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Your Relationship Bank

Annual Report
2024



PURPOSE

We were created by order of the throne to “To provide financial choice through innovation”, this defines us and is our purpose. Since inception, we have endeavored to meet that trust by pioneering;

Public ownership of banks;

- Tapping technology to bring in global banking tools such as CBS, ATMs, cards, PoS machines, and mobile banking; and
- Continuously learning and improving through thoughtful interactions with our customers.



VALUES

Our purpose is guided by a set of values that help us make the right choice over a profitable one. They spell the word DELIGHT to underline the importance of our clients.

- **Discipline:** in the way we do business
- **Entrepreneurship:** by encouraging creativity and empowering our people.
- **Learning:** by continuously seeking to improve ourselves
- **Integrity:** by doing the right thing even when no one is looking.
- **Grit:** persevering through difficulty together.
- **Humility:** in our interactions with all our stakeholders
- **Teamwork:** through individual respect, underpinned by a united purpose



VISION

“BNB in every Bhutanese pocket”

In the next five years, we aim to have every banking Bhutanese using our products extensively, from payment systems to loans.

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Director's
Report

Business **HIGHLIGHTS** (As Per BAS)



Profit For the Year

Nu. 528,306,257



Return on Equity (ROE)

6.95%



Return on Assets (ROA)

0.71%



Net NPL Ratio

0.65%



Basic Earnings Per Share

Nu. 1.08



Total Operating Income

Nu. 2,597,449,170



Profit Before Tax

Nu. 1,018,784,144



Income Tax Expense

Nu. 490,477,887



4.75%

(excluding charge off loans)
Gross NPL Ratio



Loans and Advances

Nu. 50,910,896,908



Total Deposits

Nu. 65,822,690,134

Board of DIRECTORS



Dasha Karma Tshiteem
Chairperson



Passang Dorji
Independent Director



Kinzang Chhogyel
Independent Director



Dago Beda
Director



Namgay Tenzin
Director



Sonam Tobgay (DHI)
Director



Sonam Tobgay
CEO / Director

EXECUTIVE



MR. SONAM TOBGAY
Chief Executive Officer



MR. DORJI NAMGYAL RINCHHEN
Director
Customer Experience



MR. HEM KUMAR ACHARYA
Director
Banking Operations



MR. DORJI
Director
Corporate Services

Senior **MANAGEMENT**



Tenzing Gyeltshen
Chief
Internal Audit



Man Bahadur Rai
Chief
Digital Transformation



Rinchen Zangmo
Chief
Branch Operations



Kelden Dorji
Chief
Customer Service



Chhoe Dhen
Chief
Finance



Singye Dorji
Chief
HRA



Yonten Jamtsho
Chief
IT Operations



Dechhen Pema
Chief, Remedial
Management



Sangay Wangdi
Chief, Risk Review and
Compliance



Sonam Tobgay
Company Secretary

Branch **MANAGERS**



Dellay Phuntshok
Thimphu Corporate
Branch



Namgyal Wangda
Wangdue Branch



Gayley Penjor
Thimphu Branch



Chencho Tshering
Paro Branch



Dorji Wangchuk
Phuntsholing Branch



Kinley Jamtsho
Trashigang Branch



Karma Tshering
Bumthang Branch



Mahindra Timsina
Gelephu Branch



Shyam Kumar
Tamang
Samtse Branch



Kezang Deki
Mongar Branch



Sangay Wangchuk
Samdrup Jongkhar
Branch

Organization CHART



The **YEAR** that went by...

March

Gathering strength in unity: Bhutan National Bank convened with over 130 tour operators to advocate the establishment of Foreign Currency Accounts opening, paving the path for sustainable growth and prosperity in Bhutan's tourism sector.



June

Cheques have been awarded to the chosen beneficiaries of our 2024 Corporate Social Responsibility (CSR) Initiative.



May

The Board, Management and Staff of the Bank is honored to offer a sum of Nu. 1 Million towards the Yojay Offering.





July

Installed a new ATM at Kabreytar, Phuentsholing.

BNB held its 72nd Open Auction at the Corporate Office.

August

'Best Bank in Bhutan' at the 2nd ICC Emerging Asia Banking Conclave & Awards, organized by the Indian Chamber of Commerce.



December

Enhancing Education Payments with EduPay

With EduPay, you can now make payments with ease and earn points with every transaction, adding significant value to each payment you make.



DIRECTORS REPORT

Kuzuzangpola,

I would like to extend a warm welcome to all our shareholders to the 29th AGM today.

On behalf of the Board of Directors, it is my pleasure to present our 29th Annual Report together with the Audited Statement of Accounts for the year ended December 31, 2024.

With the directions from the shareholders to seek out a reputed international auditing firm, with experiences of auditing a bank of our stature, the Board and management, after

failing to attract one of the big four firms, selected TR Chadha & Co. LLP.

The board is very satisfied with the exhaustive audit conducted by our independent auditors. One significant development from this audit was a requirement to restate the financials for the years 2022 and 2023. The primary error in our earlier approach was the treatment of deferred accounts. However, with this correction, we believe that the financial statements present a truer picture of our financial position and also places the bank in a strong position to perform much better in the years to come.

Highlights of Financial Performance

The Company has recorded the following financial performance for the year ended December 31, 2024:

Particulars	2024	2023
Total Operating Income	2,597,449,170	2,728,418,182
Profit Before Tax	1,018,784,144	1,622,872,553
Income Tax Expense	490,477,887	455,327,476
Profit For the Year	528,306,257	1,167,545,077
General Reserve	2,521,073,869	2,737,275,087

Summary of Operations

- During the year, the total operating income decreased by 4.8%, from BTN 2.728 billion to BTN 2.597 billion.
- Our loans grew by BTN 5.9 billion to BTN 50.91 billion
- We were able to contain NPL at 4.75%.
- Our profit for the year stood at BTN 528.31 million.
- The Return on Equity stood at 6.95%

State of Affairs

The company is engaged in the business of: Deposit services

- Lending activities
- Treasury and cash management services
- Trade Finance and
- Payment processing

There has been no change in the business of the Company during the financial year ended December 31, 2024.

Highlights of the year

- Upgraded our Core banking software to Oracle's FCUBS 14.7.
- We have trained 155 employees outside Bhutan, 163 within the country and 63 have completed online courses on Udemy.
- For our customers we initiated loyalty programs, online onboarding, BNB Remit Australia and several other continuous improvements and automations
- To assist and enable our employees to deliver services we launched Document Management Systems, IAD management systems, Project payment systems and online auction systems.

Dividends

No dividend is recommended due to the restatement of the financials for 2022 and 2023.

Internal Financial Control

The Company has in place adequate internal financial control with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was noticed.

Directors & Key Managerial Personnel (KMP)

The following changes have been made to the Board of Directors during the year:

1 Name	Kinzang Chhogyal
Designation	Independent Director
Appointment	Appointed 27 March 2024
Resignation Date	
2 Name	Passang Dorji
Designation	Independent Director
Appointment	Reappointed 27 March 2024
Resignation Date	17 April 2025
3 Name	Karma Wangdi
Designation	Independent Director
Appointment	Reappointed 15 March 2023
Resignation Date	27 March 2024

There were no changes in the Key Management personnels

Meeting of Board of Directors

A total of 23 Board and its sub-committee meetings were held during the financial year ended December 31, 2024.

The Board has four sub-committees;

- a) Governance, Recruitment and Remunerations Committee (BBRRC),
- b) Credit and Investment Committee (BCIC),
- c) Risk Management Committee (BRMC) and
- d) Audit Committee (BAC).

The names of members of the Board and their attendance at the Board Meetings are as under:

Name of Directors	Board	BGRRC	BCIC	BRMC	BAC
Dasho Karma Tshiteem	6 of 6	5 of 5	4 of 4	-	-
Dago Beda	6 of 6	5 of 5	4 of 4	-	-
Passang Dorji	6 of 6	5 of 5	4 of 4	-	4 of 4
Karma Wangdi	-	-	-	-	-
Namgay Tenzin	6 of 6	5 of 5	4 of 4	-	-
Sonam Tobgay (DHI)	6 of 6	-	-	4 of 4	4 of 4
Kinzang Chhogyal	5 of 5			3 of 4	
Sonam Tobgay (CEO)	6 of 6	5 of 5	4 of 4	4 of 4	

Board's Comment on Auditor's Report

The observations of the Statutory Auditors, when read together with the relevant notes to the accounts and accounting policies are self-explanatory and do not call for any further comment.

Statutory Auditors

The Auditors, TR Chadha & Co. LLP, registration No. 00671IN/N500028, holds office until the conclusion of this Annual General Meeting. The Board recommends that TR Chadha & Co. LLP, be ratified as Statutory Auditors and hold office till the conclusion of the next Annual General Meeting.

Related Party Transactions

All related party transactions that were entered into during the financial year ended December 31, 2024 were on an arm's length basis and were in the ordinary course of business.

Also, there are no materially significant related party transactions during the year under review made by the Company with Directors, or other designated persons which may have a potential conflict with the interest of the Company at large. However, the disclosure of transactions with related party for the year, as per BAS 24-Related Party Disclosures is given in Note 35 to the Balance Sheet as of December 31, 2024.

Risk Management Policy

The Company has developed and implemented a risk management policy which identifies major risks which may threaten

the existence of the Company. The same has also been adopted by your Board and is reviewed quarterly. Risk mitigation processes and measures have been also formulated and clearly spelled out in the said policy.

Work Environment

We are committed to a safe and conducive work environment, espoused by our values of DELIGHT: Discipline, Entrepreneurship, Learning, Integrity, Grit, Humility and Teamwork. We strive to exemplify this in our words and deeds. Furthermore, we have urged our management to place the highest priority on Privacy and Safety in the discharge of our functions.

To improve our functioning, the strategic realignment we executed in 2022 are bearing fruit. We now have three primary teams that are positioned to deliver face-to-face services, continuously improve, and make sure that we have the funds and the people to support the changes.

While the high attrition rates are similar to what is happening in organizations throughout the country, this year it has improved to 7.12% (39). With our payments, training, working environment and rewards, we still have a strong team and continue to be the preferred choice of employment.

Corporate Social Responsibility

In 2024, we focused on three themes; Waste management, control of drugs and substance abuse and BNB Scholarships.

- We partnered with Gelephu HSS and Gongzim Ugyen Dorji Central school to improve their waste management practices .

- We partnered with Chethuen Phendey Association and Dechencholing HSS to build drug prevention awareness and interventions.
- Two full scholarships to pursue IT in CST, Phuentsholing.

Looking Ahead

We will continue to focus on:

- Enhancing our digital capabilities with the goal of having a bank in every Bhutanese pocket or hemchu.
- Providing meaningful personalized banking journeys that will attract and retain customers,
- Seeking proactive solutions to manage our NPL portfolios,
- Studying and creating new revenue streams that delights our customers,
- Creating a great place to work so that we continue to attract, retain and motivate the best and brightest, and
- Fostering a culture of learning and continuous improvement individually and institutionally.

We are optimistic that 2025 will be a better year than 2024 for BNB. Accordingly, we have set ambitious targets for ourselves.

We are optimistic that the government spending will rebound strongly, and will boost economic activities down the line.

Most importantly, as His Majesty's leadership Gelephu Mindfulness City (GMC) progresses, we will continue to pay special attention to the developments in GMC, and provide full support to this monumental project that is certain to benefit our country and shape our country's future.

Directors Responsibility Statement

Pursuant to the Companies Act, 2016 the Board of Directors of the Company confirms that-

1. In the preparation of the annual accounts for the year ended December 31, 2024, the applicable accounting standards have been followed and there are no material departures from the same.
2. The annual accounts are prepared on a 'going concern' basis.
3. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such a system is adequate and operating effectively.

Acknowledgement

Your directors would like to express their sincere appreciation for the assistance and co-operation received from the customers, employees, banks, Government authorities, vendors and members during the year under review.

For and on behalf of the Board

Dasho Karma Tshiteem
Chair



Date: April 17, 2025
Place: Thimphu

Audit Report on The Financial Statements

01/01/2024 to 31/12/2024

T R Chadha & Co LLP
Chartered Accountants.
B-30, Connaught Place, New Delhi- 110001
Delhi, India
Tel.: 011-43259900
Website: trchadha.com
Email: delhi@trchadha.com
TITLE SHEET

TITLE SHEET

Title:	Financial Audit Report of Bhutan National Bank Ltd., Thimphu
Head of the Agency:	Sonam Tobgay, Chief Executive Officer (EID No. 2006100136)
Finance Personnel:	<ol style="list-style-type: none"> 1. Dorji (EID No. 2022090107, Director, Corporate Services (From: 01.09.2022 till date) 2. Chhoe Dhen (EID No. 2023030108), Chief Finance Officer (From: 01.03.2023 till date)
Period Audited:	01/01/2024 – 31/12/2024
Schedule of Audit:	Planning: 10– 21 January 2025 Field: 22 January – 28 February 2025 Reporting: 2024
Composition of Audit Team:	Team Leader: <ol style="list-style-type: none"> 1. CA Hitesh Garg (MRN :- 502955) (Audit Partner) 2. CA Vishal Goyal (MRN :-523035) (Associate Director) 3. CA Rakesh Singh (MRN :-419854) (Audit Manager) 4. CA Bharat Saini (MRN :- 577723) (Associate) 5. Mr Sharvan (Article Assistant)
Supervising Officer:	CA Hitesh Garg (MRN :- 502955) (Audit Partner)
Engagement Letter:	BNB/IAD-SA/2024/99 dated 9 December 2024
Focal Person:	CA Hitesh Garg (MRN :- 502955) (Audit Partner) Email:hiteshgarg@trchadha.com
Date of Audit Exit Meeting:	24 March 2025

ACRONYMS and ABBREVIATIONS

AASBB:	Accounting and Auditing Standards Board of Bhutan
AFS:	Available for Sale
AGM:	Annual General Meeting
ATM:	Automated Teller Machine
AUD:	Australian Dollar
BAS:	Bhutanese Accounting Standards
BFRS:	Bhutanese Financial Reporting Standards
BDB:	Bhutan Development Bank Limited
BIL:	Bhutan Insurance Limited
BoB:	Bank of Bhutan Limited
BoD:	Board of Directors
BNB:	Bhutan National Bank
BRMC:	Board Risk Management Committee
BTN:	Bhutanese Ngultrum
CAD:	Canadian Dollar
CcyCB:	Counter-cyclical Capital Buffer
CEO:	Chief Executive Officer
CFM:	Close Family Members
CGU:	Cash Generating Unit
CHF:	Swiss Franc
CID:	Citizenship Identity Card
COPPY:	Corresponding period of the previous year
CRR:	Cash Reserve Ratio
CSR:	Corporate Social Responsibility
CY:	Current Year
DBO:	Defined Benefit Obligation
DIT:	Deferred income Tax
DKK:	Danish Kroner
DRC:	Department of Revenue and Custom
DT:	Deferred Tax
EADs:	Exposure at Default
ECL:	Expected Credit Loss
EIR:	Effective Interest Rates
EPS:	Earnings Per Share
ERMC:	Executive Risk Management Committee
EUR:	Euro
FCCA:	Fellow Chartered Certified Accountant
FI:	Financial Institutions
FV:	Fair Value
FVA:	Fair Value Assets
FVTOCI:	Fair Value Through Other Comprehensive Income
FVTPL:	Fair Value Through Profit & Loss
FX:	Foreign Exchange
GAAP:	Generally Accepted Accounting Principles
GBP:	Great Britain Pound
GBV:	Gross Block Value
GDP:	Gross Domestic Product
GE:	Government Employee
HKD:	Hong Kong Dollar
IALM:	Indian Assured Life Mortality
ICAAP:	Internal Capacity Adequacy Assessment Process
IFRS:	International Financial Reporting Standards
INR:	Indian Rupee

IRRBB:	Interest rate risk in banking book
IS:	Income Statement
ISA:	International Standards on Auditing
IT:	Information Technology
JAF:	JIGMI Audit & Financials Pvt. Ltd.
JPY:	Japanese Yen
KMP:	Key Management Personnel
KRI:	Key Risk Indicators
LC:	Letter of Credit
CC:	Credit Card
LDCL:	Loan Disbursement for Consumer Loan
LGDs:	Loss Given Default
LTC:	Leave Travel Concession
LTECL:	Life Time Expected Credit Loss
LTi:	Loan To Income
LTV:	Loan To Value
MoF:	Ministry of Finance
NBV:	Net Book Value
NOK:	Norwegian Kroner
NPL:	Non-Performing Loans
NPPF:	National Pension & Provident Fund
NRV:	Net Realizable Value
Nu:	Ngultrum
OCI:	Other Comprehensive Income
OD:	Overdraft
ODWC:	Overdraft Working Capital
PAT:	Profit After Tax
PD:	Probability of Default
P/L:	Profit & Loss
POCI:	Purchased or Originated Credit Impaired
PPE:	Plant, Property and Equipment
PF:	Provident Fund
PUC:	Projected Unit Credit
PY:	Prior/Previous Years
RAA:	Royal Audit Authority
RCSA:	Risk Control and Self-Assessment
RGoB:	Royal Government of Bhutan
RICB:	Royal Insurance Corporation of Bhutan Limited
RMA:	Royal Monetary Authority
RMD:	Risk Management Division
RoE:	Return on Equity
RRCO:	Regional Revenue and Customs Office
RWA:	Risk Weighted Assets
SCR:	Sectoral Capital Requirement
SEK:	Swedish Kroner
SGD:	Singapore Dollar
SLR:	Statutory Liquidity Ratio
SoCE:	Statement of Changes in Equity
SOP:	Standard Operating Procedure
SPPI:	Solely Payments of Principal and Interest
TDS:	Tax Deducted at Source
USD:	United States Dollar
WIP:	Work-In-Progress
12mECL:	Twelve Months' Expected Credit Loss



T R Chadha & Co LLP

Chartered Accountants

Independent Auditor's Report on the Financial Statements for year ended 31 December 2024

To the Members of Bhutan National Bank Limited

Report on the Audit of the Standalone and Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated and Standalone financial statements of Bhutan National Bank Limited ("the Bank"), which comprise the Consolidated and Standalone Statement of Financial Position as at 31st December 2024, the Consolidated and Standalone Income Statement, the Consolidated and Standalone Statement of Other Comprehensive Income, the Consolidated and Standalone Statement of Changes in Equity and the Consolidated and Standalone Statement of Cash Flows for the year then ended, and notes to the Consolidated and Standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, of the state of affairs of the Bank as at 31st December 2024, and its financial performance and its cash flows for the year ended on that date 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 ethical requirements in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Emphasis of Matters

We draw attention to Note 40 to the financial statements, which explains that the Bank identified material errors in the financial statements for the financial year ended 31st December 2023 and 31st December 2022. As a result of this error, the Bank has restated its prior period financial statements to correct the error in accordance with BAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The correction has been applied retrospectively, and the comparative figures for the previous year has been restated. Additionally, the opening balances as at 1st January 2023 have been adjusted to reflect the correction for earlier period.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the period under audit. 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.

R. J. J.



Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Loss allowance on financial assets</p> <p>The estimation of ECL on financial assets is complex and involves significant management judgement and estimates, including the following:</p> <ul style="list-style-type: none"> ➤ Models used to estimate ECL are inherently judgmental with high estimation uncertainty which involves determining Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). ➤ Completeness and accuracy of the data from internal and external sources used in the models. ➤ BFRS 9 requires the Bank to measure ECLs on a forward-looking basis reflecting future economic conditions. Significant management judgement is applied in determining the economic scenario used and probability weights applied to them. ➤ Qualitative adjustments are made by the Management to the results obtained from ECL models to address any identified impairment or emerging trends as well as risks not captured by models. These adjustments are inherently subjective and significant management judgement is involved in estimating these amounts. <p>Considering the significance of ECL to the overall financial statements and the degree of management's estimates and judgments involved in this matter that requires significant auditor attention, we have considered expected credit loss allowance on financial assets to be a key audit matter.</p>	<p>Our audit focused on assessing the appropriateness of the models used including management's judgment and estimates used in the expected credit loss assessment through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> ➤ Considered the Bank's accounting policies for expected credit loss of financial assets and assessed compliance of the policies in terms of BFRS 9. ➤ Understood management's processes, systems and controls implemented in relation to ECL allowance process. Evaluated the design and tested the operating effectiveness of key internal financial controls over such process. ➤ Obtained an understanding of the models adopted by the Bank including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical as well as external data, we assessed whether the same were relevant and representative of current circumstances. ➤ Assessed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the classification of loan assets into stages as described in the accounting policy, Exposure at default (EAD), probability of default (PD) or loss given default (LGD); ➤ On sample basis tested the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records; ➤ Evaluated whether the methodology applied by the Bank is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including mathematical accuracy of the workings. ➤ Assessed the appropriateness and adequacy of the related presentation and disclosures made in the accompanying financial statements in accordance with the applicable accounting standards and related RMA guidelines.

