has improved farmers' access to agricultural machinery, contributing to the growth of the agriculture sector. Skilled in repair and maintenance of engines, gearboxes, and various agricultural equipment, Mr. Tshering Dorji's dependable after-sales service and technical knowledge have earned the trust and confidence of farmers across the eastern region.

Currently based in Autsho township, Lhuentse Dzongkhag, his Farm Machinery business initially operated on a small scale, focusing mainly

on the sale of power tillers and grass cutters. Limited working capital constrained the expansion of operations and inventory management during the early stages of the business. For example, during peak farming seasons, limited stock often created challenges in meeting customer demand.

Recognizing the growing demand for agricultural machinery and the business potential of Mr. Tshering's Farm Machinery enterprise, Bhutan Development Bank extended an overdraft facility in 2025 to support the company's operational growth and working capital requirements. The facility provided the flexibility needed to manage seasonal demand, maintain inventory, and ensure smooth business operations.

Today, Farm Machinery supplies power tillers, grass

cutters, rice mills, potato peelers, engine spare parts, and other agricultural equipment to farmers across several dzongkhags in eastern Bhutan.

The enhanced financial capacity improved inventory management, enabled timely delivery of machinery and spare parts, and strengthened overall operational efficiency. As a result, the business recorded a turnover of nearly Nu. 6 million within the same year, reflecting strong growth and increasing market demand.

Considering the positive business performance and repayment capacity, Bhutan Development Bank

further enhanced the overdraft facility at the beginning of 2026 to support future expansion. This enabled Mr. Tshering to establish an additional stock facility in Babesa, Thimphu, expanding the business to western Bhutan.

Mr. Tshering remains deeply grateful to Bhutan Development Bank, particularly the staff of Autsho GFO and Lhuentse Branch Office, for their trust, guidance, and continued support. Today, he continues to expand Farm Machinery with the same dedication and commitment toward empowering farmers and advancing Bhutan's agricultural sector.



# Transforming the Dairy Industry

## *The Journey of Serkar Dairy*

**S**erkar Dairy Private Limited, whose yogurt products are now a trusted brand in the local market, stands as a strong example of how entrepreneurship, innovation, and access to finance can support industrial growth and strengthen Bhutan's food processing sector.

The company's journey began in 2022 with its co-founder and current Chief Executive Officer, Mr. Sanjok Biswakarma, at the helm. He holds a Bachelor's degree in Microbiology from India and an MBA from the University of Canberra, and brings more than 15 years of experience in the food manufacturing industry. Commercial operations began in 2023, with processing facilities established at Ramtokto and Ngabiphu to produce Greek yogurt, pasteurized milk, drinking yogurt, processed cheese, and other value-added products for the domestic market.

Initially established as a licensed entity, the business was later incorporated as a private limited company to strengthen governance and operational efficiency, and to support long-term growth. This helped fulfill the vision of substituting imports while creating sustainable market opportunities for farmers and generating employment for Bhutanese youth.

Despite its strong vision and market potential, Serkar faced several operational and financial challenges during its early growth phase. Limited working capital and insufficient processing capacity constrained the company's ability to meet increasing market demand. Procuring advanced dairy processing machinery and specialized cheese production equipment also required significant capital investment, while scaling operations and strengthening infrastructure remained financially challenging.

The project was initially financed through CSI Bank under the National Credit Guarantee Scheme (NCGS). Following the merger of CSI Bank with BDB, the project was subsequently brought under

BDB, where additional financial support enabled the company to significantly scale operations. The company availed both term loan and working capital facilities, along with support under the ESP concessional credit loan scheme, to boost production capacity and expand its business.

Financial support from BDB was utilized to enhance production operations, procure modern dairy processing machinery, increase working capital, improve supply chain management, and expand market presence. This support played a vital role in modernizing the company's processing systems and improving overall operational efficiency.

With improved financial stability, Serkar Dairy was able to increase plant capacity utilization from approximately 20 percent to nearly 60 percent. The company also reinforced its procurement systems, improved product quality and packaging standards, and diversified its range of dairy products. This enabled the company to respond more effectively to growing consumer demand while expanding its market reach across Bhutan.

Over the years, Serkar Dairy has experienced significant operational growth and market expansion. The company currently collaborates with more than 10 dairy cooperatives and local farmer groups, compared to only a few during the initial stages of operation. This has created stable market opportunities for local milk suppliers and improved income generation for farming communities.

The company has also grown its workforce from 10 employees to 27 full-time employees today. In addition, the business has supported opportunities in logistics, transportation, distribution, retail, marketing, and advertising.

Beyond business growth, Serkar Dairy continues to contribute toward Bhutan's national economy by promoting domestic food production and reducing reliance on imported dairy products. The company's ongoing efforts toward ISO 22000:2018 certifica-



tion further reflect its commitment to strengthening food safety standards, enhancing consumer confidence, and building a trusted Bhutanese dairy brand.

Looking ahead, the company plans to further expand its dairy processing capacity, diversify into new value-added dairy products, strengthen nationwide distribution networks, and invest in advanced processing technology. It also aims to explore export opportunities upon achieving international food safety certification.

Serkar Dairy Private Limited remains deeply appreciative of the support provided by Bhutan Development Bank in empowering local enterprises, supporting farmers, generating employment, and contributing to the country's economic development.

**Sanjok Biswakarma**  
**Chief Executive Officer**  
**Serkar Dairy Private Limited**  
**Changzeri, Thimphu, Bhutan**

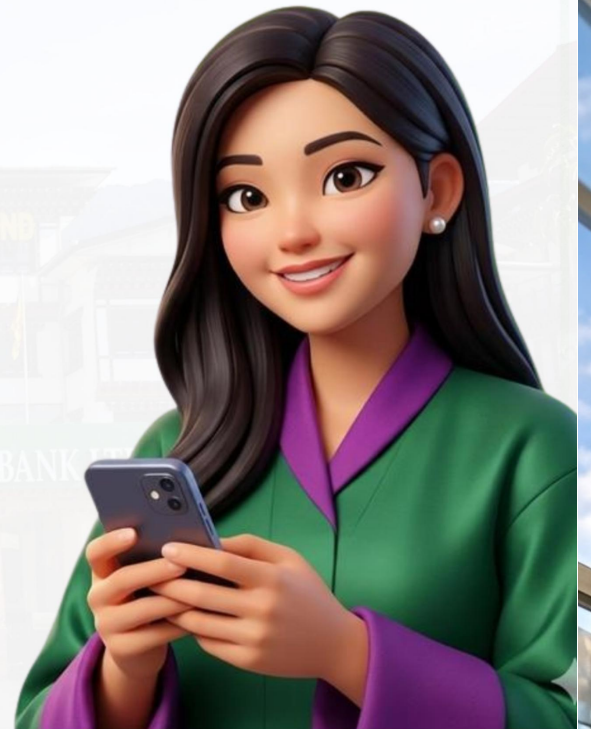


Open ANY TIME, ANY WHERE

# OPEN YOUR ACCOUNT ONLINE

No Paperwork. No Waiting. Open with NDI App Today!

<https://bdb.bt>



# BHUTAN DEVELOPMENT BANK LIMITED

Head Office  
Thimphu  
Post Box: 256  
Norzin Lam  
Contact Center Toll free No. 1424

# HIGHEST SAVING INTEREST RATE

Don't let your savings sit idle