Key audit matter	How our audit addressed the key audit matter
<p>Information Technology (IT) systems and controls impacting financial reporting</p> <p>The IT environment of the Bank is complex and involves a number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank.</p> <p>Appropriate IT general controls and IT application controls are required to ensure that such IT systems are able to process the data as required, completely, accurately, and consistently for reliable financial reporting.</p> <p>We have identified certain key IT systems ("in-scope" IT systems) which have an impact on the financial reporting process and the related control testing as a key audit matter because of the high level of automation, significant number of systems being used by the Bank for processing financial transactions, the complexity of the IT architecture and its impact on the financial records and financial reporting process of the Bank.</p>	<p>Our audit procedures with respect to this matter included the following:</p> <p>In assessing the controls over the IT systems of the Bank, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems.</p> <p>We evaluated and tested relevant IT general controls and IT application controls of the "in-scope" IT systems identified as relevant for our audit of the standalone financial statements and financial reporting process of the Bank.</p> <p>On such "in-scope" IT systems, we have tested key IT general controls with respect to the following domains:</p> <ol style="list-style-type: none"> Program change management, which includes that program changes are moved to production environment as per defined procedures and relevant segregation of environment is ensured. User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel. Program development, which comprises IT operations and system development life cycle for relevant in-scope applications, operating systems, and databases, which are relied upon for financial reporting. Other areas that were assessed under the IT control environment included backup management, business continuity, disaster recovery, incident management, interface, batch processing and monitoring. <p>We also evaluated the design and tested the operating effectiveness of key IT application controls within key business processes, which included testing automated calculations, automated accounting procedures, system interfaces, system reconciliation controls and key system generated reports, as applicable.</p> <p>Where control deficiencies were identified, we tested compensating controls or performed alternative audit procedures, where necessary.</p>

R. Garg

[Signature]



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

The Bank's management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated and standalone 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 consolidated and standalone financial statements, our

responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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 consolidated and Standalone Financial Statements

The Bank's management is responsible for the preparation of these consolidated and standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Bank in accordance with the with Bhutanese Accounting Standards (BAS), as amended and other accounting principles generally accepted in Bhutan. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated and standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Management is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

- The financial statements of the Bank for the previous financial year ending on 31st December 2023 were audited by other auditor who had expressed an unqualified opinion on those financial statements vide their audit report dated 23rd April 2024.

Our opinion is not modified in respect of this matter

- The consolidated financial statements for current financial year include Group's share of profit after tax of NG 4.24 million and total comprehensive income of NG 4,24million for year ended on 31st December 2023, in respect of associate company, whose financial statements have not been audited by us. These financial statements have been audited by other

auditors whose audit reports have been furnished to us by the management and our opinion in so far as it relates to the amounts and disclosures included in respect of associate, is based solely on the reports of such other auditor.

Further as explained in Note 16 of the financial statement, the audited or unaudited financial statements of the associate company for the year ended 31st December 2024 are not available with the management and as per the past practice, audited financial statements of the associate company for the previous year has been considered for the purpose of preparation of consolidated financial statements for the year ended 31st December 2024.

R. E. Guy

[Signature]



Our opinion is not modified in respect of this matter

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 Annexure I with statements on the matters specified therein to the extent applicable.

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

1. We have obtained all information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

3. The Bank's Consolidated and Standalone Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of accounts; and
4. The Bank has complied with other legal and regulatory requirements to the extent applicable to the Bank.

For T R Chadha & Co LLP

Chartered Accountants

Firm's Registration No. 006711N/N500028



Hitesh Garg
(Partner)

Place: Noida, India

Membership No. 502955

Date: 16th May 2025

UDIN:



ANNEXURE I

In compliance with Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks as we considered appropriate in the normal course of our audit, and according to the information and explanations given to us, we report, to the extent applicable* that:

1. The Bank has maintained proper records of the property, plant & equipment (PPE) in the Fixed Assets Register to show full particulars including quantitative details and situation of the PPE. As explained to us, no physical verification of the PPEs was carried out during the year.
2. As per information and explanations provided to us, none of the Fixed Assets have been revalued during the year except for the revaluation of land carried out as per the approved accounting policy of the Bank. Refer Note no. 2.5.15 for details.
3. 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 the loans availed by the banks during the year are prima facie, not prejudicial to the interest of the Bank.
4. According to the information and explanations given to us, the Bank has not granted any loans to other companies, firms or other parties which are ultra-vires to the Articles of Incorporation of the Bank and other relevant Acts and Regulations. The Bank has given loans in its normal course of banking operations.
5. According to the information and explanations given to us and on the basis of our examination of the records of the Bank, Loans and advances granted by the Bank to its officers/staff are as per the provisions of service rules or as per the business requirement. No instance of excessive/ frequent advances or accumulation of large advance against particular individual has been noted during our test verification.
6. According to the information and explanations given to us, there are adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying
- out business in an orderly and efficient manner, to safeguard the assets of the Bank as well as to ensure adherence to the rules/regulations, system and procedures. The Bank has adopted, and follow, the policies and system and procedures, as approved by the Board or other higher authorities to ensure the existence of a prudent and sound financial management in managing the affairs of the Bank. However, improvement is required in respect of following internal controls:
 - a. Loan appraisal, its documentation and provisioning of loans.
 - b. Reconciliation of ATM cash balance as per ledger and physical cash balance in the ATM.
 - c. Process of tracking compliances relating to policies, resolutions and rules approved by the Board of Directors of the Bank.
 - d. Process of tracking compliances of relevant laws, regulations and notifications issued by RMA.
7. According to the information and explanations given to us, there is adequate system of competitive biddings, commensurate with the size of the Bank and nature of its business, for the purchase of PPE and other items, such as, stationeries and related expendable items, etc.
8. According to the information and explanations given to us and on the basis of our verification, the bank has not entered into any transaction with the Director/s or with companies or firms in which the Director/s are directly or indirectly interested other than advancing of loans and acceptance of deposits in the normal course of business of the Bank. As per information and explanations given to us, these transactions are entered at prevailing market rates/prices at which the transactions for similar loans or deposits have been made with other parties.
9. According to the information and explanations given to us, and on the basis

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- of our test checking of the accounts and other books and records, to the best of our knowledge, expenses charged to the Bank's accounts represent legitimate business expenses and no personal expenses have been debited to the Income Statement other than those payable under contractual obligations/service rules.
10. According to the information and explanations given to us and on the basis of our verification, the Bank is generally regular in depositing provident funds and Tax Deducted at Source with the appropriate authorities. Provision for corporate tax for the year is adequate and necessary adjustments have been made to compute the amount of tax required under the Rules of the Income Tax of the Kingdom of Bhutan 2001.
 11. According to the information and explanations given to us and on the basis of our verification, there was no undisputed amount payable in respect of provident funds and Tax Deduction at Source at the year-end other than the amounts which are due for payment after the year end.
 12. According to the information and explanations given to us, the bank has not incurred any agency commission during the year and therefore this clause is not applicable.
 13. 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.
 14. According to information and explanation given to us and to the best of our knowledge, the activities carried out by the Bank are lawful and intra vires to the Articles of Incorporation of the Bank.
 15. According to information and explanation given to us, the Bank has not made any material investment during the year, accordingly this clause is not applicable.
 16. According to the information and explanations given to us, there has been an effective budgetary control system for the Bank.
 17. According to information and explanation given to us, remuneration, commission and other payments made to the Board of Directors including Chief Executive Officer or their relatives by the Bank, directly or indirectly, are disclosed in the Financial Statement under Note 35.
 18. As represented to us, the directives of the Boards have generally been complied with by the management of the Bank.
 19. As per information provided to us, the officials of the Bank are refrained from transmitting any price sensitive information which is not made publicly available, unauthorizedly to their relatives / friends/ associates or close persons, who will directly or indirectly benefit themselves.
 20. According to information and explanation given to us and on the basis of our verification, the Bank has generally kept proper records for inter-unit/branch transactions and services.
 21. According to explanation and information provided to us, the Bank has not acquired any machinery/equipment on lease or leased out to others.
 22. According to the information and explanation given to us, the Bank has generally maintained adequate documents and records for the loans and advances granted, and has also drawn up adequate agreements for the same.
 23. According to the information and explanation given to us and on the basis of our verification, the Bank has not dealt with or traded in any shares, securities and other investments during the year except for some Investments made in equity shares for which proper records have been maintained by the Bank.
 24. On the basis of examination carried out in accordance with the generally accepted auditing procedures and based on the information and explanations provided by the management to us, reasonable records have been maintained by the Bank

for deposits received from the customers and interest payments thereof.

25. According to information and explanation given to us, there is no instances of permanent diminution in the value of investment in shares, which are carried at Cost, against which provision is required to be made as on 31 December 2024.
26. According to the information and explanation given to us, the Bank has complied with the requirements of Financial Services Act of Bhutan 2011, and other applicable laws, rules and regulations and guidelines including prudential regulations issued by the Royal Monetary Authority of Bhutan (RMA) except the followings;

In respect of Prudential Regulation 2024:

- a. Internal Audit department does not document the process of tracking the compliances relating to policies, resolutions and rules approved by the Board of Directors of the Bank.
- b. The Bank does not document the process of tracking the compliances of relevant laws, regulations and notifications issued by RMA.
- c. As stated in noted 40 of the financial statements, the Bank has restated its prior period financial statements to correct the error in the calculation of prudential provision on advances.

In respect of other regulations:

- a. Abandoned Property Rules & Regulations 2018 required that unclaimed amounts lying in Accounts which have not been operated for more than ten years needs to be deposited to Royal Monetary Authority. Unclaimed amount of Nu 2.7 million lying in books of accounts as on 31 December 2024 which are outstanding more than ten years. The amount has been deposited subsequently.
17. According to the information and explanation given to us and on the basis of verification done during the normal course of verification, the Bank has generally complied with the requirements relating to

provisioning for the non-performing assets including loans and advances except for the matters stated in note no 40 of the financial statement.

28. Based on the information and explanations provided to us, the assets hypothecated and mortgaged against loans and advances are generally subject to physical verification by the Bank. These assets are properly valued, and Mortgage Deeds are executed wherever necessary. Further, we have been explained that the Bank has ensured that the assets are free from any prior liens or charges.
29. According to the information and explanation given to us, the Bank has a system of monitoring of Projects for which loans have been provided to ensure that the loan amounts are used for the specified purposes and project activities are progressing satisfactorily.
30. According to the information and explanations given to us, the Bank, in general, has a system of disposing assets taken over through open auction/ sealed bids.
31. According to information and explanation given to us, rescheduling of loans are carried out in accordance with the provisions of Rules and Regulations for Loan Restructuring by Financial Service Provider's, 2022 issued by RMA other than the rescheduling done as per the Monetary Measure procedures issued by the Royal Monetary Authority.
32. According to information and explanation given to us, the Bank has a system to ensure that additional loans are not granted to those who have defaulted payments of previous advances.
33. Loans are written off after following proper procedures and after receipt of the approval from the designated authorities. During the year, loans of Nu 3.33 million (Previous Year Nu.7.459 million) have been written off. (Excluding loan charged off during the year)

*Clauses 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 20, 21, 22, 23, 26, 27, 28, 29, 31 and 36 are not applicable on the Bank and therefore not considered for the purpose of reporting.

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[Signature]



Computerized Accounting Environment

- i. According to the information and explanation given to us, size and nature of IT (Computer) system and installations are adequate for organizational and system development and other relevant internal control.
- ii. According to the information and explanation given to us, the Bank has adequate safeguard measures and back-up facilities.
- iii. According to the information and explanation given to us, there are back-up facilities of keeping files at different and remote locations.
- iv. According to the information and explanation given to us, operational controls are adequate to ensure correctness and validity of input data and output information.
- v. According to the information and explanation given to us, measures to prevent unauthorized access over the computer installation and files are in existence and adequate.
- vi. During the year there is no data migration to a new system therefore this clause is not applicable.

Going Concern on the date of Statement of Financial Position and is not likely to become sick in near future.

- ii. **Ratio Analysis (attached separately)**
Significant ratios indicating the financial health and performance of the Bank are provided under Annexure-I of this Report.
- iii. **Compliance with the Companies Act of the Kingdom of Bhutan**
Details of Compliance calendar and Compliance checklist are given under Annexure-II of this Report.
- iv. **Adherence to Laws, Rules and Regulations**
The audit of the Bank is governed by the Companies Act of Bhutan 2016 and Financial Services Act of Bhutan 2011.

The scope of audit is limited to examination and review of the financial statements prepared by the management in accordance with above mentioned Act and we have considered and reported the compliance of provisions of these Act accordingly.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No.-006711N/N500028

General

- i. **Going Concern Problems**
Based on the net asset position reflected in the Statement of Financial Position as at 31 December 2024, audited by us in accordance with the ISAs and on basis of such other tests, as we considered necessary in this regard, we have no reason to believe that the Bank is not a



Hitesh Garg
Partner
Membership No. 502955
UDIN:
Date: 16th May 2025
Place: Noida, India





Bhutan National Bank Limited
Statement of Financial Position As at 31st December

		Bank (Nu)			Group (Nu)		
	Note	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Assets							
Cash & cash Equivalents	12	5,168,785,811	4,202,578,489	6,491,922,316	5,168,785,811	4,202,578,489	6,491,922,316
Cash & Balances with Central Bank	13	8,135,346,330	6,111,581,020	6,438,288,018	8,135,346,330	6,111,581,020	6,438,288,018
Placement with other Banks	14	250,328,897	201,358,622	201,252,954	250,328,897	201,358,622	201,252,954
Due From Banks and Financial Institution							
Loans & Advances to Customers	15	50,910,896,908	45,014,266,752	40,135,010,837	50,910,896,908	45,014,266,752	40,135,010,837
Investments in Subsidiaries							
Investments in Associates	16	85,976,269	85,976,269	85,976,269	223,071,466	218,827,558	168,696,378
Equity Instruments at Fair Value through OCI	17	229,868,212	279,998,580	159,479,026	229,868,212	279,998,580	159,479,026
Debt Instruments at Amortized Cost	18	6,771,199,803	6,889,132,302	3,604,921,302	6,771,199,803	6,889,132,302	3,604,921,302
Defined Benefit Assets	19	100,982,726	82,641,588	92,712,136	100,982,726	82,641,588	92,712,136
Other Financial Assets	20	341,454,634	202,843,478	599,009,224	341,454,634	202,843,478	599,009,224
Other Assets	21	279,986,048	392,685,233	422,836,725	279,986,048	392,685,233	422,836,725
Investment Property	22	616,873,781	599,821,124	531,373,824	616,873,781	599,821,124	531,373,824
Property & Equipment	23	1,842,666,318	1,235,669,284	808,625,962	1,842,666,318	1,235,669,284	808,625,962
Intangible Assets	24	114,281,871	97,932,297	69,203,752	114,281,871	97,932,297	69,203,752
Right-to-use Assets	24	16,450,511	12,884,656	11,766,057	16,450,511	12,884,656	11,766,057
Deferred tax assets	30	-	288,233,867	347,629,704	-	253,649,242	325,577,874
Total Assets		74,865,098,119	65,697,603,561	60,000,008,106	75,002,193,317	65,795,870,225	60,060,676,384
Liabilities							
Due to Banks and Financial Institution	25	23,473,277,243	18,805,135,322	16,878,060,442	23,473,277,243	18,805,135,322	16,878,060,442
Due to Customers	26	42,198,617,804	37,863,002,652	34,320,222,708	42,198,617,804	37,863,002,652	34,320,222,708
Debts Issued & Other Borrowed Funds	27	1,032,631,370	521,945,205	522,027,397	1,032,631,370	521,945,205	522,027,397
Current Tax Liabilities	28	-	403,685,503	284,581,088	-	403,685,503	284,581,088
Defined Benefit Liability		-	-	-	-	-	-



Note	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Deferred Tax Liability	152,168,092	-	-	186,752,717	-	-
Unclaimed Balances	48,838,625	58,436,252	40,163,538	48,838,625	58,436,252	40,163,538
Deferred Income	106,634,996	119,627,099	138,236,161	106,634,996	119,627,099	138,236,161
Provisions	20,420,704	32,821,949	33,861,762	20,420,704	32,821,949	33,861,762
Other Liabilities	228,937,641	413,709,278	852,207,068	228,937,641	413,709,278	852,207,068
Total Liabilities	67,261,526,474	58,218,363,259	53,069,360,164	67,296,111,099	58,218,363,259	53,069,360,164
Equity						
Share Capital	4,882,192,450	4,882,192,450	3,950,323,110	4,882,192,450	4,882,192,450	3,950,323,110
Share Premium	-	-	-	-	-	-
Reserves						
Revenue Reserve	(731,082,414)	(747,633,072)	(127,486,592)	(628,571,840)	(649,366,408)	(66,818,314)
General Reserve	2,521,073,869	2,737,275,087	2,438,050,975	2,521,073,869	2,737,275,087	2,438,050,975
Statutory Reserve	236,661,525	233,564,975	217,566,970	236,661,525	233,564,975	217,566,970
Specific Reserves	-	-	-	-	-	-
AFS Reserve	64,604,235	106,727,919	66,439,493	64,604,235	106,727,919	66,439,493
Revaluation Reserve	537,464,147	149,839,705	149,839,705	537,464,147	149,839,705	149,839,705
Asset Pending Foreclosure Reserve	92,657,832	117,273,238	235,914,281	92,657,832	117,273,238	235,914,281
Total equity	7,603,571,645	7,479,240,302	6,930,647,942	7,706,082,218	7,577,506,966	6,991,316,221
Total liabilities and equity	74,865,098,119	65,697,603,561	60,000,008,106	75,002,193,317	65,795,870,225	60,060,676,384

For Bhutan National Bank Limited

For TR Chadha & Co LLP
Chartered Accountants
Firm Registration No. -006711N/N5000028

Hitesh Gang
(Membership No. 502955)
Partner

Dated : 16th May 2025
Place : Noida, India



Sonam Tobgay
Executive Officer

Dorji
Director, Corporate Services

Dasho Karma Tshiteem
Chairperson
Chief Exec-

Bhutan National Bank LimitedIncome Statement For the year ended 31st December

Particulars	Note	Bank (Nu)		Group (Nu)	
		2024	2023 (Restated)	2024	2023 (Restated)
Interest & Similar Income	4	5,555,751,842	4,991,553,417	5,555,751,842	4,991,553,417
Interest & Similar Expense	5	3,395,648,353	3,026,395,500	3,395,648,353	3,026,395,500
Net interest income		2,160,103,489	1,965,157,917	2,160,103,489	1,965,157,917
Fee and commission income	6	196,183,693	192,175,518	196,183,693	192,175,518
Fee and commission expenses	6	48,447,898	38,563,101	48,447,898	38,563,101
Net fee and commission income		147,735,795	153,612,417	147,735,795	153,612,417
Other Operating Income	7	289,609,886	609,647,847	289,609,886	609,647,847
Share of Profit/(Loss) from Associates				2,683,599	49,033,503
Total operating income		2,597,449,170	2,728,418,182	2,600,132,76	2,777,451,685
Personnel Expenses	8	590,949,034	500,178,061	590,949,034	500,178,061
Depreciation on Property Plant & Equipment	22	86,110,071	89,506,861	86,110,071	89,506,861
Amortization of Intangible Assets	23	51,656,380	48,860,593	51,656,380	48,860,593
Other Operating Expenses	9	190,809,866	171,512,120	190,809,866	171,512,120
Impairment charges/(reversal) for loans and other losses	10	659,139,675	295,487,994	659,139,675	295,487,994
Total Operating Expenses		1,578,665,026	1,105,545,629	1,578,665,026	1,105,545,629
Profit Before Tax from Continuing Operations		1,018,784,144	1,622,872,553	1,021,467,743	1,671,906,056
Income Tax Expense	11	490,477,887	455,327,476	490,477,887	468,007,635
Profit For the Year		528,306,257	1,167,545,077	530,989,856	1,203,898,421

For TR Chadha & Co LLP

Chartered Accountants

Firm Registration No.-006711N/N500028



Hitesh Garg
(Membership No. 502955)
Partner

Dated : 16th May 2025

Place : Noida, India

For Bhutan National Bank Limited



Sonam Tobgay
Chief Executive Officer



Dorji
Director,
Corporate Services



Dasho Karma Tshiteem
Chairperson



Bhutan National Bank LtdStatement of Other Comprehensive Income For the year ended 31st December

Particulars	Note	Bank (Nu)		Group (Nu)	
		2024	2023 (Restated)	2024	2023 (Restated)
Profit for the year		528,306,257	1,167,545,077	530,989,856	1,203,898,421
Items which will not be reclassified to PL					
Gains / (losses) on re-measuring available for sale financial assets		(56,164,912)	53,717,902	(56,164,912)	53,717,902
Remeasurement Gain / (Loss) on Defined Benefit Plan		6,393,871	(22,702,444)	6,393,871	(22,702,444)
Net loss on available for sale financial assets		-	-	-	-
Share of undistributed OCI of Associates		-	-	1,560,309	1,097,677
Gains / (losses) on re-valuation of Land		567,144,563		567,144,563	
Total other comprehensive income before tax		517,373,521	31,015,458	518,933,831	32,113,135
Income tax charged / (reversal) relating to components of other comprehensive income		166,125,289	7,753,864	166,125,289	7,606,500
Other comprehensive income for the year, net of tax		351,248,232	23,261,593	352,808,542	24,506,635
Total comprehensive income for the year, net of tax		879,554,489	1,190,806,670	883,798,398	1,228,405,055
Basic Earnings Per Share		1.08	2.39	1.09	2.47
Diluted Earnings Per Share		1.08	2.39	1.09	2.47

For TR Chadha & Co LLP
Chartered Accountants
Firm Registration No. -006711N/N500028

For Bhutan National Bank Limited

Hitesh Garg
(Membership No. 502955)
Partner
Dated : 16th May 2025
Place : Noida, India

Sonam Tobgay
Chief Executive Officer

Dorji
Director,
Corporate Services

Dasho Karma Tshiteem
Chairperson



Bhutan National Bank LimitedCASH FLOW STATEMENT For the year ended 31st December

Particulars	Bank		Group	
	2024	2023 (Restated)	2024	2023 (Restated)
Cash flows from operating activities				
PBT	1,018,784,144	1,622,872,552	1,021,467,743	1,671,906,056
Adjustment for:				
Depreciation and Amortisation	137,766,451	138,367,454	137,766,451	138,367,454
Prior Period adjustment	-	-	-	-
Profit on Sale of PPE	(485,248)	(23,994)	(485,248)	(23,994)
Income from RGOB Bonds	(398,515,392)	(344,751,120)	(398,515,392)	(344,751,120)
Provisions for gratuity	-	-	-	-
Income From AFS Financial Investments	-	-	-	-
Income From Investments in Associates	(6,118,323)	(16,205,451)	(8,801,922)	(65,238,954)
Income on fair valuation of investment properties	-	(59,911,304)	-	(59,911,304)
Interest on Borrowings	40,686,164	29,917,808	40,686,164	29,917,808
Interest on lease liability	3,475,601	4,171,882	3,475,601	4,171,882
Fair Valuation of FEIF Accounts	276,596,385	95,383,267	276,596,385	95,383,267
Impairment Charges for Loans and advances and other write-offs	659,139,675	295,487,994	659,139,675	295,487,994
Movement in Provisions (Lease encashment and Off balance sheet provisions)	-	-	-	-
Operating profit before changes in operating assets & liabilities	1,731,329,458	1,765,309,088	1,731,329,458	1,765,309,088
(Increase) / decrease in operating assets				
DBO Movement	(11,947,267)	(12,631,896)	(11,947,267)	(12,631,896)
Balances with RMA	-	-	-	-
Placement with other Banks	(48,970,275)	(105,668)	(48,970,275)	(105,668)
Loans & receivables from customers	(6,829,542,651)	(5,266,320,999)	(6,829,542,651)	(5,266,320,999)
Loans & receivables from banks	-	-	-	-
Other loans & receivables (Transferred to APF)	-	-	-	-
Deferred Tax Assets	-	-	-	-
Debit Instrument at amortised Cost	83,200,803	85,809,061	83,200,803	85,809,061
Other assets	(138,241,380)	399,789,867	(138,241,380)	399,789,867
	(6,945,500,771)	(4,793,459,635)	(6,945,500,771)	(4,793,459,635)
Increase / (decrease) in operating liabilities				
Tax Liabilities	-	-	-	-
Due to customers	4,335,615,152	3,542,779,943	4,335,615,152	3,542,779,943
Due to banks & Financial Institutions	4,668,141,921	1,927,074,880	4,668,141,921	1,927,074,880
Other liabilities	(189,128,868)	(440,757,559)	(189,128,868)	(440,757,559)
Deferred Tax Liability	-	-	-	-
Unclaimed Balances	(9,597,627)	18,272,714	(9,597,627)	18,272,714
Deferred Income	(12,992,102)	(18,609,062)	(12,992,102)	(18,609,062)



Particulars	Bank		Group	
	2024	2023 (Restated)	2024	2023 (Restated)
Provisions	(12,401,245)	(1,039,812)	(12,401,245)	(1,039,812)
	8,779,637,231	5,027,721,103	8,779,637,231	5,027,721,103
Net cash generated from/(used in) operating activities before income tax	3,565,465,918	1,999,570,556	3,565,465,918	1,999,570,556
Income tax paid	(510,922,821)	(361,276,396)	(510,922,821)	(361,276,396)
Net cash generated from/(used in) operating activities	3,054,543,098	1,638,294,160	3,054,543,098	1,638,294,160
Cash flows from investing activities				
Investment in Bonds	117,932,499	(3,284,211,000)	117,932,499	(3,284,211,000)
Net proceeds from sale, maturity and purchase of available for sale investments	(6,034,545)	(66,801,652)	(6,034,545)	(66,801,652)
Income from investments	-	-	-	-
Income from Investment in subsidiaries/ Associates	6,118,323	16,205,451	6,118,323	16,205,451
Revaluation of AFS	-	-	-	-
Investment in Subsidiary	-	-	-	-
Purchase of Investment Property	(17,052,657)	(8,535,996)	(17,052,657)	(8,535,996)
(Purchase)/Sale of property plant and equipment	(125,477,295)	(516,526,244)	(125,477,295)	(516,526,244)
(Purchase)/Sale of Intangible Assets	(49,700,459)	(59,578,282)	(49,700,459)	(59,578,282)
Income from RGOB Bonds	315,314,589	258,942,059	315,314,589	258,942,059
Net cash flows used in investing activities	241,100,456	(3,660,505,665)	241,100,456	(3,660,505,665)
Cash flows from financing activities				
Interest Paid on borrowings	(40,686,164)	(29,917,808)	(40,686,164)	(29,917,808)
Movement in Debt and other Borrowed Funds	510,686,164	(82,192)	510,686,164	(82,192)
Issuance of Share capital and Changes in Share premium	-	-	-	-
Lease payment	(20,989,721)	(21,041,512)	(20,989,721)	(21,041,512)
Dividend paid	(751,857,637)	(538,991,631)	(751,857,637)	(538,991,631)
Increase / (Decrease) in Debentures	-	-	-	-
Increase / (Decrease) due to banks	-	-	-	-
Decrease in Derivative Financial Instruments	-	-	-	-
Increase / (Decrease) in Commercial papers	-	-	-	-
Increase/(Decrease) in borrowed funds	-	-	-	-
Buyback of Shares	-	-	-	-
Net cash generated from financing activities	(302,847,358)	(590,033,143)	(302,847,358)	(590,033,143)

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Particulars	Bank		Group	
	2024	2023 (Restated)	2024	2023 (Restated)
Net cash generated / (used in) during the year	2,992,796,196	(2,612,244,648)	2,992,796,196	(2,612,244,648)
Cash and cash equivalents at the beginning of the year	10,320,445,484	12,932,690,132	10,320,445,484	12,932,690,132
Change in Cash and cash equivalents held in Foreign Currency			-	-
Cash & cash equivalent transferred from merger of BNB Securities Ltd (refer note ...)				
Cash and cash equivalents at the end of the year	13,313,241,681	10,320,445,484	13,313,241,681	10,320,445,484
Reconciliation of Cash & cash equivalent				
Cash & Cash equivalent (LCY)	4,012,816,144	2,536,807,293	4,012,816,144	2,536,807,293
Cash & Cash equivalent (FCY)	1,165,079,206	1,672,057,172	1,165,079,206	1,672,057,172
Balances with Central Bank of Bhutan(RMA)	8,135,346,330	6,111,581,020	8,135,346,330	6,111,581,020
Cash & cash equivalent	13,313,241,681	10,320,445,484	13,313,241,681	10,320,445,484
	-	-	-	-
Balance with Central Bank of Bhutan for the current year includes Nu. 4.917 billion as CRR which is not available for use in the daily business				

For TR Chadha & Co LLP

Chartered Accountants

Firm Registration No.-006711N/N500028



Hitesh Garg
(Membership No. 502955)

Partner

Dated : 16th May 2025

Place : Noida, India

For Bhutan National Bank Limited


Sonam Tobgay
Chief Executive Officer



Dorji
Director,
Corporate Services



Dasho Karma Tshiteem
Chairperson



Bhutan National Bank Ltd**Statement of Changes in Equity, for the year ended 31 December**

Particulars	Stated Capital	Share Premium	Retained Earnings	Statutory Reserve	General Reserve	Specific Reserve	Available for Sale	APF Reserve	Revaluation Reserve	Total Shareholders' Funds
Balance as at 1st January 2022	3,950,323,110	-	186,474,914	187,058,213	2,230,195,815	-	78,476,582	322,115,971	149,839,705	7,104,484,309
Adjustments										
Net profit for the year			1,209,569,803.98							1,209,569,804
Tax Impact on other Comprehensive Income			(3,392,191.53)				4,012,363.11		-	620,172
Tax Impact on Share of undistributed profit in Associates										-
Remeasurement Gains/Losses on AFS							(16,049,452.46)			(16,049,452)
Remeasurement Gains/Losses on DBO			13,568,766.10							13,568,766
Transfer to LOBs from opening balance of provision against loans			(1,105,783,750)							(1,105,783,750)
Excess Tax for earlier period received			4,490,480.44							4,490,480
Writeback of APF			81,640,760.81							81,640,761
Dividend Paid (Out of 2021 Profits)			-							-
Transfers during the year			(238,363,917)	30,508,757.60	207,855,159.70	-		(86,201,689.17)		(86,201,689)
Change due to Prior period Adjustments			(128,555,514)							(128,555,514)
Sub-total	3,950,323,110	-	19,649,353	217,566,970	2,438,050,975	-	66,439,493	235,914,281	149,839,705	7,077,783,887
Less: Treasury Share; 4,458,665 shares at cost			(147,135,945)							(147,135,945)
Balance as at 31st December 2022	3,950,323,110	-	(127,486,592)	217,566,970	2,438,050,975	-	66,439,493	235,914,281	149,839,705	6,930,647,942
Balance as at 1st January 2023	3,950,323,110	-	19,649,353	217,566,970	2,438,050,975	-	66,439,493	235,914,281	149,839,705	7,077,783,887
Adjustments										
Net profit for the year			1,167,545,077							1,167,545,077
Tax Impact on other Comprehensive Income			5,675,611				(13,429,475)		-	(7,753,864)
Tax Impact on Share of undistributed profit in Associates										-



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Particulars	Stated Capital	Share Premium	Retained Earnings	Statutory Reserve	General Reserve	Specific Reserve	Available for Sale	APF Reserve	Revaluation Reserve	Total Shareholders' Funds
Remeasurement Gains/Losses on AFS							53,717,902			53,717,902
Remeasurement Gains/Losses on DBO			(22,702,444)							(22,702,444)
Transfer to LOBs from opening balance of provision against loans										-
Excess Tax for earlier period received			596							596
Writeback of APF			15,417,769							15,417,769
Dividend Paid (Out of 2022 Profits)			(538,991,631)							(538,991,631)
Transfers during the year			(315,222,117)	15,998,004	299,224,112	-		(118,641,043)		(118,641,043)
Issuance of Bonus Share	976,455,990		(976,455,990)							-
Sub-total	4,926,779,100	-	(645,083,777)	233,564,975	2,737,275,087	-	106,727,919	117,273,238	149,839,705	7,626,376,247
Less: Treasury Share; 4,458,665 shares at cost	(44,586,650)		(102,549,295)							(147,135,945)
Balance as at 31st December 2023	4,882,192,450	-	(747,633,072)	233,564,975	2,737,275,087	-	106,727,919	117,273,238	149,839,705	7,479,240,302
Adjustments										
Net profit for the year			528,306,257							528,306,257
Tax Impact on other Comprehensive Income			(646,397)				14,041,228		(179,520,120)	(166,125,289)
Tax Impact on Share of undistributed profit in Associates										-
Remeasurement Gains/Losses on AFS							(56,164,912)			(56,164,912)
Remeasurement Gains/Losses on DBO			6,393,871							6,393,871
Adj of refundable Deposit			(51,238)							(51,238)
Excess Tax for earlier period received			216,201,218.00		(216,201,218)					-
Writeback of APF			21,301,134							21,301,134
Dividend Paid (Out of 2023 Profits)			(751,857,637)							(751,857,637)
Transfers during the year			(3,096,551)	3,096,551	-			(24,615,406)	567,144,563	542,529,156
Issuance of Bonus Share			-							-
Sub-total	4,882,192,450	-	(731,082,414)	236,661,525	2,521,073,869	-	64,604,235	92,657,832	537,464,147	7,603,571,644



Particulars	Stated Capital	Share Premium	Retained Earnings	Statutory Reserve	General Reserve	Specific Reserve	Available for Sale	APF Reserve	Revaluation Reserve	Total Shareholders' Funds
Less: Treasury Share; 4,458,665 shares at cost										-
Balance as at 31st December 2024	4,882,192,450	-	(731,082,414)	236,661,525	2,521,073,869	-	64,604,235	92,657,832	537,464,147	7,603,571,644
Balance as at 1st January 2022	3,950,323,110	-	186,704,288	187,058,213	2,230,195,815	-	78,476,582	322,115,971	149,839,705	7,104,713,683
Adjustments										
Net profit for the year			1,267,987,843							1,267,987,843
Tax Impact on other Comprehensive Income			(3,058,461)				4,012,363		-	953,902
Revaluation for the year										-
Remeasurement Gains/Losses on AFS							(16,049,452)			(16,049,452)
Remeasurement Gains/Losses on DBO			13,568,766							13,568,766
Transfer to APF reserve from opening balance of provision against loans			(1,105,783,750)							(1,105,783,750)
Excess Tax for earlier period received			4,490,480							4,490,480
Other Prior Period Adjustments										-
Writeback of APF			81,640,761							81,640,761
Dividend Paid (Out of 2020 Profits)			-							-
Accumulated share of profit in associates (OCI)			1,687,135							1,687,135
Transfers during the year			(238,363,917)	30,508,758	207,855,160	-		(86,201,689)		(86,201,689)
Change due to Prior period Adjustments			(128,555,514)							(128,555,514)
Sub-total	3,950,323,110	-	80,317,631	217,566,970	2,438,050,975	-	66,439,493	235,914,281	149,839,705	7,138,452,166
Less: Treasury Share; 4,458,665 shares at cost		-	(147,135,945)							(147,135,945)
Balance as at 31st December 2022	3,950,323,110	-	(66,818,314)	217,566,970	2,438,050,975	-	66,439,493	235,914,281	149,839,705	6,991,316,221
Balance as at 1st January 2023	3,950,323,110	-	80,317,631	217,566,970	2,438,050,975	-	66,439,493	235,914,281	149,839,705	7,138,452,166
Adjustments										
Net profit for the year			1,203,898,421							1,203,898,421



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Particulars	Stated Capital	Share Premium	Retained Earnings	Statutory Reserve	General Reserve	Specific Reserve	Available for Sale	APF Reserve	Revaluation Reserve	Total Shareholders' Funds
Tax Impact on other Comprehensive Income			5,822,975				(13,429,475)		-	(7,606,500)
Revaluation for the year										-
Remeasurement Gains/Losses on AFS							53,717,902			53,717,902
Remeasurement Gains/Losses on DBO			(22,702,444)							(22,702,444)
Transfer to APF reserve from opening balance of provision against loans										-
Excess Tax for earlier period received			596							596
Other Prior Period Adjustments										-
Writeback of APF			15,417,769							15,417,769
Dividend Paid (Out of 2020 Profits)			(538,991,631)							(538,991,631)
Accumulated share of profit in associates (OCI)			1,097,677							1,097,677
Transfers during the year			(315,222,117)	15,998,004	299,224,112	-		(118,641,043)		(118,641,043)
Issuance of Bonus Share	976,455,990		(976,455,990)							
Sub-total	4,926,779,100	-	(546,817,113)	233,564,975	2,737,275,087	-	106,727,919	117,273,238	149,839,705	7,724,642,911
Less: Treasury Share; 4,458,665 shares at cost	(44,586,650)		(102,549,295)							(147,135,945)
Balance as at 31st December 2023	4,882,192,450	-	(649,366,408)	233,564,975	2,737,275,087	-	106,727,919	117,273,238	149,839,705	7,577,506,966
Adjustments										
Net profit for the year			530,989,856							530,989,856
Tax Impact on other Comprehensive Income			(646,397)				14,041,228		(179,520,120)	(166,125,289)
Revaluation for the year										-
Remeasurement Gains/Losses on AFS							(56,164,912)			(56,164,912)
Remeasurement Gains/Losses on DBO			6,393,871							6,393,871
Adj of refundable Deposit			(51,238)							(51,238)
Excess Tax for earlier period received			216,201,218						(216,201,218)	-



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Particulars	Stated Capital	Share Premium	Retained Earnings	Statutory Reserve	General Reserve	Specific Reserve	Available for Sale	APF Reserve	Revaluation Reserve	Total Shareholders' Funds
Other Prior Period Adjustments										-
Writeback of APF			21,301,134							21,301,134
Dividend Paid (Out of 2023 Profits)			(751,857,637)							(751,857,637)
Accumulated share of profit in associates (OCI)			1,560,309							1,560,309
Transfers during the year			(3,096,551)	3,096,551	-	-		(24,615,406)	567,144,563	542,529,156
Issuance of Bonus Share			-							-
Sub-total	4,882,192,450	-	(628,571,841)	236,661,525	2,521,073,869	-	64,604,235	92,657,832	537,464,147	7,706,082,217
Less: Treasury Share; 4,458,665 shares at cost			-							-
Balance as at 31st December 2024	4,882,192,450	-	(628,571,841)	236,661,525	2,521,073,869	-	64,604,235	92,657,832	537,464,147	7,706,082,217

For TR Chadha & Co LLP
Chartered Accountants
Firm Registration No. -006711N/N5000028


Hitesh Garg
(Membership No. 502955)
Partner
Dated : 16th May 2025
Place : Noida, India

For Bhutan National Bank Limited


Sonam Tobgay
Director, Corporate Services
Chief Executive Officer


Dorji
Dasho Karma Tshiteem
Chairperson



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTE 1. CORPORATE INFORMATION

Bhutan National Bank (the 'Bank') is a domestic bank incorporated under the Companies Act of the Kingdom of Bhutan, 1989 (Amendments, 2000 and 2016) vide Certificate of Incorporation Registration No. L19960902THI0096 dated 2 September 1996 and domiciled in the Kingdom of Bhutan. Its registered office is at P.O. Box 439, Head Office, Norzin Lam Wog, Thim Throm, Thimphu. It is a Licensed Commercial Bank under the Financial Institutions' Act of Bhutan 1992 (Amendment:

The Financial Services Act of Bhutan 2011). The bank provides Commercial Banking services in various parts of the Kingdom of Bhutan. The Bank does not have an identifiable parent on its own. Bhutan National Bank is the ultimate parent of the Group.

The consolidated financial statements for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the directors on 27 March 2025.

NOTE 2. ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

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

2.1.1 Statement of compliance

The consolidated financial statements of the Bank have been prepared in accordance with Bhutanese Accounting Standards (BAS).

2.1.2 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).

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

2.1.3 Basis of consolidation

The consolidated financial statements

comprise of financial statements of the Bank, and its associate for the year ended 31 December 2024.

All intra-group balances, transactions, income and expenses are eliminated in full.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**2.2.1 New and amended standards and interpretations**

In these financial statements, the Bank has applied BAS 40, Investment Property with the initial application date of 1 January 2022. The group has not early adopted any other new standards, interpretations or amendments that have been issued but are not yet affected in these financial statements.

2.2.1.1 Changes to classification and measurement

BAS 40 prescribes the accounting treatment for investment property and related disclosures. An asset is classified as investment property where it is held for rental yield or capital gain or both.

Investment Property are initially measured at Cost and subsequently stated at Fair Value to reflect the market condition. BNBL determines Fair value using various valuation techniques, relying on market conditions at the reporting date. These techniques involve management judgement and assumptions, primarily based on observable market data. If such data are in available, a cost approach is used. Gain or Loss from fair value changes are recognized in the income statement.

2.3 FIRST-TIME ADOPTION OF BFRS

The financial statements, for the year ended 31 December 2014 were the first, the Group had prepared in accordance with BAS. For periods up to and including the year ended 31 December 2013, the Group prepared its financial statements in accordance with Generally Accepted Accounting Principles in Bhutan.

Accordingly, the Group has prepared financial statements which comply with applicable BAS for period ending 31 December 2024, together with the comparative period data as at and for the year ended 31 December 2023, as described in the summary of significant accounting policies. Note 3 explains the principal adjustments made by the Bank in restating its GAAP financial statements.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's consolidated 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.

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation 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. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions, if and when they occur.

Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/ estimates involved

2.4.1 Going concern

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

2.4.2 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. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for discount rates, income earning potential and etc.

For the purpose of valuing the quoted equity, Bank used the Dividend Growth Model and in certain circumstances, the growth was anticipated to be in line with the GDP growth/ Business sector of the economy. However, the Bank for the year has measured based on the closing Market Price in the active market at 31st December.

2.4.3 Impairment losses on financial assets

The measurement of impairment losses both under BFRS 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 Recognition of income

2.5.1.1 The effective interest rate method

Under both BFRS 9 and BAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI under BFRS 9, similarly to interest bearing financial assets classified as available-for-sale or held to maturity under BAS 39 are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by considering any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged

at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the income statement.

2.5.1.2 Interest and similar income

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 2.5.6.1), the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and Net gains/(losses) on financial assets at fair value through profit or loss, respectively.

2.5.1.3 Fee and commission income

The Group 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 (Deferred Income)**

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income from Bills discounted, Guarantees and Letter of credits.

The fees received in advances are not considered as income until they are earned. Therefore, they are not reported in the income statement, instead it is reported in the Statement of Financial Position as a liability.

- **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.

2.5.1.4 Dividend income

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

2.5.1.5 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.

2.5.1.6 Foreign currency translation

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

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.

2.5.2 Financial instruments – initial recognition and subsequent measurement

i. Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

ii. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.5.3.1.1 and 2.5.3.1.2. Financial instruments are initially measured at their fair value (as defined in Note 2.5.3.6), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

iii. 'Day 1' profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in

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market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

iv. Measurement categories of financial assets and liabilities

From 1 January 2018, the Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 2.5.3.1
- FVOCI, as explained in Notes 2.5.3.3 and 2.5.3.4
- FVPL

The Bank classifies and measures its trading portfolio at FVPL as explained in Notes 2.5.3.2. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 2.5.3.6. Before 1 January 2018, the Bank classified its financial assets as loans and receivables (amortised cost), FVPL, available-for-sale or held-to-maturity (amortised cost), as explained in Notes 2.5.3.1.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note 2.5.3.6.

2.5.3 Financial Assets & Liabilities

2.5.3.1 Placements with other banks, Loans and advances to customers, Financial investments at amortised cost

Before 1 January 2018, Due from bank and Loans and advances to customers, included non-derivative financial assets with fixed or determinable payments that were not quoted in an active market are measured at amortised cost, other than those:

- That the Bank intended to sell immediately or in the near term
- That the Bank, upon initial recognition, designated as at FVPL or as available-for-sale

- For which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

From 1 January 2018, the Bank only measures Placement with other banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.5.3.1.1 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher-level aggregated portfolio and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's 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 realised 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.

2.5.3.1.2 The SPPI Test

As a second step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principle' 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 amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.5.3.2 Financial assets or financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when

the right to payment has been established. Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.5.3.3 Debt instruments at FVOCI

The Bank applies the new category under BFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise assets that had previously been classified as financial investments available for-sale under BAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in **Note 2.5.1.6**. The ECL calculation for Debt instruments at FVOCI is explained in **Note 2.5.6.3**. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.5.3.4 Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under BAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity

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instruments at FVOCI are not subject to an impairment assessment.

2.5.3.5 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by considering any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

When establishing the accounting treatment for these non-derivative instruments (financial instruments with equity conversion rights, write-down and call options), the Bank first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with BAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders.

When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Bank has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for. The Bank has not issued any non-derivative instruments as of the reporting date.

2.5.3.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or

are mandatorily required to be measured at fair value under BFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

OR

- The liabilities (and assets under BAS 39) are part of a group of financial liabilities (or financial assets, or both under BAS 39), which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

OR

- The liabilities (and assets under BAS 39) containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, considering any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate as explained in **Note 2.5.1.2**. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

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2.5.3.7 Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and – under BAS 39 – the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, or – under BFRS 9 – an ECL provision as set out in Note 38.1.8.1. The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, under BAS 39, a provision was made if they were an onerous contract but, from 1 January 2018, these contracts are in the scope of the ECL requirements. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in **Note 38.1.8.**

2.5.4 Reclassification of Financial assets and liabilities

From 1 January 2018, the Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in 2023 & 2024.

2.5.5 Derecognition

2.5.5.1 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 a 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 POCI.

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

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2.5.5.2 Derecognition other than for substantial modification

2.5.5.2.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset.

OR

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual

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rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients

In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

OR

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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 recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.5.5.2.2 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.

2.5.6 Impairment of financial assets

2.5.6.1 Overview of the ECL principles

The adoption of BFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing BAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under BFRS 9. The ECL allowances is based on the credit losses expected to arise over the life of the assets (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in **Note 2.5.6.2.** The Bank's policies for determining

if there has been a significant increase in credit risk are set out in **Note 38.1.9.4**.

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

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in **Note 38.1.9.5**.

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. This has been further explained in **Note 38.1.9.4**.

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

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in **Note 38.1.9**). The bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses. The Bank does not

have any POCI assets as of the reporting date.

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.

2.5.6.2 The calculation of ECLs

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

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

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously recognised and is still in the portfolio. The concept of PDs is further explained in **Note 38.1.9.1**.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, considering 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. The EAD is further explained in **Note 38.1.9.2**.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in **Note 38.1.9.3**.

When estimating the ECLs, the Bank considers three scenarios base case, worst case, and worst case. Each of these is associated with different PDs, EADs and LGDs, as set out in

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Note 38.1.10. 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 of credit cards and other revolving facilities, for which the treatment is separately set out in **Note 2.5.6.5**, 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

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 38.1.8.1 The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as credit cards is explained in Note 2.5.6.5.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired (as defined in Note 38.1.9), 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%.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR. The Bank does not have any POCI assets as of the reporting date.
- Loan commitments and letters of credit: When estimating LTECLs for Letter of Credit, the Bank estimates the expected portion of the LCs 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 LC is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
- Financial Guarantee contracts: 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. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantees contracts are recognized within provisions.

2.5.6.3 Debt instruments measured at fair value through OCI

The ECLs 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.

2.5.6.4 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

2.5.6.5 Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards 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 to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the bank's 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 ECLs for these products, is one year due to the credit mitigating actions bank have enforced on a continuous basis.

2.5.6.6 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 rate
- Interest Rates
- Exchange Rate US\$: Ngultrum
- Unemployment rates

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

Therefore, bank also considers the following

qualitative factors:

- Average LTV
- Government Policies
- Status of the Industry Business
- Regulatory impact

2.5.7 Collateral valuation

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

2.5.8 Collateral repossessed

The Bank's accounting policy under BFRS 9 remains the same as it was under BAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

2.5.9 Write-offs

The Bank's accounting policy under BFRS 9 remains the same as it was under BAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance

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that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.5.10 Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

From 1 January 2018, when the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 38.1.9.4. The Bank also considers whether the assets should be classified as Stage 3.

2.5.11 Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded (but quoted equity in Royal Security Exchange of Bhutan) in an active market, the fair value is determined by using the dividend growth model.

An Active Market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

2.5.12 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented gross in the Statement of financial position.

2.5.13 Leasing

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.

Bank 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. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use 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. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented in Note 24 and right-of-use assets and are subject to impairment in line with the Bank's policy as

described in Note 2.5.17.

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.

Bank as a Lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5.14 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.

2.5.15 Property and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Group applies the requirements

of BAS 16 (Property, Plant and Equipment) in accounting for these assets.

The Group applies the revaluation model to the entire class of freehold land. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land of the Group is revalued on a roll over basis at every three to five years interval as may be considered appropriate to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in 'Other Comprehensive Income' and accumulated in Equity, under the Revaluation Reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Income Statement.

In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Income Statement or debited in the Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in Equity under revaluation reserves.

Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to Retained Earnings on retirement or disposal of the asset.

Property and equipment (including equipment under operating leases where the Group is the lessor and excluding Land) 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.

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. The estimated useful lives are as follows:

Asset Type Useful Life

Buildings 10 - 75 Years (Component Based)

Furniture & Fitting 3 – 20 Years

Office Equipment 2 – 20 Years

Motor Vehicles 7 – 10 Years

Computer Hardware 1 – 10 Years

Security Equipment 3 – 10 Years

Electrical Equipment 2 - 10 Years

Carpet & Soft Furnishing 2 – 15 Years

Property and equipment are 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.

2.5.16 Investment Property

BNBL classifies properties held for rental income or capital appreciation, and not for its own use, as investment properties. Expenditures are capitalized when future economic benefits are probable and the cost can be reliably measured.

Investment property are Initially recorded at cost, including transaction and applicable borrowing costs. Investment properties are subsequently valued at fair market value reflecting market conditions at the reporting date. Gains or losses from fair value changes are recognized in the income statement. Fair values are determined annually through an internal valuation process, approved by management and verified by statutory auditors.

Investment properties are derecognized upon disposal or permanent withdrawal, with any resulting gain or loss recognized in the income statement. When a component is replaced, its carrying amount is also derecognized. Transfers to or from investment property occur only upon a change in use. For transfers from investment property to owner-occupied property, the deemed cost is the fair value at the change date. Conversely, if owner-occupied property becomes an investment property, it is accounted for as property, plant, and equipment until the change date.

2.5.17 Intangible assets

The Group's intangible assets include the value

of computer software and licences.

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 Group. 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 period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. 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:

Computer Software 1-5 years

2.5.18 Impairment of non-financial assets

The Group 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 Group 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.

2.5.19 Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'other

liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in Credit loss expense. The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

2.5.20 Provisions

Provisions are recognised when the Group 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.

2.5.21 Employee Benefits

The Group 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 starting from the year 2012 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.

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.

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. Remeasurements 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.

2.5.22 Dividends on ordinary shares

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

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date (Note 36).

2.5.23 Equity reserves

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

- i. Available-for-sale reserve, which comprises changes in fair value of



- available-for-sale investments.
- ii. Revaluation reserve, comprises changes in fair value of land and building.

2.5.24 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted in the country where the Bank and its associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the

tax is also recognised in other comprehensive income or directly in equity, respectively.

2.5.25 Earnings Per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.5.26 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of Bhutan National Bank Limited has mandated the executives (CEO, and Directors), who has been identified as chief operating decision maker to assess the financial performance of the group and make strategic decisions.

2.5.27 Investment in Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the Share of profit method of accounting, after initially being recognised at cost.

2.5.28 IFRS 15 Revenue from contracts with customers

2.5.28.1 Identify the contract

An entity shall account for a contract with a customer that is within the scope of this Standard only when all of the following criteria are met;

- the parties to the contract have approved the contract
- the entity can identify each party's rights regarding the goods or services to be transferred.
- the entity can identify the payment terms for the goods or services to be transferred;

- the contract has commercial substance.
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

2.5.28.2 Identify the Performance Obligations

At contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the good or service is distinct within the context of the contract).

2.5.28.3 Determine the Transaction Price

An entity shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

The standard deals with the uncertainty relating to variable consideration by limiting the amount of variable consideration that can be recognised. Specifically, variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. However, a different, more restrictive approach is applied in respect of sales or usage-based royalty revenue arising from licenses of intellectual property. Such revenue is recognised only when the underlying sales or usage occur.

2.5.28.4 Allocate the Transaction Price

The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. A contractually stated price or a list price for a good or service may be (but shall not be presumed to be) the stand-alone selling price of that good or service.

2.5.28.5 Recognize Revenue

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by

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the entity's performance as the entity performs.

- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

At the date of reporting period, banks revenue includes fees and commission-based income within the scope of BFRS 15, the impact of which appeared to be immaterial.

2.5.29 Contingent liability

Contingent liabilities are not recognized but disclosed for all possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

A potential obligation arising from a past transaction or event whose existence can only be confirmed by the occurrence or non-occurrence of future uncertain events; or a present obligation that arises from past transactions or events where it is not probable that an outflow of economic benefits is required to settle the obligation or the amount of the obligation cannot be measured reliably, is disclosed as a contingent liability unless the probability of outflow of economic benefit is remote.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

NOTE 3: PRINCIPAL ADJUSTMENTS MADE IN REINSTATING THE GAAP

(A) Property, Plant and Equipment

According to BAS 16, depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Currently, the Group uses rate established by the tax authorities to calculate depreciation of each asset. Therefore, the useful life of the assets is revised to match with the requirement of BAS 16 and recalculated the depreciation. BAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately, the cost of major inspections/components is capitalized and depreciated separately over the period of the useful life. Further the group adopts revaluation model for land in line with BAS 16.

(B) Intangible assets

BAS 38 recognizes assets as intangible assets if it is identifiable non-monetary asset without physical substance. Further, depreciable amount of an intangible assets should amortize over its use full life time. Currently, the

Group recognized intangible assets as Fixed Assets. Therefore, to comply with BAS 38 all assets which meet the recognition criteria in BAS 38 are recognized as intangible assets and amortized over the useful life time.

(C) Loans and receivables

The provisions made by the group (Specific and General) under GAAP is different from the BFRS 9 requirement which requires an entity to assess the Expected Credit Loss (ECL) based on the 12 months ECL and Lifetime ECL. Therefore, impairment for individually significant loans (similar to BAS 39) and ECL for others have been done in respect of loans and receivables in compliance with BFRS 9.

(D) Staff loan and FEIF Loan fair-valuation

The Group has provided concessionary rate loans to employees and for FEIF accounts, as per BFRS 9, the benefit that the employees and customers are getting from the reduced interest rate has to be quantified and





presented in financial statement. For this purpose, the staff loans and FEIF accounts have been fair valued using the comparative market interest rate.

(E) Available-for-sale financial assets

Currently, the Group measured investments in unquoted and quoted equity shares at cost. Under BAS/BFRS, investments in quoted and unquoted shares have been designated as available-for-sale (AFS) investments. BAS 39/BFRS 9 requires AFS investments to be measured at fair value. Fair valuation of the investment in quoted shares has been done using the Level 3 technique as per BFRS 13 – Fair Value Measurement in line with the BFRS.

(F) Defined benefit obligation

Under GAAP, the Group recognised the contributions made to the fund as an expense. Gratuity liability has been recognised based on projected unit credit method as per BAS 19 – Employee Benefits.

(G) Deferred tax

Various transitional adjustments lead to different temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity as per BAS 12 – Income Tax.

(H) Refundable deposits

The Group has provided security deposits on refundable basis and recognized at cost. On transition to BAS, the group had fair valued the

refundable deposits kept/received in line with BFRS 9 – Financial Instruments' Recognition & Measurement in order to adjust the time value of money.

(I) Fixed Deposit EIR Adjustment

The Group allocated interest for fixed deposit on straight line basis. With the transition to BAS, the group measures interest expenses on Effective Interest Basis (EIR) on compounding basis in line with BFRS 9 – Financial Instruments.

(J) Investments in Associates

Under Old GAAP, the group did not account for the investments in Associates. On transition to BAS, the group measures investments in associates using share of profit method of accounting as per BAS 28 – Investments in Associates and Joint Ventures.


(K) Leasing

The Group recognises lease expenses as Operating Expenses. With the transition to BAS, the group measures lease payments based on Right to Use of the underlying assets. However, lease incomes are recognised as Other Incomes. With the transition to BAS, rental incomes are accounted for on a straight-line basis over the lease term.

(L) Investment Property

Under old GAAP, the group do not account for Investment Property and are a part of Fixed asset. Under BAS the group measures the Investment property at Fair value. Any gain and loss resulting in change in Fair value are recognised in income statement.

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3. Principal adjustments made in reinstating the previous GAAP

3.1(a) Reconciliation of Balance Sheet as at 31st December 2024 – Bank.

Particulars	Note	Previous GAAP Reclassified	Bank ('Nu)	BAS/IFRS
			Re-measure- ment	
Assets				
Cash & cash Equivalents		5,177,895,350	(9,109,539)	5,168,785,811
Cash & Balances with Central Bank		8,135,346,330	-	8,135,346,330
Placement with other Banks		250,550,232	(221,335)	250,328,897
Due From Banks and Financial Institution				
Loans & Advances to Customers	C/D	52,641,713,173	(1,730,816,265)	50,910,896,908
Investments in Subsidiaries				-
Investments in Associates		85,976,269		85,976,269
Equity Instruments at Fair Value through P/L	E	143,729,232	86,138,980	229,868,212
Debt Instruments at Amortized Cost		6,771,199,803	-	6,771,199,803
Defined Benefit Assets	F	-	100,982,726	100,982,726
Other Financial Assets		341,350,653	103,981	341,454,633
Other Assets	H	141,400,579	138,585,470	279,986,048
Investment Property		-	616,873,781	616,873,781
Property & Equipment	A	1,372,726,139	469,940,180	1,842,666,318
Intangible Assets	B	95,773,140	18,508,732	114,281,871
Right to use Assets		-	16,450,510.64	16,450,511
Deferred tax assets	G	-	(152,168,092)	(152,168,092)
Total Assets		75,157,660,900	(444,730,872)	74,712,930,027
Liabilities				
Due to Banks and Financial Institution		23,473,277,243	-	23,473,277,243
Due to Customers	I	42,349,412,891	(150,795,087)	42,198,617,804
Debts Issued & Other Borrowed Funds		1,032,631,370	-	1,032,631,370
Current Tax Liabilities		-	-	-
Defined Benefit Liability		-	-	-
Deferred Tax Liability		-	-	-
Unclaimed Balances		48,838,625	-	48,838,625
Deferred Income		106,634,996	-	106,634,996
Provisions		52,600,122	(32,179,417)	20,420,704
Other Liabilities	H	211,320,961	17,616,679	228,937,641
Total Liabilities		67,274,716,208	(165,357,826)	67,109,358,382
Equity				
Share Capital		4,882,192,450	-	4,882,192,450
Share Premium		-		-
Reserves				
Revenue Reserve		150,359,016	(881,441,430)	(731,082,413)
General Reserve		2,521,073,869	-	2,521,073,869
Statutory Reserve		236,661,525	-	236,661,525
Specific Reserves		-	-	-
AFS Reserve		-	64,604,235	64,604,235
Revaluation Reserve		-	537,464,147	537,464,147
Asset Pending Foreclosure		92,657,832	-	92,657,832
Total equity		7,882,944,693	(279,373,048)	7,603,571,645
Total liabilities and equity		75,157,660,900	(444,730,872)	74,712,930,027

3.1(b) Reconciliation of Balance Sheet as at 31st December 2024 – Group

Particulars	Note	Previous GAAP Reclassified	Bank ('Nu)	BAS/IFRS
			Re-measure- ment	
Assets				
Cash & cash Equivalents		5,177,895,350	(9,109,539)	5,168,785,811
Cash & Balances with Central Bank		8,135,346,330	-	8,135,346,330
Placement with other Banks		250,550,232	(221,335)	250,328,897
Due From Banks and Financial Institution		-	-	
Loans & Advances to Customers	C/D	52,641,713,173	(1,730,816,265)	50,910,896,908
Investments in Subsidiaries		-	-	-
Investments in Associates		85,976,269	137,095,197	223,071,466
Equity Instruments at Fair Value through P/L	E	143,729,232	86,138,980	229,868,212
Debt Instruments at Amortized Cost		6,771,199,803	-	6,771,199,803
Defined Benefit Assets	F	-	100,982,726	100,982,726
Other Financial Assets		341,350,653	103,981	341,454,633
Other Assets	H	141,400,579	138,585,470	279,986,048
Investment Property			616,873,781	616,873,781
Property & Equipment	A	1,372,726,139	469,940,180	1,842,666,318
Intangible Assets	B	95,773,140	18,508,732	114,281,871
Right to use Assets		-	16,450,511	16,450,511
Deferred tax assets	G	-	-	-
Total Assets		75,157,660,900	(155,467,583)	75,002,193,316
Liabilities				
Due to Banks and Financial Institution		23,473,277,243	-	23,473,277,243
Due to Customers	I	42,349,412,891	(150,795,087)	42,198,617,804
Debts Issued & Other Borrowed Funds		1,032,631,370	-	1,032,631,370
Current Tax Liabilities		-	-	-
Defined Benefit Liability		-	-	-
Deferred Tax Liability		-	186,752,717	186,752,717
Unclaimed Balances		48,838,625	-	48,838,625
Deferred Income		106,634,996	-	106,634,996
Provisions		52,600,122	(32,179,417)	20,420,704
Other Liabilities	H	211,320,961	17,616,679	228,937,641
Total Liabilities		67,274,716,208	21,394,891	67,296,111,099
Equity				
Share Capital		4,882,192,450	-	4,882,192,450
Share Premium		-	-	-
Reserves				
Revenue Reserve		150,359,017	(778,930,857)	(628,571,841)
General Reserve		2,521,073,869	-	2,521,073,869
Statutory Reserve		236,661,525	-	236,661,525
Specific Reserves		-	-	-
AFS Reserve		-	64,604,235	64,604,235
Revaluation Reserve		-	537,464,147	537,464,147
Asset Pending Foreclosure Reserve		92,657,832	-	92,657,832
Total equity		7,882,944,693	(176,862,475)	7,706,082,217
Total liabilities and equity		75,157,660,901	(155,467,584)	75,002,193,316

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3.2(a) Reconciliation of Income Statement for the year ended 31st December 2023–Bank.

Particulars	Note	Bank (Nu)		
		Previous GAAP Reclassified	Re-measure- ment	BAS/IFRS
Interest & Similar Income	D	5,493,034,340	62,717,502	5,555,751,842
Interest & Similar Expense	I	3,159,518,117	236,130,236	3,395,648,353
Net interest income		2,333,516,223	(173,412,734)	2,160,103,489
Fee and commission income		196,183,693	-	196,183,693
Fee and commission expenses		48,447,898	-	48,447,898
Net fee and commission income		147,735,796	-	147,735,796
Other Operating Income		289,609,886	-	289,609,886
Share of Profit/(Loss) from Associates	J			-
Total operating income		2,770,861,905	(173,412,734)	2,597,449,171
Personnel Expenses	D	622,252,094	(31,303,060)	590,949,034
Depreciation on Property Plant & Equipment	A	113,528,127	(27,418,056)	86,110,071
Amortization of Intangible Assets	B	31,340,931	20,315,449	51,656,380
Other Operating Expenses		211,799,586	(20,989,721)	190,809,866
Impairment charges/(reversal) for loans and other losses	C	851,009,856	(191,870,181)	659,139,675
Total Operating Expenses		1,829,930,595	(251,265,568)	1,578,665,026
Profit Before Tax from Continuing Operations		940,931,310	77,852,834	1,018,784,144
Income Tax Expense	G	-	490,477,887	490,477,887
Profit For the Year		940,931,310	(412,625,053)	528,306,257
Other Comprehensive Income				
Profit For the Year		940,931,310	(412,625,053)	528,306,257
Gains /(losses) on re-measuring available for sale financial assets	E	-	(56,164,912)	(56,164,912)
Remeasurement Gain/(Loss) on Defined Benefit Plan	F	-	6,393,871	6,393,871
Net loss on available for sale financial assets		-	-	-
Share of OCI of Associates		-	-	-
Gains /(losses) on re-valuation of Land		-	567,144,563	567,144,563
Total other comprehensive income before tax		-	517,373,521	517,373,521
Income tax income /(expense) relating to components of other comprehensive income		-	166,125,289	166,125,289
Other comprehensive income for the year, net of tax		-	351,248,232	351,248,232
Total comprehensive income for the year, net of tax		940,931,310	(61,376,821)	879,554,489

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3.2(b) Reconciliation of Income Statement for the year ended 31st December 2023 - Group

Particulars	Note	Group (Nu)		
		Previous GAAP Reclassified	Re-measure- ment	BAS/IFRS
Interest & Similar Income	D	5,493,034,340	62,717,502	5,555,751,842
Interest & Similar Expense	I	3,159,518,117	236,130,236	3,395,648,353
Net interest income		2,333,516,223	(173,412,734)	2,160,103,489
Fee and commission income		196,183,693	-	196,183,693
Fee and commission expenses		48,447,898		48,447,898
Net fee and commission income		147,735,796	-	147,735,796
Other Operating Income		289,609,886	-	289,609,886
Share of Profit/(Loss) from Associates	J	-	2,683,599	2,683,599
Total operating income		2,770,861,905	(170,729,135)	2,600,132,770
Personnel Expenses	D	622,252,094	(31,303,060)	590,949,034
Depreciation on Property Plant & Equipment	A	113,528,127	(27,418,056)	86,110,071
Amortization of Intangible Assets	B	31,340,931	20,315,449	51,656,380
Other Operating Expenses		211,799,586	(20,989,721)	190,809,866
Impairment charges/(reversal) for loans and other losses	C	851,009,856	(191,870,181)	659,139,675
Total Operating Expenses		1,829,930,595	(251,265,568)	1,578,665,026
Profit Before Tax from Continuing Operations		940,931,310	80,536,433	1,021,467,743
Income Tax Expense	G	-	490,477,887	490,477,887
Profit For the Year		940,931,310	(409,941,454)	530,989,856
Other Comprehensive Income				
Profit For the Year		940,931,310	(409,941,454)	530,989,856
Gains /(losses) on re-measuring available for sale financial assets	E	-	(56,164,912)	(56,164,912)
Remeasurement Gain/(Loss) on Defined Benefit Plan	F	-	6,393,871	6,393,871
Net loss on available for sale financial assets		-	-	-
Share of OCI of Associates		-	1,560,309	1,560,309
Gains /(losses) on re-valuation of Land			567,144,563	567,144,563
Total other comprehensive income before tax		-	518,933,831	518,933,831
Income tax income /(expense) relating to components of other comprehensive income		-	166,125,289	166,125,289
Other comprehensive income for the year, net of tax		-	352,808,542	352,808,542
Total comprehensive income for the year, net of tax		940,931,310	(57,132,912)	883,798,398

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NOTE 4. INTEREST AND SIMILAR INCOME

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Loans & Advances to customers	4,968,051,132	4,515,530,220	4,968,051,132	4,515,530,220
Cash & Short term funds	2,774,739	7,588,782	2,774,739	7,588,782
Placements with other banks	134,643,323	80,857,787	134,643,323	80,857,787
Income from Government securities	398,515,392	344,751,120	398,515,392	344,751,120
Interest Income on Fair Value of FEIF	49,893,878	41,709,073	49,893,878	41,709,073
Other Income	1,873,378	1,116,434	1,873,378	1,116,434
Total Interest and Similar Income	5,555,751,842	4,991,553,417	5,555,751,842	4,991,553,417

NOTE 5: INTEREST & SIMILAR EXPENSE

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Due to customers	2,931,483,893	2,891,389,801	2,931,483,893	2,891,389,801
Debt issued and other borrowed funds	40,686,164	29,917,808	40,686,164	29,917,808
Others	143,406,310	5,532,742	143,406,310	5,532,742
Interest expenses on lease liabilities	3,475,601	4,171,882	3,475,601	4,171,882
Interest Expense on Fair Value	276,596,385	95,383,267	276,596,385	95,383,267
	3,395,648,353	3,026,395,500	3,395,648,353	3,026,395,500

NOTE 6: NET FEES & COMMISSION INCOME

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Fees & Commission Income				
Banking services	148,731,236	147,045,760	148,731,236	147,045,760
Foreign remittance related services	45,166,994	43,040,512	45,166,994	43,040,512
Brokering Commission	2,285,463	2,089,246	2,285,463	2,089,246
Total fees and commission income	196,183,693	192,175,518	196,183,693	192,175,518
Fees & Commission Expense				
Brokerage Fees	-	636,517	-	636,517
Trading Fees	-	-	-	-
Other Bank charges & fees	48,447,898	37,926,584	48,447,898	37,926,584
Total fees and commission Expense	48,447,898	38,563,101	48,447,898	38,563,101
Net Fees & Commission Income	147,735,796	153,612,417	147,735,796	153,612,417

NOTE 7: OTHER OPERATING INCOME

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Income From AFS Financial Investments	-	-	-	-
Income From Investments in Subsidiaries	-	-	-	-
Income From Investments in Associates	6,118,323	16,205,451	6,118,323	16,205,451

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Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Exchange Gain	12,386,202	63,992,018	12,386,202	63,992,018
Profit on Disposal Of Fixed Assets	485,248	23,994	485,248	23,994
Recoveries of charge off loans	251,969,395	448,191,837	251,969,395	448,191,837
Operating lease income	3,295,797	4,904,251	3,295,797	4,904,251
Charges Recovered	6,671,875	4,261,024	6,671,875	4,261,024
Gain/(loss) from Change in Fair Valuation of Investment Properties	-	59,911,304	-	59,911,304
Others	8,683,046	12,157,969	8,683,046	12,157,969
	289,609,886	609,647,847	289,609,886	609,647,847

NOTE 8: PERSONNEL EXPENSES

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Wages & Salaries	556,410,216	492,357,096	556,410,216	492,357,096
Amortization of Pre-paid employment benefits	12,823,624	(3,048,696)	12,823,624	(3,048,696)
Defined Benefit plan	(44,126,684)	(12,631,895)	(44,126,684)	(12,631,895)
HRD Cost	46,088,755	10,395,048	46,088,755	10,395,048
Other Benefits	19,753,123	13,106,508	19,753,123	13,106,508
	590,949,034	500,178,061	590,949,034	500,178,061

NOTE 9: OTHER OPERATING EXPENSES

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Advertising & Marketing	9,793,232	11,428,112	9,793,232	11,428,112
Corporate Social Responsibilities	3,405,016	50,000	3,405,016	50,000
Administrative	122,922,948	119,627,481	122,922,948	119,627,481
Professional Fees	11,121,242	12,025,420	11,121,242	12,025,420
Rent Paid under operating leases	19,822,283	19,638,178	19,822,283	19,638,178
Other	23,745,144	8,742,929	23,745,144	8,742,929
	190,809,866	171,512,120	190,809,866	171,512,120

NOTE 10: IMPAIRMENT (CHARGES)/REVERSAL FOR LOANS AND OTHER LOSSES

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Reconciliation of Impairment Allowance Account-Individual and Collective Impairment				
Individual Impairment				
Opening Balance as at 01 st January	-	-	-	-
Charge/(Reversal) for the Years	60,704	-	60,704	-
Closing Balance as at 31 December	60,704	-	60,704	-
Collective Impairment				

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Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
Movement in Provision for Impairment Losses				
Opening Balance as at 01 st January	3,767,708,325	4,095,597,339	3,767,708,325	4,095,597,339
Charge/(Reversal) for the Years	641,972,318	292,622,894	641,972,318	292,622,894
Charge off Loans	(594,152,447)	(613,052,820)	(594,152,447)	(613,052,820)
Write-offs	(3,665,923)	(7,459,088)	(3,665,923)	(7,459,088)
Closing Balance as at 31 December	3,811,862,272	3,767,708,325	3,811,862,272	3,767,708,325
Total Charge or Reversal for Loans and Advances	642,033,021	292,622,894	642,033,021	292,622,894
Additional Provision on Receivables	17,106,654	2,865,100	17,106,654	2,865,100
Total Charge/(Reversal)	659,139,675	295,487,994	659,139,675	295,487,994

NOTE 11: TAXATION

Particulars	Bank (Nu)		Group (Nu)	
	2024	2023 (Restated)	2024	2023 (Restated)
The major components of income tax expense for the years ended 31st December are as follows.				
Statement of Comprehensive Income				
Current Income Tax				
Income Tax for the year	-	403,685,503	-	403,685,503
Assessed Tax of earlier period	216,201,218	-	216,201,218	-
Deferred Tax	274,276,669	51,641,973	274,276,669	64,322,132
Deferred Taxation Charge/ (Reversal)	490,477,887	455,327,476	490,477,887	468,007,635
	-		216,201,218	
Other Comprehensive Income				
Deferred Tax				
Deferred Taxation Charge/ (Reversal) (Refer Note 29)	166,125,289	7,753,864	166,125,289	7,606,500
Property Plant and Equipment	-	-	-	-
	166,125,289	7,753,864	166,125,289	7,606,500
Total Tax Expense/(Reversal) for the financial year	656,603,176	463,081,340	656,603,176	475,614,135

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NOTE 12: CASH AND CASH EQUIVALENTS


Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Local Currency In Hand	418,082,302	440,069,246	532,110,337	418,082,302	440,069,246	532,110,337
Foreign Currency In hand	105,131,074	69,743,831	60,424,381	105,131,074	69,743,831	60,424,381
Balances with Local Banks	3,594,733,842	2,096,738,047	1,253,192,798	3,594,733,842	2,096,738,047	1,253,192,798
Balances with Foreign Banks	1,059,948,132	1,602,313,341	2,122,517,572	1,059,948,132	1,602,313,341	2,122,517,572
Money at Call and Short Notice	-	-	2,526,157,026	-	-	2,526,157,026
Allowance for Expected Credit Loss	(9,109,539)	(6,285,975)	(2,479,798)	(9,109,539)	(6,285,975)	(2,479,798)
Total Cash and Cash Equivalents	5,168,785,811	4,202,578,489	6,491,922,316	5,168,785,811	4,202,578,489	6,491,922,316

NOTE 13: BALANCES WITH CENTRAL BANK OF BHUTAN(RMA)

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
RMA Current Account	1,979,916,896	1,298,600,696	2,883,709,991	1,979,916,896	1,298,600,696	2,883,709,991
RMA BFS settlement Account	21,016,823	21,999,369	(39,179,405)	21,016,823	21,999,369	(39,179,405)
CRR with RMA	4,917,368,674	4,405,941,108	3,647,162,942	4,917,368,674	4,405,941,108	3,647,162,942
RMA Currency Chest	1,209,525,000	363,862,000	(50,498,000)	1,209,525,000	363,862,000	(50,498,000)
RMA PG settlement account	(1,401,667)	(1,106,542)	(1,315,641)	(1,401,667)	(1,106,542)	(1,315,641)
RMA Rupay & BHIM Settlement account	(5,087,080)	(4,620,208)	(1,521,400)	(5,087,080)	(4,620,208)	(1,521,400)
RMA VISA Settlement account	14,007,684	13,371,047	(607,438)	14,007,684	13,371,047	(607,438)
RMA Remittance Settlement account	-	13,533,551	536,970	-	13,533,551	536,970
Total Balances with Central Bank of Bhutan(RMA)	8,135,346,330	6,111,581,020	6,438,288,018	8,135,346,330	6,111,581,020	6,438,288,018

NOTE 14: PLACEMENTS WITH OTHER BANKS

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Placements with other banks	250,550,232	201,512,329	201,265,753	250,550,232	201,512,329	201,265,753
Allowance for Expected Credit Loss	(221,335)	(153,707)	(12,799)	(221,335)	(153,707)	(12,799)
Total Placements with other banks	250,328,897	201,358,622	201,252,954	250,328,897	201,358,622	201,252,954


NOTE 15: GROSS LOANS & RECEIVABLES

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Gross loans & receivables	54,852,262,139	48,896,318,066	44,336,956,075	54,852,262,139	48,896,318,066	44,336,956,075
Less: Staff loan fair value adjustment	(138,773,129)	(120,790,429)	(108,842,724)	(138,773,129)	(120,790,429)	(108,842,724)
	54,713,489,010	48,775,527,637	44,228,113,351	54,713,489,010	48,775,527,637	44,228,113,351
Less: Impairment						
Individual impairment	(60,704)	-	-	(60,704)	-	-
Collective impairment	(3,802,531,398)	(3,761,260,884)	(4,093,102,514.01)	(3,802,531,398)	(3,761,260,884)	-4093102514.006
Total Impairment	(3,802,592,102)	(3,761,260,884)	(4,093,102,514)	(3,802,592,102)	(3,761,260,884)	(4,093,102,514)
Net Loans and Receivables	50,910,896,908	45,014,266,752	40,135,010,837	50,910,896,908	45,014,266,752	40,135,010,837

NOTE 15.1: LOANS & ADVANCES TO CUSTOMERS

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Term Loan	44,488,199,056	39,582,146,553	35,431,384,296	44,488,199,056	39,582,146,553	35,431,384,296
Overdrafts and Working Capital	10,117,594,658	8,976,273,720	8,157,527,232	10,117,594,658	8,976,273,720	8,157,527,232
Bills & Cheques	25,786,293	45,027,378	73,106,851	25,786,293	45,027,378	73,106,851
Credit cards' outstanding	8,822,634	5,664,331	3,565,762	8,822,634	5,664,331	3,565,762
Suspended loans	211,859,498	287,206,084	380,552,141	211,859,498	287,206,084	380,552,141
	54,852,262,139	48,896,318,066	44,046,136,282	54,852,262,139	48,896,318,066	44,046,136,282
Less: Staff Loans Unamortised Day One Difference	(138,773,129)	(120,790,429)	(108,842,724)	(138,773,129)	(120,790,429)	(108,842,724)
Less: Allowance for Impairment	(3,802,592,102)	(3,761,260,884)	(3,802,282,721)	(3,802,592,102)	(3,761,260,884)	(3,802,282,721)
	50,910,896,908	45,014,266,752	40,135,010,837	50,910,896,908	45,014,266,752	40,135,010,837

NOTE 16: INVESTMENTS IN ASSOCIATES

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
DFAL (Quoted Investment)	85,976,269	85,976,269	85,976,269	223,071,466	218,827,558	168,696,378
Total	85,976,269	85,976,269	85,976,269	223,071,466	218,827,558	168,696,378

The audited or unaudited financial statements of the associate company for the year ended 31st December 2024 are not available with the management and as per the past practice, audited financial statements of the associate company for the previous year has been considered for the purpose of preparation of consolidated financial statements for the year ended 31st December 2024.

(Investments in Associates is held at Cost at Bank level and as per Equity Method at Group Level as of 31.12.23 (PY 31.12.22))



NOYTE 17: INANCIAL INVESTMENTS AVAILABLE FOR SALE

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
a) Quoted Investments						
Equities(Fair Valued)	187,807,212	237,937,580	117,418,026	187,807,212	237,937,580	117,418,026
	187,807,212	237,937,580	117,418,026	187,807,212	237,937,580	117,418,026
b) Un quoted Investments						
Equities	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
c) Statutory Investments						
Investment in RSEB	19,811,000	19,811,000	19,811,000	19,811,000	19,811,000	19,811,000
Investment in FITI	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Investment in CIB	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
	39,561,000	39,561,000	39,561,000	39,561,000	39,561,000	39,561,000
Total	229,868,212	279,998,580	159,479,026	229,868,212	279,998,580	159,479,026

NOTE 17.1: QUOTED INVESTMENT AVAILABLE FOR SALE: DECEMBER 31ST

Name of the Company	2024			
	No of Shares	Cost	Market Price	Market Value
Quoted				
Penden Cement Authority Ltd.	1,072,808	27,720,823	37.89	40,648,695
Bhutan Board Products Ltd.	14,000	141,400	24.10	337,400
Bhutan Carbide & Chemicals Ltd.	500,000	5,000,000	49.17	24,585,000
Bhutan Polymers Co. Ltd.	127,140	1,271,400	44.00	5,594,160
Royal Insurance Corpn. of Bhutan	505,733	732,957	86.00	43,493,038
Druk PNB Ltd	2,219,324	66,801,652	32.96	73,148,919
		101,668,232		187,807,212
Name of the Company	2023			
	No of Shares	Cost	Market Price	Market Value
Quoted				
Penden Cement Authority Ltd.	670,505	21,686,278	86.29	57,857,876
Bhutan Board Products Ltd.	14,000	141,400	28.65	401,100
Bhutan Carbide & Chemicals Ltd.	500,000	5,000,000	48.40	24,200,000
Bhutan Polymers Co. Ltd.	127,140	1,271,400	43.07	5,475,920
Royal Insurance Corpn. of Bhutan	505,733	732,957	69.64	35,219,246
Druk PNB Ltd	2,219,324	66,801,652	51.72	114,783,437
		95,633,687		237,937,580

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Name of the Company	2022			
	No of Shares	Cost	Market Price	Market Value
Quoted				
Penden Cement Authority Ltd.	609,550	21,686,278	99.36	60,562,592
Bhutan Board Products Ltd.	14,000	141,400	37.86	530,043
Bhutan Carbide & Chemicals Ltd.	500,000	5,000,000	39.17	19,582,528
Bhutan Polymers Co. Ltd.	127,140	1,271,400	49.06	6,237,797
Royal Insurance Corpn. of Bhutan	442,500	732,957	68.94	30,505,066
		28,832,035		117,418,026

NOTE 18: FINANCIAL ASSETS – LOANS & RECEIVABLES

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
As at 31st December						
Investment in Bonds	6,771,199,803	6,889,140,061	3,604,923,530	6,771,199,803	6,889,140,061	3,604,923,530
Allowance for Expected Credit Loss	-	(7,759)	(2,228)	-	(7,759)	(2,228)
Total Investment	6,771,199,803	6,889,132,302	3,604,921,302	6,771,199,803	6,889,132,302	3,604,921,302

NOTE 18.1 DETAILS OF LOANS & RECEIVABLE

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Face Value	6,687,999,000	6,803,331,000	3,603,331,000	6,687,999,000	6,803,331,000	3,603,331,000
Interest receivable	83,200,803	85,809,061	1,592,530	83,200,803	85,809,061	1,592,530
Allowance for Expected Credit Loss	-	(7,759)	(2,228)	-	(7,759)	(2,228)
	6,771,199,803	6,889,132,302	3,604,921,302	6,771,199,803	6,889,132,302	3,604,921,302

NOTE 19: 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. The maximum amount an employee is entitled to receive is 2 million in 2024 reporting period. 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.



Net cost for the year recognized in profit or loss (recognised under personnel expense)

Particulars	2024	2023 (Restated)	2022 (Restated)
Current Service Cost	29,954,220	29,072,080	18,773,315
Interest cost on benefit obligation	(6,832,588)	(7,538,397)	(5,185,644)
Immediate recognition of (gains)/losses – other long term employee benefit plans	(5,135,300)	(4,221,202)	16,962,849
Past service cost	–	–	–
Net cost for the year recognized in profit or loss	17,986,332	17,312,481	30,550,520
Actual return/(deficit) on plan assets	21,914,498	21,557,201	44,608,443

Retirement Benefit Asset

Particulars	2024	2023 (Restated)	2022 (Restated)
Present Value of Defined Benefit Obligation	(248,797,448)	(233,971,492)	(231,197,516)
Fair Value of Scheme Assets	349,780,176	316,613,080	323,916,707
Funded Status [Surplus/(Deficit)]	100,982,728	82,641,588	92,719,192
Retirement Benefit Asset	100,982,728	82,641,588	92,719,192

The retirement benefit asset is recorded as separate line item in Statement of Financial Position

Changes in the present values of the defined benefit obligation are as follows:

Particulars	2024	2023 (Restated)	2022 (Restated)
Opening Defined Benefit Obligation	233,971,492	231,197,516	214,654,020
Current service cost	29,954,220	29,072,080	20,604,481
Interest cost	15,724,169	14,125,644	14,912,337
Past service cost – plan amendments	–	–	–
Benefits paid from plan assets	(15,737,586)	(49,098,762)	(21,144,291)
Actuarial (gain)/loss due to scheme experience	(12,171,430)	(7,645,551)	32,077,152
Actuarial (gain)/loss – financial assumptions	–	26,027,007	5,449,147
11 Benefits paid directly by the Company	(2,943,416)	(9,706,442)	(35,355,330)
Closing Defined Benefit Obligation	248,797,449	233,971,492	231,197,516

Change in the fair value of plan assets are as follows:

Particulars	2024	2023 (Restated)	2022 (Restated)
Fair value of assets at end of prior period	316,613,080	323,916,707	261,399,165
Interest income on plan assets	22,556,757	21,664,041	21,628,297
Employer contributions	26,990,183	20,237,934	39,053,390
Benefits paid	(15,737,586)	(49,098,762)	(21,144,291)
Return on plan assets greater or (less) than discount rate	(642,259)	(106,840)	22,980,146
Closing fair value of plan asset	349,780,175	316,613,080	323,916,707

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A Expected benefit payments for the year ending

December 31 2025	23,637,866
December 31 2026	13,130,519
December 31 2027	17,662,494
December 31 2028	12,563,948
December 31 2029	10,949,041
December 31 2030–to December 31,2034	85,622,497

Particulars	2024	2023 (Restated)	2022 (Restated)
B. Expected employer contributions for the period ending 31 December 2024	125,553,250	114,366,936	113,160,089
C. Weighted average duration of defined benefit obligation	15 years	15 years	15 years
D. Accrued benefit Obligation at 31 December 2024	125,553,250	114,366,936	113,160,089

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2024	2023 (Restated)	2022 (Restated)
	0%	0%	0%
Term Deposits with Banks	100%	100%	100%
Current Account	100%	100%	100%
	100%	100%	100%

The amount has been kept with Bhutan Insurance Limited, which provides 7% interest and the interest income is tax exempted. The principal assumptions used in determining Defined Benefit Obligations for the bank's plan for 2024 and 2023 are shown below:

Particulars	2024	2023 (Restated)	2022 (Restated)
Discount Rates	7.00%	7.00%	8.00%
Salary Escalation Rates	8.00%	8.00%	8.00%
Employee Turnover Rates	3.00%	3.00%	3.00%
Mortality Rates	100% of IALM (2012–14)	100% of IALM (2012–14)	100% of IALM (2012–14)

Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment defined benefit assets measurement for 2022 reporting period.





A.11 Sensitivity Analyses

Particulars	2024	2023 (Restated)	2022 (Restated)
A Discount Rate	2024	2023	2022
Discount rate as at 31 December 2024	7.00%	7.00%	8.00%
1. Effect on DBO due to 1% increase in Discount rate	(14,068,790.00)	(13,629,315.39)	(13,268,636.98)
2. Effect on DBO due to 1% decrease in Discount rate	15,434,530.00	14,924,915.91	14,511,955.38
B Carriage inflation Rate			
Carriage inflation Rate as at 31 December 2024	5.00%	5.00%	5.00%
1. Effect on DBO due to 1% increase in carriage cost inflation rate	1,536,701.00	1,574,314.50	1,348,124.39
2. Effect on DBO due to 1% decrease in carriage cost inflation rate	(1,263,071.00)	(1,325,912.26)	(1,125,057.42)

NOTE 20: OTHER FINANCIAL ASSETS

Details of Loans & Receivable	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Sundry Receivables	32,711,069	43,126,072	473,271,680	32,711,069	43,126,072	473,271,680
Security Deposits	1,798,661	1,964,867	1,964,867	1,798,661	1,964,867	1,964,867
Others	306,944,904	157,752,540	123,772,677	306,944,904	157,752,540	123,772,677
Total other financial assests	341,454,634	202,843,478	599,009,224	341,454,634	202,843,478	599,009,224

NOTE 21: ASSETS

Details of Loans & Receivable	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Assets acquired in satisfaction of debts	-	-	-	-	-	-
Asset pending foreclosure	92,657,832	117,273,238	235,914,281	92,657,832	117,273,238	235,914,281
Others	16,311,504	13,414,082	13,492,837	16,311,504	13,414,082	13,492,837
Prepaid Staff Cost	138,773,129	120,790,429	108,842,724	138,773,129	120,790,429	108,842,724
Prepaid Cost on Refundable Deposits	(187,660)	(187,660)	(112,356)	(187,660)	(187,660)	(112,356)
Advance Tax Paid and Tax Deducted at Source	32,431,243	141,395,143	64,699,239	32,431,243	141,395,143	64,699,239
Total assets	279,986,048	392,685,233	422,836,725	279,986,048	392,685,233	422,836,725

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The Movement in Pre-Paid Staff cost / Unamortised Day One Difference (Bank & Group)

Details of Loans & Receivable	2024	2023 (Restated)	2022 (Restated)
As at 1st January	120,790,429	108,842,724	85,267,627
Add / (Less): Adjustment for new grants & settlements	30,806,324	8,899,010	13,534,000
Less: charge to Personnel cost	(12,823,624)	3,048,696	10,041,097
As at 31st December	138,773,129	120,790,429	108,842,724

The Movement in Advance rentals on Refundable Deposits (Bank & Group)

Bank / Group	2024	2023 (Restated)	2022 (Restated)
As at 1st January	(187,660)	(112,356)	(44,566)
Add / (Less): Adjustment for new Deposits & settlements	-	-	-
Less: Charge to Operating Expenses	-	75,303	67,790
As at 31st December	(187,660)	(187,660)	(112,356)

Bank / Group	No. of Accounts	Amount
Asset Pending Foreclosure	No of Accounts	Amount
At the beginning of the year	39	117,273,238
Addition during the year		304,222
Liquidated during the year	5	8,780,106
Transferred during the year	-	-
Write offs during the year	4	1,352,866
Repayment During The Year	-	14,786,656
At the end of the year	30	92,657,832

NOTE 22: INVESTMENT PROPERTY

Investment property	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
At 1 January	599,821,124	531,373,824	-	599,821,124	531,373,824	-
Additions/ (Deletion during the Year)	17,052,657	8,535,996		17,052,657	8,535,996	-
Prior Period Adjustment			531,373,824	-	-	531,373,824
Net Gain/ (Loss) from Fair Value Measurement	-	59,911,304	-	-	59,911,304	-
At the end of the year	616,873,781	599,821,124	531,373,824	616,873,781	599,821,124	531,373,824

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NOTE 22.1: FAIR VALUE OF INVESTMENT PROPERTY

Investment property	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Original Cost of Land	498,982,880	194,124,081	185,588,085	498,982,880	194,124,081	185,588,085
At the end of the year	498,982,880	194,124,081	185,588,085	498,982,880	194,124,081	185,588,085

NOTE 22.2: AMOUNT RECOGNIZED IN THE INCOME STATEMENT FOR INVESTMENT PROPERTY

Investment property	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Rental Income	334,788		-	334,788	-	-
Direct operating expenses from property that generated rental income	-			-	-	-
At the end of the year	334,788	-	-	334,788	-	-





NOTE 23: PROPERTY PLANT & EQUIPMENT

Cost/Revalued Amount:	Land	Building	Electric Appliances & Machineries	Furniture, fixtures, & fittings	Office equipments	Computer hardwares	Security tools	Carpets & soft furnishings	Vehicles	Total
At 1 January 2022	427,980,509	445,872,689	152,945,523	84,330,292	86,635,512	267,601,028	23,154,833	4,189,255	19,872,946	1,512,582,588
Additions/ Reclassification/ Capitalization	-	-	786,295	1,707,518	1,946,135	32,485,312	260,204	16,000	-	37,201,464
Disposals	-	-	-	(606,779)	-	(16,961,755)	(1,761,250)	-	-	(19,329,783)
Prior Period Adjustment (185,588,085)										(185,588,085)
At 31 December 2022	242,392,424	445,872,689	153,731,818	85,431,032	88,581,647	283,124,586	21,653,787	4,205,255	19,872,946	1,344,866,184

Accumulated Depreciation	Land	Building	Electric Appliances & Machineries	Furniture, fixtures, & fittings	Office equipments	Computer hardwares	Security tools	Carpets & soft furnishings	Vehicles	Total
At 1 January 2022	-	43,287,449	101,457,440	50,410,083	58,061,639	199,050,100	16,639,627	2,096,905	10,400,139	481,403,382
Charge for the year	-	9,515,723	14,400,393	8,362,713	8,309,623	28,540,533	3,139,006	311,750	974,515	73,554,255
Disposals	-	-	-	(606,771)	-	(16,349,458)	(1,761,185)	-	-	(18,717,414)
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
At 31 December 2022	-	52,803,172	115,857,833	58,166,025	66,371,263	211,241,174	18,017,448	2,408,655	11,374,653	536,240,223

Cost/Revalued Amount:	Land	Building	Electric Appliances & Machineries	Furniture, fixtures, & fittings	Office equipments	Computer hardwares	Security tools	Carpets & soft furnishings	Vehicles	Total
At 1 January 2023	242,392,424	445,872,689	153,731,818	85,431,032	88,581,647	283,124,586	21,653,787	4,205,255	19,872,946	1,344,866,184
Additions	47,853,730	280,024,270	35,570,876	1,660,921	1,986,074	149,957,812	56,537	49,000	-	517,159,220
Disposals	-	-	(80,376)	(1,818,142)	(327,537)	(3,307,785)	(334,860)	-	-	(5,868,700)
At 31 December 2023	290,246,154	725,896,959	189,222,319	85,273,810	90,240,184	429,774,612	21,375,464	4,254,255	19,872,946	1,856,156,704



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Cost/Revalued Amount:	Land	Building	Electric Appliances & Machineries	Furniture, fixtures, & fittings	Office equipments	Computer hardwares	Security tools	Carpets & soft furnishings	Vehicles	Total
Accumulated Depreciation	Land	Building	Electric Appliances & Machineries	Furniture, fixtures, & fittings	Office equipments	Computer hardwares	Security tools	Carpets & soft furnishings	Vehicles	Total
At 1 January 2023	-	52,803,172	115,857,807	58,165,653	66,371,215	211,240,996	18,017,344	2,408,646	11,374,653	536,239,486
Charge for the year	-	13,918,345	11,848,900	8,182,703	7,219,426	44,523,963	2,599,894	294,871	918,760	89,506,861
Disposals	-	-	(80,373)	(1,812,457)	(327,524)	(2,711,326)	(327,247)	-	-	(5,258,927)
At 31 December 2023	-	66,721,516	127,626,334	64,535,898	73,263,116	253,053,633	20,289,991	2,703,517	12,293,413	620,487,419
At 1 January 2024	290,246,154	725,896,959	189,222,319	85,273,810	90,240,184	429,774,612	21,375,464	4,254,255	19,872,946	1,856,156,704
Additions/ Reclassification/ Capitalization	84,042,000	31,652,024	2,806,209	1,033,529	3,317,728	4,352,993	56,700	49,000	-	127,310,183
Disposals	(903,790)	-	(164,208)	(1,264,892)	(1,989,281)	(9,714,133)	(4,000)	(39,070)	-	(14,079,374)
Revaluation	567,144,563									567,144,563
At 31 December 2024	940,528,926	757,548,983	191,864,320	85,042,447	91,568,631	424,413,473	21,428,164	4,264,185	19,872,946	2,536,532,076
Accumulated Depreciation	Land	Building	Electric Appliances & Machineries	Furniture, fixtures, & fittings	Office equipments	Computer hardwares	Security tools	Carpets & soft furnishings	Vehicles	Total
At 1 January 2024	-	66,721,516	127,626,334	64,535,898	73,263,116	253,053,633	20,289,991	2,703,517	12,293,413	620,487,419
Charge for the year	-	14,827,028	11,934,299	4,526,975	4,580,716	48,166,004	825,292	328,482	921,277	86,110,071
Disposals	-	-	(164,203)	(950,176)	(1,953,439)	(9,620,849)	(3,999)	(39,068)	-	(12,731,733)
At 31 December 2024	-	81,548,544	139,396,430	68,112,697	75,890,393	291,598,788	21,111,284	2,992,931	13,214,690	693,865,757
2022 December	242,392,424	393,069,517	37,873,986	27,265,007	22,210,385	71,883,411	3,636,339	1,796,601	8,498,292	808,625,962
2023 December	290,246,154	659,175,443	61,595,984	20,737,912	16,977,068	176,720,979	1,085,473	1,550,739	7,579,532	1,235,669,284
2024 December	940,528,926	676,000,439	52,467,890	16,929,750	15,678,238	132,814,685	316,880	1,271,255	6,658,256	1,842,666,318



TR Chaitanya & Co. LLP

NOTE 24: INTANGIBLE ASSETS (BANK & GROUP)

Intangible Assets (Bank & Group)	Softwares	Right-to-use Assets
Cost		
At 1 January 2022	228,786,141	22,589,417
Additions/Reclassification/Capitalization	15,487,254	-
Disposals	(29,388,826)	-
At 31 December 2022 (Restated)	214,884,570	22,589,417
Amortisation and impairment:		
At 1 January 2022	146,276,360	-
Amortisation	28,793,260	10,823,360
Disposals	(29,388,803)	-
At 31 December 2022 (Restated)	145,680,818	10,823,360
At 1 January 2023	214,884,570	22,589,417
Additions	59,578,282	19,129,399
Disposals	-	-
At 31 December 2023 (Restated)	274,462,852	41,718,816
Amortisation and impairment:		
At 1 January 2023	145,680,763	10,823,360
Amortisation	30,849,792	18,010,800
Disposals	-	-
At 31 December 2023 (Restated)	176,530,555	28,834,161
At 1 January 2023	274,462,852	41,718,816
Additions/Reclassification/Capitalization	49,700,509	6,763,059
Disposals	(320,042)	(13,725,869)
At 31 December 2024	323,843,319	34,756,007
Amortisation and impairment:		
At 1 January 2023	176,530,555	28,834,161
Amortisation	33,350,884	18,305,496
Disposals	(319,992)	(28,834,161)
At 31 December 2024	209,561,447	18,305,496
Net book value:		
At 31 December 2022 (Restated)	69,203,752	11,766,057
At 31 December 2023 (Restated)	97,932,297	12,884,656
At 31 December 2024	114,281,871	16,450,511

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NOTE 25: DUE TO BANKS AND FINANCIALS INSTITUTION

Investment property	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Banks	6,713,020,995	2,868,769,195	1,574,907,911	6,713,020,995	2,868,769,195	1,574,907,911
Non Bank Financial Institutions	16,760,256,248	15,936,366,127	15,303,152,531	16,760,256,248	15,936,366,127	15,303,152,531
Total Due to Banks and Financials Institution	23,473,277,243	18,805,135,322	16,878,060,442	23,473,277,243	18,805,135,322	16,878,060,442

NOTE 26: DUE TO CUSTOMERS

Investment property	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Fixed Deposit	20,783,044,943	18,178,599,334	14,209,909,667	20,783,044,943	18,178,599,334	14,209,909,667
Recurring Deposit	1,390,575,188	1,070,990,616	843,014,618	1,390,575,188	1,070,990,616	843,014,618
Savings Deposits	14,887,072,046	14,057,401,771	15,318,064,432	14,887,072,046	14,057,401,771	15,318,064,432
Current Accounts	5,137,925,627	4,556,010,931	3,949,233,992	5,137,925,627	4,556,010,931	3,949,233,992
Total Due to Customers	42,198,617,804	37,863,002,652	34,320,222,708	42,198,617,804	37,863,002,652	34,320,222,708

NOTE 26.1: TOTAL DEPOSIT (DUE TO BANKS & FINANCIALS INSTITUTION AND CUSTOMERS)

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Local Currency Deposits						
Fixed Deposit	43,256,138,401	36,437,098,478	30,523,820,039	43,256,138,401	36,437,098,478	30,523,820,039
Recurring Deposit	1,390,575,188	1,070,990,616	843,014,618	1,390,575,188	1,070,990,616	843,014,618
Savings Deposits	14,807,530,288	14,129,062,174	15,393,306,513	14,807,530,288	14,129,062,174	15,393,306,513
Current Accounts	4,168,622,013	3,653,481,868	3,114,997,976	4,168,622,013	3,653,481,868	3,114,997,976
Total Local Currency	63,622,865,889	55,290,633,135	49,875,139,146	63,622,865,889	55,290,633,135	49,875,139,146
Foreign Currency Deposits						
Fixed Deposit	-	-	-	-	-	-
Recurring Deposit	-	-	-	-	-	-
Current Accounts	1,939,171,945	1,325,670,976	1,312,246,603	1,939,171,945	1,325,670,976	10,897,401
Savings Deposits	109,857,213	51,833,862	10,897,401	109,857,213	51,833,862	1,312,246,603
Total Foreign Currency	2,049,029,158	1,377,504,838	1,323,144,004	2,049,029,158	1,377,504,838	1,323,144,004





NOTE 27: DEBTS ISSUED & BORROWED FUNDS

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Subordinated Bonds	1,032,631,370	521,945,205	522,027,397	1,032,631,370	521,945,205	522,027,397
Total Debts issued & borrowed funds	1,032,631,370	521,945,205	522,027,397	1,032,631,370	521,945,205	522,027,397

No. of Bonds	Face Value	2024	2023 (Restated)	2022 (Restated)	Allotment	Maturity Date	Rate of Interest
500,000 numbers of certificates issued to RGoB	1,000		521,945,205	522,027,397	09 April 2014	08-Apr-2024	6.00%
500,000 numbers of certificates issued to NPPF	1,000	1,032,631,370			26 June 2024	25-Jun-2029	8.13%
500,000 numbers of certificates issued to NPPF	1,000				19 September 2024	18-Sep-2029	8.13%
Total		1,032,631,370	521,945,205	522,027,397			

NOTE 28: CURRENT TAX LIABILITIES

Investment property	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Balance as at 1st January	403,685,503	284,581,088	184,377,877	403,685,503	284,581,088	184,377,877
Current year provision	-	403,685,503	284,581,088	-	403,685,503	284,581,088
Tax refund for CY	-	-	-	-	-	-
Less: Payment of tax	403,685,503	284,581,088	184,377,877	403,685,503	284,581,088	184,377,877
Balance as at 31st December	-	403,685,503	284,581,088	-	403,685,503	284,581,088

NOTE 29: ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

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

Analysis of Financial Instruments by Measurement Basis as at 31-Dec-2024-Bank

Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Assets					
Cash & cash Equivalents	-	5,168,785,811	-	-	5,168,785,811
Cash & Balances with Central Bank	-	8,135,346,330	-	-	8,135,346,330
Placement with other Banks	-	250,328,897	-	-	250,328,897



Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Loans & Advances to Customers	-	50,910,896,908	-	-	50,910,896,908
Investments in Associates	-	85,976,269	-	-	85,976,269
Equity Instruments at Fair Value through P/L	-	-	-	229,868,212	229,868,212
Debt Instruments at Amortized Cost	-	6,771,199,803	-	-	6,771,199,803
Other Financial Assets	-	341,454,634	-	-	341,454,634
Financial Liabilities					
Due to Banks and Financial Institution	-	23,473,277,243	-	-	23,473,277,243
Due to Customers	-	42,198,617,804	-	-	42,198,617,804
Debts Issued & Other Borrowed Funds	-	1,032,631,370	-	-	1,032,631,370
Unclaimed Balances	-	48,838,625	-	-	48,838,625
Other Liabilities	-	17,355,287	-	-	17,355,287

Analysis of Financial Instruments by Measurement Basis as at 31-Dec-2024 (Group)

Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Assets					
Cash & cash Equivalents	-	5,168,785,811	-	-	5,168,785,811
Cash & Balances with Central Bank	-	8,135,346,330	-	-	8,135,346,330
Placement with other Banks	-	250,328,897	-	-	250,328,897
Loans & Advances to Customers	-	50,910,896,908	-	-	50,910,896,908
Investments in Associates	-	85,976,269	-	-	85,976,269
Equity Instruments at Fair Value through P/L	-	-	-	229,868,212	229,868,212
Debt Instruments at Amortized Cost	-	6,771,199,803	-	-	6,771,199,803
Other Financial Assets	-	341,454,634	-	-	341,454,634
Financial Liabilities					
Due to Banks and Financial Institution	-	23,473,277,243	-	-	23,473,277,243
Due to Customers	-	42,198,617,804	-	-	42,198,617,804
Debts Issued & Other Borrowed Funds	-	1,032,631,370	-	-	1,032,631,370
Unclaimed Balances	-	48,838,625	-	-	48,838,625
Other Liabilities	-	17,355,287	-	-	17,355,287

Analysis of Financial Instruments by Measurement Basis as at 31-Dec-2023 (Bank)

Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Assets					
Cash & cash Equivalents	-	4,202,578,489	-	-	4,202,578,489
Cash & Balances with Central Bank	-	6,111,581,020	-	-	6,111,581,020
Placement with other Banks	-	201,358,622	-	-	201,358,622
Loans & Advances to Customers	-	45,014,266,752	-	-	45,014,266,752
Investments in Associates	-	85,976,269	-	-	85,976,269



Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Equity Instruments at Fair Value through P/L	-	-	-	279,998,580	279,998,580
Debt Instruments at Amortized Cost	-	6,889,132,302	-	-	6,889,132,302
Other Financial Assets	-	202,843,478	-	-	202,843,478
Financial Liabilities					
Due to Banks and Financial Institution	-	18,805,135,322	-	-	18,805,135,322
Due to Customers	-	37,863,002,652	-	-	37,863,002,652
Debts Issued & Other Borrowed Funds	-	521,945,205	-	-	521,945,205
Unclaimed Balances	-	58,436,252	-	-	58,436,252
Other Liabilities	-	10,944,422	-	-	10,944,422

Analysis of Financial Instruments by Measurement Basis as at 31-Dec-2023 (Group)

Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Assets					
Cash & cash Equivalents	-	4,202,578,489	-	-	4,202,578,489
Cash & Balances with Central Bank	-	6,111,581,020	-	-	6,111,581,020
Placement with other Banks	-	201,358,622	-	-	201,358,622
Loans & Advances to Customers	-	45,014,266,752	-	-	45,014,266,752
Investments in Associates	-	85,976,269	-	-	85,976,269
Equity Instruments at Fair Value through P/L	-	-	-	279,998,580	279,998,580
Debt Instruments at Amortized Cost	-	6,889,132,302	-	-	6,889,132,302
Other Financial Assets	-	202,843,478	-	-	202,843,478
Financial Liabilities					
Due to Banks and Financial Institution	-	18,805,135,322	-	-	18,805,135,322
Due to Customers	-	37,863,002,652	-	-	37,863,002,652
Debts Issued & Other Borrowed Funds	-	521,945,205	-	-	521,945,205
Unclaimed Balances	-	58,436,252	-	-	58,436,252
Other Liabilities	-	10,944,422	-	-	10,944,422

Analysis of Financial Instruments by Measurement Basis as at 31-Dec-2023 (Bank)

Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Assets					
Cash & cash Equivalents	-	6,491,922,316	-	-	6,491,922,316
Cash & Balances with Central Bank	-	6,438,288,018	-	-	6,438,288,018
Placement with other Banks	-	201,252,954	-	-	201,252,954
Loans & Advances to Customers	-	40,135,010,837	-	-	40,135,010,837
Investments in Associates	-	85,976,269	-	-	85,976,269
Other Financial Assets	-	599,009,224	-	-	599,009,224

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Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Liabilities					
Due to Banks and Financial Institution	-	16,878,060,442	-	-	16,878,060,442
Due to Customers	-	34,320,222,708	-	-	34,320,222,708
Debts Issued & Other Borrowed Funds	-	522,027,397	-	-	522,027,397
Unclaimed Balances	-	-	-	-	-
Other Liabilities	-	10,737,029	-	-	10,737,029

Analysis of Financial Instruments by Measurement Basis as at 31-Dec-2023 (Group)

Analysis of Financial Instruments by Measurement Basis	Held for Trading	Amortised Cost	Held to maturity	AFS	Total
Financial Assets					
Cash & cash Equivalents	-	6,491,922,316	-	-	6,491,922,316
Cash & Balances with Central Bank	-	6,438,288,018	-	-	6,438,288,018
Placement with other Banks	-	201,252,954	-	-	201,252,954
Loans & Advances to Customers	-	40,135,010,837	-	-	40,135,010,837
Investments in Associates		85,976,269			85,976,269
Other Financial Assets	-	599,009,224	-	-	599,009,224
Financial Liabilities					
Due to Banks and Financial Institution	-	16,878,060,442	-	-	16,878,060,442
Due to Customers	-	34,320,222,708	-	-	34,320,222,708
Debts Issued & Other Borrowed Funds	-	522,027,397	-	-	522,027,397
Unclaimed Balances	-	-	-	-	-
Other Liabilities	-	10,737,029	-	-	10,737,029





NOTE 30: DEFERRED TAXATION (BANK AND THE GROUP)

	Reflected in SFP			Reflected in IS			Reflected in OCI		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Deferred Tax (Bank)									
Property Plant and Equipment & Intangibles	56,311,679	(27,864,459)	(23,678,896)	84,176,138	(4,185,563)	(1,947,417)			
Fair value change of Available for Financial Assets - Equity Securities	(21,534,745)	(35,575,973)	(22,146,498)				14,041,228	(13,429,475)	4,012,363
Revaluation	(180,616,333)	(1,096,213)	(1,096,213)				(179,520,120)	-	-
Share of undistributed profit in Associates (IS)									
Share of undistributed profit in Associates (OCI)									
Deposit EIR	-	(26,713,335)	(36,381,576)	26,713,335	9,668,241	(12,741,547)			
Defined Benefit Assets	-	(124,674,025)	(104,013,628)	124,674,025	(20,660,397)	(23,178,034)			
Defined Benefit Liabilities	-	4,991,903	4,991,903	(4,991,903)	-	-			
Defined Benefit Assets (OCI)	-	646,397	(5,029,214)				(646,397)	5,675,611	(3,392,192)
Impairment Charges	-	555,196,511	590,101,488	(555,196,511)	(34,904,977)	233,341,746			
FEIF Fair Value	-	44,747,323	31,328,774	(44,747,323)	13,418,548				
Carried forward losses	95,095,568	-	-	95,095,568	-	-			
Investment Property Fairvalue	(101,424,261)	(101,424,261)	(86,446,435)	-	(14,977,826)				
Deferred Tax Assets/(Liabilities)	(152,168,092)	288,233,867	347,629,704	(274,276,669)	(51,641,973)	195,474,748	(166,125,289)	(7,753,864)	620,172
Property Plant and Equipment & Intangibles	56,311,679	(27,864,459)	(23,678,896)	84,176,138	(4,185,563)	44,449,604			
Fair value change of Available for Financial Assets - Equity Securities	(21,534,745)	(35,575,973)	(22,146,498)				14,041,228	(13,429,475)	4,012,363
Revaluation	(180,616,333)	(1,096,213)	(1,096,213)				(179,520,120)	-	-
Share of undistributed profit in Associates (IS)	(34,310,206)	(34,310,206)	(21,630,046)	-	(12,680,160)	(22,309,103)			
Share of undistributed profit in Associates (OCI)	(274,419)	(274,419)	(421,784)				-	147,364	333,731
Deposit EIR	-	(26,713,335)	(36,381,576)	26,713,335	9,668,241	(12,741,547)			
Defined Benefit Assets	-	(124,674,025)	(104,013,628)	124,674,025	(20,660,397)	(23,178,034)			



Signature

	Reflected in SFP			Reflected in IS			Reflected in OCI		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Deferred Tax (Bank)									
Defined Benefit Liabilities	-	4,991,903	4,991,903	(4,991,903)	-	-	-	-	-
Defined Benefit Assets (OCI)	-	646,397	(5,029,214)				(646,397)	5,675,611	(3,392,192)
Impairment Charges	-	555,196,511	590,101,488	(555,196,511)	(34,904,977)	307,386,327			
FEIF Fairvalue	-	44,747,323	31,328,774	(44,747,323)	13,418,548	(31,328,774)			
Carried forward losses	95,095,568	-	-	95,095,568	-	(31,328,774)			
Investment Property Fairvalue	(101,424,261)	(101,424,261)	(86,446,435)	-	(14,977,826)	(86,446,435)			
Deferred Tax Assets/(Liabilities)	(186,752,717)	253,649,242	325,577,874	(274,276,669)	(64,322,132)	144,503,264	(166,125,289)	(7,606,500)	953,902



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NOTE 31: PROVISIONS

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Provisions for Leave Encashment	-	29,507,899	33,412,811	-	29,507,899	33,412,811
Provisions for Other Losses	20,420,704	3,314,050	448,950	20,420,704	3,314,050	448,950
Additional Provision for Leave as per actuarial valuation	-	-	-	-	-	-
	20,420,704	32,821,949	33,861,762	20,420,704	32,821,949	33,861,762
Movements						
Provisions for Leave Encashment	(29,507,899)	(3,904,912)	778,957			
Provisions for Off Balance sheet items & other losses	17,106,654	2,865,100	(594,840)			
PL Impact	12,401,245	1,039,812	(184,118)			

NOTE 32: OTHER LIABILITIES

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Accounts payable & Sundry creditors	17,355,287	10,944,422	10,737,029	17,355,287	10,944,422	10,737,029
Lease Liabilities	17,616,679	13,259,448	10,999,680	17,616,679	13,259,448	10,999,680
Non Financial						
Margin Money	76,569,963	72,311,312	114,315,463	76,569,963	72,311,312	114,315,463
Other	117,395,711	317,194,095	716,154,896	117,395,711	317,194,095	716,154,896
Total Other Liabilities	228,937,641	413,709,278	852,207,068	228,937,641	413,709,278	852,207,068

NOTE 33: OTHER LIABILITIES

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Authorised Share Capital 2,000,000,000 Equity shares of Nu. 10/- each	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000
Paid up Share Capital	4,882,192,450	4,882,192,450	3,950,323,110	4,882,192,450	4,882,192,450	3,950,323,110
Share Premium	-	-	-	-	-	-
Total Share Capital and Share Premium	4,882,192,450	4,882,192,450	3,950,323,110	4,882,192,450	4,882,192,450	3,950,323,110

Share Capital	2024	2023 (Restated)	2022 (Restated)
Opening balance (January 01)	4,882,192,450	3,950,323,110	3,950,323,110
Issue of Bonus shares during the year		976,455,990	-
Retirement of Treasury shares		(44,586,650)	-
Closing Balance (December 31)	4,882,192,450	4,882,192,450	3,950,323,110

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NOTE 34: COMMITMENT AND CONTINGENCIES

To meet the financial needs of customers in the ordinary course of business, the Bank enters into various irrevocable commitments and incurs certain contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the Bank. Letters of credit & guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. No material losses are anticipated as a result of these commitments and contingencies.

NOTE 34.1: COMMITMENT AND CONTINGENCIES

Particulars	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
As at 31st December						
Commitments						
Commitment for unutilised facilities (direct advances)	45,209,390	196,465,627	16,628,587	45,209,390	196,465,627	16,628,587
	45,209,390	196,465,627	16,628,587	45,209,390	196,465,627	16,628,587
Contingent Liabilities						
Guarantees	4,174,090,587	4,499,251,223	4,923,365,643	4,174,090,587	4,499,251,223	4,923,365,643
Letter of Credits	668,126,782	517,990,863	529,756,225	668,126,782	517,990,863	529,756,225
Other	5,635,644,739	6,317,850,082	7,368,582,255	5,635,644,739	6,317,850,082	7,368,582,255
	10,477,862,108	11,335,092,167	12,821,704,122	10,477,862,108	11,335,092,167	12,821,704,122
Commitment & contingencies	10,523,071,499	11,531,557,794	12,838,332,709	10,523,071,499	11,531,557,794	12,838,332,709

NOTE 34.2: OTHER CONTINGENT LIABILITIES**Litigation against the Bank**

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

NOTE 34.3: CAPITAL COMMITMENTS FOR WHICH PROVISIONS HAVE NOT BEEN MADE IN THESE ACCOUNTS, AMOUNTS APPROXIMATELY TO:

As at 31st December	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Approved & contracted for	533,300	533,300	533,300	533,300	533,300	533,300
	533,300	533,300	533,300	533,300	533,300	533,300



NOTE 35: RELATED PARTY DISCLOSURES

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

NOTE 35.1: PARENT AND ULTIMATE CONTROLLING PARTY

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

NOTE 35.2: 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 partner and children of the KMPs domestic partner and dependants of the KMPs and the KMPs domestic partner.

NOTE 35.3: RELATED PARTY DISCLOSURES**NOTE 35.3.1: TRANSACTIONS WITH KEY MANAGERIAL PERSONNEL (KMPs)**

For the Year Ended 31st December	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Short term employee benefits	8,953,959	9,399,579	5,288,346	8,953,959	9,399,579	5,288,346
Separation benefits	-	-	-	-	-	-
Post-employment benefits	-	-	-	-	-	-
Directors' fees & expenses	9,434,109	10,394,428	1,721,754	9,434,109	10,394,428	1,721,754
Total	18,388,068	19,794,007	7,010,100	18,388,068	19,794,007	7,010,100

NOTE 35.3.2: SHORT TERM EMPLOYEE BENEFITS TO CEO

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Salary & Other Benefits	7,128,727	6,496,293	4,738,177	7,128,727	6,496,293	4,738,177
Vehicle Expenses	617,063	662,210	550,169	617,063	662,210	550,169
Travel - Local/ Foreign	1,208,169	2,241,076	-	1,208,169	2,241,076	-
Total	8,953,959	9,399,579	5,288,346	8,953,959	9,399,579	5,288,346



NOTE 35.4: TRANSACTIONS, ARRANGEMENTS AND AGREEMENTS INVOLVING KMPS AND THEIR CFMS**NOTE 35.4.1: LOANS AND ADVANCES TO KMPS AND THEIR CFMS ARE DETAILED BELOW:**

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Loans and Receivables outstanding	156,417,552	131,410,643	114,533,913	156,417,552	131,410,643	114,533,913
Total	156,417,552	131,410,643	114,533,913	156,417,552	131,410,643	114,533,913

NOTE 35.4.2: CREDIT CARD FACILITIES TO KMPS AND THEIR CFMS ARE DETAILED BELOW:

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Credit Card Limit	1,730,000	581,000	-	1,730,000	581,000	-
Total	1,730,000	581,000	-	1,730,000	581,000	-

NOTE 35.4.3: DEPOSITS AND INVESTMENTS FROM KMPS AND THEIR CFMS ARE DETAILED BELOW:

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Deposits	106,654,599	100,563,352	39,801,958	106,654,599	100,563,352	39,801,958
Investment in Equity shares of BNBL	541,337,580	562,123,614	456,859,282	541,337,580	562,123,614	456,859,282
Total	647,992,179	662,686,966	496,661,240	647,992,179	662,686,966	496,661,240

NOTE 35.4.4: TRANSACTIONS DURING THE YEAR

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
New Loans and Receivables	54,700,000	6,500,000	13,975,315	54,700,000	6,500,000	13,975,315
Payment for Loan and Receivable	70,013,864	3,362,665	14,398,064	70,013,864	3,362,665	14,398,064
New Deposits during the year	11,000	50,000	725,000	11,000	50,000	725,000
New Investment in Equity shares of BNBL	1,920	145,342,977	431,647,409	1,920	145,342,977	431,647,409
Total	124,726,784	155,255,642	460,745,788	124,726,784	155,255,642	460,745,788

NOTE 35.4.5: DIVIDEND PAID TO KMPS AND THEIR CFMS

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Dividend (PY paid in CY)	27,788,564	19,274,679	-	27,788,564	19,274,679	-
Total	27,788,564	19,274,679	-	27,788,564	19,274,679	-

NOTE 35.5: TRANSACTIONS, ARRANGEMENTS AND AGREEMENTS INVOLVING ENTITIES WHICH ARE CONTROLLED AND / OR JOINTLY CONTROLLED BY THE KMPS OR THEIR

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Loans & receivables	60,866,131	83,626,957	251,343,960	60,866,131	83,626,957	251,343,960
Deposits	110,372,894	42,915,495	7,754,672	110,372,894	42,915,495	7,754,672
Total	171,239,025	126,542,452	259,098,632	171,239,025	126,542,452	259,098,632

NOTE 35.5.1: TRANSACTIONS DURING THE YEAR

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
New Loans & receivables during the Year	56,590,000.00	31,500,000	15,364,591.53	56,590,000	31,500,000	15,364,592
Payment for Loan and Receivables	4,050,964.93	20,811,973	6,980,682.72	4,050,965	20,811,973	6,980,683
Total	60,640,965	52,311,973	22,345,274	60,640,965	52,311,973	22,345,274

NOTE 35.6: TRANSACTIONS WITH ASSOCIATE COMPANIES OF THE BANK

The aggregate amount of income and expenses arising from the transactions during the year and Balances in the SFP at the year end are summarised below:

(a) Items in Statement of Profit or Loss

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Dividend income & Capital Gain	-	9,895,451	109,264,349	-	9,895,451	109,264,349
Total	-	9,895,451	109,264,349	-	9,895,451	109,264,349





(b) Items in Statement of Financial Position & Off Balance sheet

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	2024	2023 (Restated)	2022 (Restated)	2024	2023 (Restated)	2022 (Restated)
Assets:						
Investments in Associates	85,976,269	85,976,269	85,976,269	223,071,466	218,827,558	168,696,378
Liabilities:	-	-		-	-	
Off Balancesheets:	-	-		-	-	
Total	85,976,269	85,976,269	85,976,269	223,071,466	218,827,558	168,696,378

NOTE 36: EVENTS AFTER THE REPORTING PERIOD

The Board in the 168th Meeting held on March 27 2025 decided not to declare dividend for the income year 2024. The same was endorsed by the shareholders in the 28th AGM held on April 17, 2025.

NOTE 37: FAIR VALUE OF FINANCIAL INSTRUMENTS**Financial Instruments Recorded at Fair Value**

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

Financial Investments Available for sale

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

Trading Assets and Other Assets Measured at Fair Value

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

Determination of Fair Value and Fair Value Hierarchy

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

Rigby *H. Singh*



Fair values are determined according to the following hierarchy:

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

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

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

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

Short term employee benefits to CEO	Bank (Nu)			Group (Nu)		
	Level I	Level II	Level III	Level I	Level II	Level III
31st December 2024						
Financial Investment Available For sale (Quoted)	187,807,212	-	-	187,807,212	-	-
Staff Loan	377,577,396	-	-	377,577,396	-	-
31st December 2023						
Financial Investment Available For sale (Quoted)	237,937,580	-	-	237,937,580	-	-
Staff Loan	391,545,553	-	-	391,545,553	-	-

A. Determination of fair value hierarchy (contd.)

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements. Assets for which Fair Value Approximates Carrying Value for financial assets and liabilities that have short term maturity is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and saving deposits which do not have a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets & liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are determined based on quoted market prices. For those not issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was first recognized. Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fairvalue in the Financial Statements. This table does not include the fair values of non financial assets and non financial liabilities.



31st December	Bank (Nu)					
	2024		2023 (Restated)		2022 (Restated)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Cash & cash equivalents	5,168,785,811	5,168,785,811	4,202,578,489	4,202,578,489	6,491,922,316	6,491,922,316
Balances with Central Bank	8,135,346,330	8,135,346,330	6,111,581,020	6,111,581,020	6,438,288,018	6,438,288,018
Placements with Banks	250,328,897	250,328,897	201,358,622	201,358,622	201,252,954	201,252,954
Loans & Advances to Customers	50,910,896,908	46,403,944,932	45,014,266,752	40,529,149,340	40,135,010,837	40,808,101,883
Investments in Associates	85,976,269	85,976,269	85,976,269	85,976,269	85,976,269	85,976,269
Equity Instruments at Fair Value through P/L	229,868,212	229,868,212	279,998,580	279,998,580	159,479,026	159,479,026
Debt Instruments at Amortized Cost	6,771,199,803	6,737,159,636	6,889,132,302	6,850,197,651	3,604,921,302	3,634,763,771
Other Financial Assets	341,454,634	341,454,634	202,843,478	202,843,478	599,009,224	599,009,224
Financial Liabilities						
Due to Banks	23,473,277,243	23,473,277,243	18,805,135,322	18,805,135,322	16,878,060,442	16,878,060,442
Due to Customers	42,198,617,804	42,079,457,669	37,863,002,652	36,616,716,461	34,320,222,708	32,163,476,293
Debts Issued & Other Borrowed Funds	1,032,631,370	1,018,294,988	521,945,205	514,393,711	522,027,397	481,081,770
Unclaimed Balances	48,838,625	48,838,625	58,436,252	58,436,252	40,163,538	40,163,538
Other Liabilities	17,355,287	17,355,287	10,944,422	10,944,422	10,737,029	10,737,029

31st December	Group (Nu)					
	2024		2023 (Restated)		2022 (Restated)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Cash & cash equivalents	5,168,785,811	5,168,785,811	4,202,578,489	4,202,578,489	6,491,922,316	6,491,922,316
Balances with Central Bank	8,135,346,330	8,135,346,330	6,111,581,020	6,111,581,020	6,438,288,018	6,438,288,018
Placements with Banks	250,328,897	250,328,897	201,358,622	201,358,622	201,252,954	201,252,954
Loans & Advances to Customers	50,910,896,908	46,403,944,932	45,014,266,752	40,529,149,340	40,135,010,837	40,808,101,883
Investments in Associates	223,071,466	223,071,466	218,827,558	218,827,558	168,696,378	168,696,378
Equity Instruments at Fair Value through P/L	229,868,212	229,868,212	279,998,580	279,998,580	159,479,026	159,479,026
Debt Instruments at Amortized Cost	6,771,199,803	6,737,159,636	6,889,132,302	6,850,197,651	3,604,921,302	3,634,763,771
Other Financial Assets	341,454,634	341,454,634	202,843,478	202,843,478	599,009,224	599,009,224
Financial Liabilities						
Due to Banks	23,473,277,243	23,473,277,243	18,805,135,322	18,805,135,322	16,878,060,442	16,878,060,442
Due to Customers	42,198,617,804	42,079,457,669	37,863,002,652	36,616,716,461	34,320,222,708	32,163,476,293
Debts Issued & Other Borrowed Funds	1,032,631,370	1,018,294,988	521,945,205	514,393,711	522,027,397	481,081,770
Unclaimed Balances	48,838,625	48,838,625	58,436,252	58,436,252	40,163,538	40,163,538
Other Liabilities	17,355,287	17,355,287	10,944,422	10,944,422	10,737,029	10,737,029

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NOTE 38: RISK MANAGEMENT

The Bank has an integrated risk management policy in place which provides a robust framework for risk identification, measurement, controlling, monitoring, mitigating and reporting through proper tools and methodologies. The major categories of risks that the policy emphasizes are credit risk, market risk, operational risk and the liquidity risk. These risks are addressed through board approved policies and tolerance limits which are monitored and reported regularly.

The risk governance structure is defined in three tiers, namely the Board level Committee, Management Level Committee and Functional Risk Organization. Under Functional Risk Organization, the Bank has Risk Management Department (RMD) which consists of three sub units, namely, Credit Risk Management Unit, Market Risk Management Unit and Operational Risk Management Unit. While presently these Units are not created in the Bank separately but managed together under RMD, the Bank will be instituting independent units for dedicated and focused risk management in the near future.

Credit Risk: It refers to the potential for loss resulting from a borrower's or counterparty's failure to fulfill its obligations, including principal and interest payments, as per the agreed terms and conditions of the credit, whether on or off the balance sheet. Declines in counterparty creditworthiness or market volatility may result in potential credit-related losses for the Bank.

The Bank evaluates credit risk both at the portfolio level and at the individual exposure/ counterparty level. Credit Risk Management endeavors are focused on optimizing the Bank's risk-adjusted return by overseeing credit risk exposure within predetermined thresholds. Additionally, a distinct Credit Manual delineating the Bank's Credit Policy and Procedures is available for the guidance of staff engaged in credit review and approval tasks.

The Bank has embraced effective credit risk management tools and techniques to mitigate potential adverse effects of credit risk. A well-defined credit approval process and approval hierarchy have been devised and put into practice, addressing all necessary activities and steps to ensure adherence to credit

principles and standards. Additionally, the Bank has established and enacted a comprehensive internal credit rating system, which plays a crucial role in the credit origination and monitoring process. This internal credit rating system evaluates the creditworthiness of clients for loan approval by evaluating their financial risk, management risk, business risk, and industry risk.

Market Risk: The Basel Committee on Banking Supervision defines market risk as the potential for losses in on-balance sheet or off-balance sheet positions resulting from fluctuations in market prices. In essence, market risk refers to the possibility of financial investment losses due to unfavorable price movements. Market risk is the primary risk faced by banks involved in investment banking.

At present, the principal driver of market risk for BNBL is foreign currency exposure. The Bank has established a tolerance limit for 'forex net open positions', which is subject to regular monitoring. Moreover, the Bank has adopted a capital computation methodology for market risk in line with the Basel II approach by implementing a framework for managing market risk.

Liquidity Risk: Liquidity risk refers to the possibility that an entity may not be able to meet its financial obligations when they become due without incurring unacceptable losses. It arises when there is a shortage of liquidity or funding to cover liabilities or when assets cannot be easily converted into cash to meet obligations.

The Bank oversees and tracks liquidity risk by adhering to board-approved tolerance limits for key risk indicators, including the credit-to-deposit ratio, ratio of top ten depositors to total depositors, and liquidity gap ratios across various time buckets (inflow and outflow of funds). Additionally, it monitors compliance with the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements as stipulated by the RMA.

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

loss. The bank implemented a comprehensive Operational Risk Management Framework from September 2019.

The Operational Risk of the Bank are mitigated and managed through a Board approved Operational Risk Management Policy Framework, which consists of monitoring and responding to potential risks such as segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, Business Continuity Planning etc.

The operational risk management framework has been devised based on Basel II seven risk events.

- i. Internal fraud
- ii. External fraud
- iii. Employment malpractices and workplace safety risk.
- iv. Clients, products and business
- v. Damage to physical assets
- vi. Business disruption and system failures
- vii. Execution, delivery and process management

Operational risk assessment is conducted using the Risk Control and Self-Assessment (RCSA) framework, which incorporates Key Risk Indicators (KRIs) and Loss Data Reports tailored to the seven Risk Categories relevant to the bank's various functions. These reports are prepared and compiled at the Department/Branch level and submitted to the Risk Department on a monthly or quarterly basis. Upon receiving reports from these units, the Risk Team analyzes and consolidates them at the bank level. Once consolidated, the reports are presented to the Executive Risk Management Committee (ERMC) and subsequently to the Board Risk Management Committee (BRMC) on a monthly or quarterly basis, as applicable, for discussion and directives. These reports enable the bank to assess residual risks and devise corrective measures based on the evaluation and findings. In the event where there are deficiencies in system or process improvement requirements, subsequent controls and mitigating measures are suggested or recommended for development and compliance, as applicable.

NOTE 38.1: CREDIT RISK (CONTD.)

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

- For commercial lending, charges over real estate properties, inventory and trade receivables
- For retail lending: mortgages over residential properties

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of

collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for Business use.

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

R. G. J. *[Signature]*



31st December 2023	Bank (Nu.)			Group (Nu.)		
Financial Assets	Maximum Exposure to credit Risk (Nu)	Net Collateral	Net Exposure	Maximum Exposure to credit Risk (Nu)	Net Collateral	Net Exposure
Cash & cash Equivalents	5,168,785,811		5,168,785,811	5,168,785,811		5,168,785,811
Cash & Balances with Central Bank	8,135,346,330		8,135,346,330	8,135,346,330		8,135,346,330
Placement with other Banks	250,328,897		250,328,897	250,328,897		250,328,897
Loans & Advances to Customers	50,910,896,908	49,144,004,948	1,766,891,959	50,910,896,908	49,144,004,948	1,766,891,959
Investments in Associates	85,976,269		85,976,269	223,071,466	-	223,071,466
Equity Instruments at Fair Value through OCI	229,868,212		229,868,212	229,868,212		229,868,212
Debt Instruments at Amortized Cost	6,771,199,803		6,771,199,803	6,771,199,803		6,771,199,803
Other Financial Assets	341,454,634		341,454,634	341,454,634		341,454,634
Cash & cash Equivalents	4,202,578,489		4,202,578,489	4,202,578,489		4,202,578,489
Cash & Balances with Central Bank	6,111,581,020		6,111,581,020	6,111,581,020		6,111,581,020
Placement with other Banks	201,358,622		201,358,622	201,358,622		201,358,622
Loans & Advances to Customers	45,014,266,752	43,404,086,506	1,610,180,247	45,014,266,752	43,404,086,506	1,610,180,247
Investments in Associates	85,976,269		85,976,269	218,827,558		218,827,558
Equity Instruments at Fair Value through OCI	279,998,580		279,998,580	279,998,580		279,998,580
Debt Instruments at Amortized Cost	6,889,132,302		6,889,132,302	6,889,132,302		6,889,132,302
Other Financial Assets	202,843,478		202,843,478	202,843,478		202,843,478

NOTE 38.1.1: CREDIT QUALITY BY CLASS OF FINANCIAL ASSET

The tables below show the credit quality by the class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

Definition of Past Due

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

31st December 2023	Bank (Nu.)			
	Neither past due nor Individually impaired	Past due but not Individually impaired	Individually Impaired	Total
Cash & cash Equivalents	5,168,785,811			5,168,785,811
Cash & Balances with Central Bank	8,135,346,330			8,135,346,330
Placement with other Banks	250,328,897			250,328,897
Loans & Advances to Customers	42,618,242,082	8,286,744,659	5,910,167	50,910,896,908
Investments in Associates	85,976,269			85,976,269
Equity Instruments at Fair Value through P/L	229,868,212			229,868,212
Debt Instruments at Amortized Cost	6,771,199,803			6,771,199,803
Other Financial Assets	341,454,634			341,454,634
	63,601,202,038	8,286,744,659	5,910,167	71,893,856,864

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

31 st December 2024	Bank (Nu.)			
	Neither past due nor Individually impaired	Past due but not Individually impaired	Individually Impaired	Total
Cash & cash Equivalents	5,168,785,811			5,168,785,811
Cash & Balances with Central Bank	8,135,346,330			8,135,346,330
Placement with other Banks	250,328,897			250,328,897
Loans & Advances to Customers	42,618,242,082	8,286,744,659	5,910,167	50,910,896,908
Investments in Associates	223,071,466			223,071,466
Equity Instruments at Fair Value through P/L	229,868,212			229,868,212
Debt Instruments at Amortized Cost	6,771,199,803			6,771,199,803
Other Financial Assets	341,454,634			341,454,634
	63,738,297,235	8,286,744,659	5,910,167	72,030,952,061

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

	Past due but not impaired			
	Less than 30 Days	31-60 Days	61-90 Days	More than 90 days
Loans & receivables to banks	-	-	-	-
Loans & receivables to other customers	3,449,317,416	2,367,485,888	1,798,501,131	671,440,224

31 st December 2023	Bank (Nu.)			
	Neither past due nor Individually impaired	Past due but not Individually impaired	Individually Impaired	Total
Cash & cash Equivalents	4,202,578,489			4,202,578,489
Cash & Balances with Central Bank	6,111,581,020			6,111,581,020
Placement with other Banks	201,358,622			201,358,622
Loans & Advances to Customers	38,444,105,073	10,927,617,340	-	49,371,722,412
Investments in Associates	85,976,269			85,976,269
Equity Instruments at Fair Value through P/L	279,998,580			279,998,580
Debt Instruments at Amortized Cost	6,889,132,302			6,889,132,302
Other Financial Assets	202,843,478			202,843,478
	56,417,573,833	10,927,617,340	-	67,345,191,173

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

	Past due but not impaired			
	Less than 30 Days	31-60 Days	61-90 Days	More than 90 days
Loans & receivables to banks				
Loans & receivables to other customers	4,119,703,660	2,118,015,335	2,073,403,399	2,616,494,946
Total	4,119,703,660	2,118,015,335	2,073,403,399	2,616,494,946

31 st December 2023	Bank (Nu.)			
	Neither past due nor Individually impaired	Past due but not Individually impaired	Individually Impaired	Total
Cash & cash Equivalents	4,202,578,489			4,202,578,489
Cash & Balances with Central Bank	6,111,581,020			6,111,581,020
Placement with other Banks	201,358,622			201,358,622
Loans & Advances to Customers	38,444,105,073	10,927,617,340	-	49,371,722,412
Investments in Associates	218,827,558			218,827,558
Equity Instruments at Fair Value through P/L	279,998,580			279,998,580
Debt Instruments at Amortized Cost	6,889,132,302			6,889,132,302
Other Financial Assets	202,843,478			202,843,478
Total	56,550,425,122	10,927,617,340	-	67,478,042,462

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

	Past due but not impaired			
	Less than 30 Days	31-60 Days	61-90 Days	More than 90 days
Loans & receivables to banks	-	-	-	-
Loans & receivables to other customers	4,119,703,660	2,118,015,335	2,073,403,399	2,616,494,946

NOTE 38.1.2: ANALYSIS OF RISK CONCENTRATION

Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements. The Concentration risk is monitored/managed through borrower/group, Sector, product etc. The following tables show the maximum exposure to credit risk for the components of the Statement of Financial Position, including geography of counterparty, and sector.

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Country Risk – Geographical Analysis	Bank (Nu.)				2024
	Bhutan	Asia	Europe	Americas	Total
Cash and Cash Equivalents	4,012,779,733	918,820,386	50,709,749	186,475,943	5,168,785,811
Balances with Central Bank	8,135,346,330				8,135,346,330
Placement with other Banks	250,328,897				250,328,897
Loans & Advances to Customers	50,910,896,908				50,910,896,908
Investments in Associates	85,976,269				85,976,269
Equity Instruments at Fair Value through P/L	229,868,212				229,868,212
Debt Instruments at Amortized Cost	6,771,199,803				6,771,199,803
Other Financial Assets	341,454,634				341,454,634
Total	70,737,850,786	918,820,386	50,709,749	186,475,943	71,893,856,864

Regional Break Down of Loans	2024
Corporate Office	30,114,384,523
Thimphu	5,174,513,553
Phuntsholing	3,895,418,568
Samdrupjongkhar	1,000,437,486
Trashigang	870,848,242
Gelephu	2,194,608,165
Paro	2,380,942,932
Monggar	866,419,366
Wangdue	917,471,939
Bumthang	683,476,159
Gomtu	2,360,305,040
Tsirang	452,070,935
Total	50,910,896,908

Country Risk – Geographical Analysis	Bank & Group (Nu.)				2023
	Bhutan	Asia	Europe	Americas	Total
Cash and Cash Equivalents	2,536,775,187	1,099,183,117	69,353,487	497,266,698	4,202,578,489
Balances with Central Bank	6,111,581,020				6,111,581,020
Placement with other Banks	201,358,622				201,358,622
Loans & Advances to Customers	45,014,266,752				45,014,266,752
Investments in Associates	85,976,269				85,976,269
Equity Instruments at Fair Value through P/L	279,998,580				279,998,580
Debt Instruments at Amortized Cost	6,889,132,302				6,889,132,302
Other Financial Assets	202,843,478				202,843,478
	61,321,932,211	1,099,183,117	69,353,487	497,266,698	62,987,735,513





Regional Break Down of Loans	2023
Corporate Office	25,411,927,532
Thimphu	5,064,709,819
Phuntsholing	3,893,485,207
Samdrupjongkhar	1,224,999,211
Trashigang	920,841,374
Gelephu	2,078,649,600
Paro	2,094,629,665
Monggar	879,629,764
Wangdue	940,487,167
Bumthang	663,888,805
Gomtu	1,355,675,780
Tsirang	485,342,829
	45,014,266,752





NOTE 38.1.3: INDUSTRY ANALYSIS

	Product & Manufacturing	Services	Trade & Commerce	Housing Loans	Transport Loans	Personal Loans	Agriculture	Others	ODWC	Credit Card	Bills	Suspended	Total
31st December 2024	Bank (Nu.)												
Cash and Cash Equivalents		4,645,572,435						523,213,376					5,168,785,811
Balances with Central Bank								8,135,346,330					8,135,346,330
Placement with other Banks		250,328,897											250,328,897
Loans & Advances to Customers	5,219,742,755	10,034,695,442	3,690,630,638	18,033,363,005	1,529,051,080	1,711,172,783	35,807,921	2,082,877,863	8,578,551,584	(369,656)	22,493,245	(27,119,753)	50,910,896,908
Investments in Associates	85,976,269												85,976,269
Equity Instruments at Fair Value through OCI	71,165,255	158,702,957											229,868,212
Debt Instruments at Amortized Cost	-							6,771,199,803					6,771,199,803
Other Financial Assets								341,454,634					341,454,634
Group (Nu.)													
Cash and Cash Equivalents	-	4,645,572,435		-	-	-	-	523,213,376	-	-	-	-	5,168,785,811
Balances with Central Bank	-	-	-	-	-	-	-	8,135,346,330	-	-	-	-	8,135,346,330
Placement with other Banks	-	250,328,897		-	-	-	-		-	-	-	-	250,328,897
Loans & Advances to Customers	5,219,742,755	10,034,695,442	3,690,630,638	18,033,363,005	1,529,051,080	1,711,172,783	35,807,921	2,082,877,863	8,578,551,584	(369,656)	22,493,245	(27,119,753)	50,910,896,908
Investments in Associates	223,071,466	-	-	-	-	-	-	-	-	-	-	-	223,071,466
Equity Instruments at Fair Value through OCI	71,165,255	158,702,957		-	-	-	-	-	-	-	-	-	229,868,212
Debt Instruments at Amortized Cost	-	-	-	-	-	-	-	6,771,199,803	-	-	-	-	6,771,199,803
Other Financial Assets	-	-	-	-	-	-	-	341,454,634	-	-	-	-	341,454,634
31st December 2023													

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NOTE 38.1.4: CREDIT LOSS EXPENSE

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

2024	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual/ Collective	
Cash & cash Equivalents	9,109,539			9,109,539
Placement with other Banks	221,335			221,335
Loans & Advances to Customers	1,513,166,001	650,799,327	1,629,051,750	3,793,017,077
Debt instruments at amortised cost	-			-
Off balance sheet items				-
Financial guarantees		8,123,937		8,123,937
Letters of credit		1,451,088		1,451,088
Total Impairment Loss	1,522,496,875	660,374,352	1,629,051,750	3,811,922,976
				(0.00)

2024	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual/ Collective	
Cash & cash Equivalents	6,285,975			6,285,975
Placement with other Banks	153,707			153,707
Loans & Advances to Customers	1,147,627,976	681,122,752	1,919,240,063	3,747,990,791
Debt instruments at amortised cost	7,759			7,759
Off balance sheet items				
Financial guarantees		9,123,766		9,123,766
Letters of credit		4,146,328		4,146,328
Total Impairment Loss	1,154,075,417	694,392,846	1,919,240,063	3,767,708,325





NOTE 38.1.5: LOANS AND ADVANCES TO CUSTOMERS

	2024	2023
OD & Working Capital	10,117,594,658	8,974,667,298
Housing Loans	18,185,835,002	16,912,383,426
Services	10,720,846,008	9,323,432,375
Product & Manufacturing	5,982,293,159	3,499,123,521
Transport Loans	1,555,920,612	1,378,820,722
Trade & Commerce	4,001,276,103	4,047,351,660
Personal Loans	1,735,842,898	1,619,980,378
Others	1,137,872,520	1,488,284,787
Credit Card	8,822,634	5,664,331
Agriculture	50,395,511	52,521,270
Suspended Loan	211,859,498	287,206,084
Bills	25,786,293	45,027,378
Staff loan	380,412,185	396,142,932
Loan against TDs	598,731,927	744,921,475
	54,713,489,010	48,775,527,637
Less: Allowance for ECL/impairment losses (Individual & Collective)	(3,802,592,102)	(3,761,260,884)
	50,910,896,908	45,014,266,752

NOTE 38.1.5.1: IMPAIRMENT ALLOWANCE FOR LOANS AND ADVANCES TO CUSTOMERS**NOTE 38.1.5.1.1: OD & WORKING CAPITAL**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 37.1.9.1** and policies on whether ECL allowances are calculated on an individual or collective basis are set out in **Note 37.1.9.5**.

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	5,823,374,135			5,823,374,135	4,398,753,384			4,398,753,384
1-30 Days Passed Due	1,014,237,634			1,014,237,634	1,562,190,534			1,562,190,534
31-60 Days Passed Due		1,689,933,897		1,689,933,897		926,731,600		926,731,600
61-90 Days Passed Due		880,570,859		880,570,859		842,984,762		842,984,762
90 Days & Above			709,478,134	709,478,134			1,244,007,019	1,244,007,019
Individually impaired				-				-
Total	6,837,611,769	2,570,504,755	709,478,134	10,117,594,658	5,960,943,917	1,769,716,362	1,244,007,019	8,974,667,298





An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	6,083,942,370	979,982,899	1,049,301,632	8,113,226,901
New assets originated	1,357,344,725	46,281,607	47,755,591	1,451,381,923
Assets derecognised or repaid	(126,936,388)	43,345,356	(506,350,494)	(589,941,526)
Transfers to Stage 1	(1,574,983,373)	1,061,484,520	513,498,853	-
Transfers to Stage 2	221,576,584	(361,378,020)	139,801,437	-
Transfers to Stage 3	-	-	-	-
At 31 December 2023	5,960,943,917	1,769,716,362	1,244,007,019	8,974,667,298
Gross carrying amount as at 1 January 2024	5,960,943,917	1,769,716,362	1,244,007,019	8,974,667,298
New assets originated	1,404,319,241	170,005,341	5,302,462	1,579,627,044
Assets derecognised or repaid	168,735,539	385,351,546	(990,786,770)	(436,699,684)
Transfers to Stage 1	(1,100,800,219)	879,613,575	221,186,644	-
Transfers to Stage 2	404,413,290	(634,182,069)	229,768,778	-
Transfers to Stage 3	-	-	-	-
At 31 December 2024	6,837,611,769	2,570,504,755	709,478,134	10,117,594,658

NOTE 38.1.5.1.2: HOUSING

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies on whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	14,876,069,436			14,876,069,436	13,939,525,235			13,939,525,235
1-30 Days Passed Due	1,303,332,848			1,303,332,848	1,013,629,099			1,013,629,099
31-60 Days Passed Due		850,294,685		850,294,685		699,991,539		699,991,539
61-90 Days Passed Due		696,210,385		696,210,385		882,337,996		882,337,996
90 Days & Above			459,927,649	459,927,649			376,899,557	376,899,557
Individually impaired				-				-
Total	16,179,402,284	1,546,505,070	459,927,649	18,185,835,002	14,953,154,334	1,582,329,535	376,899,557	16,912,383,426



An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	12,455,039,990	899,053,356	420,438,586	13,774,531,932
New assets originated	5,204,897,514	178,297,922	23,404,943	5,406,600,379
Assets derecognised or repaid	(530,586,958)	(1,665,292,417)	(72,869,511)	(2,268,748,886)
Transfers to Stage 1	(2,728,369,055)	2,722,443,516	5,925,538	0
Transfers to Stage 2	552,172,842	(552,172,842)	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2023	14,953,154,334	1,582,329,535	376,899,557	16,912,383,426
Gross carrying amount as at 1 January 2024	14,953,154,334	1,582,329,535	376,899,557	16,912,383,426
New assets originated	16,201,317,449	1,560,739,215	494,982,354	18,257,039,018
Assets derecognised or repaid	(14,702,929,791)	(1,541,904,345)	(738,753,305)	(16,983,587,442)
Transfers to Stage 1	(942,441,604)	820,614,707	121,826,898	0
Transfers to Stage 2	670,301,896	(875,274,042)	204,972,145	0
Transfers to Stage 3	0	-	-	-
At 31 December 2024	16,179,402,284	1,546,505,070	459,927,649	18,185,835,002

NOTE 38.1.5.1.3 : PRODUCTION AND MANUFACTURING

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies on whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**.

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	4,781,761,890			4,781,761,890	2,367,755,165			2,367,755,165
1-30 Days Passed Due	200,556,120			200,556,120	163,690,982			163,690,982
31-60 Days Passed Due		186,013,391		186,013,391		195,563,448		195,563,448
61-90 Days Passed Due		211,628,142		211,628,142		530,215,230		530,215,230
90 Days & Above			602,333,617	602,333,617			241,898,695	241,898,695
Individually impaired				-				-
Total	4,982,318,010	397,641,533	602,333,617	5,982,293,159	2,531,446,148	725,778,678	241,898,695	3,499,123,521



An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	2,387,436,399	269,403,709	228,333,163	2,885,173,271
New assets originated	1,062,158,028	294,655,888	18,591,809	1,375,405,725
Assets derecognised or repaid	(495,965,138)	(87,986,323)	(177,504,014)	(761,455,475)
Transfers to Stage 1	(487,046,757)	401,440,997	85,605,761	-
Transfers to Stage 2	64,863,616	(151,735,592)	86,871,976	-
Transfers to Stage 3				-
At 31 December 2023	2,531,446,148	725,778,678	241,898,695	3,499,123,522
Gross carrying amount as at 1 January 2024	2,531,446,148	725,778,678	241,898,695	3,499,123,521
New assets originated	2,477,829,778	65,905,420	21,718,167	2,565,453,365
Assets derecognised or repaid	92,085,699	(19,403,422)	(154,966,004)	(82,283,727)
Transfers to Stage 1	(450,198,770)	185,723,192	264,475,579	-
Transfers to Stage 2	331,155,155	(560,362,335)	229,207,179	-
Transfers to Stage 3				-
At 31 December 2024	4,982,318,010	397,641,533	602,333,617	5,982,293,160

NOTE 38.1.5.1.4 : TRANSPORT

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies on whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**.

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	1,036,187,397			1,036,187,397	753,626,735			753,626,735
1-30 Days Passed Due	76,322,089			76,322,089	94,348,768			94,348,768
31-60 Days Passed Due		160,922,079		160,922,079		229,224,843		229,224,843
61-90 Days Passed Due		188,674,020		188,674,020		176,705,471		176,705,471
90 Days & Above			86,430,884	86,430,884			124,914,904	124,914,904
Individually impaired			7,384,143	7,384,143				-
Total	1,112,509,486	349,596,099	93,815,027	1,555,920,612	847,975,503	405,930,314	124,914,904	1,378,820,721

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	1,319,964,875	470,998,564	162,321,955	1,953,285,395
New assets originated	135,097,181	27,653,359	12,489,479	175,240,019
Assets derecognised or repaid	(441,925,747)	(173,176,173)	(134,602,774)	(749,704,693)
Transfers to Stage 1	(285,356,506)	246,292,543	39,063,963	-
Transfers to Stage 2	120,195,699	(165,837,979)	45,642,280	-
Transfers to Stage 3	-	-	-	-
At 31 December 2023	847,975,503	405,930,314	124,914,904	1,378,820,721
Gross carrying amount as at 1 January 2024	847,975,503.14	405,930,314.18	124,914,903.93	1,378,820,721.25
New assets originated	624,791,611.82	134,409,482.99	4,906,290.86	764,107,385.67
Assets derecognised or repaid	(328,398,018.16)	(136,205,785.86)	(122,403,690.83)	(587,007,494.85)
Transfers to Stage 1	(145,172,200.80)	90,933,312.07	54,238,888.73	0.00
Transfers to Stage 2	113,312,589.64	(145,471,224.25)	32,158,634.61	0.00
Transfers to Stage 3	0.00	-	-	0.00
At 31 December 2024	1,112,509,486	349,596,099	93,815,027	1,555,920,612

NOTE 38.1.5.1.5 : TRADE & COMMERCE

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies on whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**.

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	2,265,684,836			2,265,684,836	2,304,695,654			2,304,695,654
1-30 Days Passed Due	405,378,424			405,378,424	189,691,984			189,691,984
31-60 Days Passed Due		495,765,628		495,765,628		600,277,248		600,277,248
61-90 Days Passed Due		550,272,004		550,272,004		590,757,525		590,757,525
90 Days & Above			284,175,211	284,175,211			361,929,250	361,929,250
Individually impaired				-				-
Total	2,671,063,260	1,046,037,632	284,175,211	4,001,276,103	2,494,387,638	1,191,034,772	361,929,250	4,047,351,660





An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2022	3,293,403,437	550,707,995	237,348,404	4,081,459,836
New assets originated	849,424,095	156,391,378	44,094,988	1,049,910,462
Assets derecognised or repaid	(749,639,209)	(179,108,746)	(155,270,683)	(1,084,018,638)
Transfers to Stage 1	(992,459,304)	894,941,915	97,517,389	-
Transfers to Stage 2	93,658,618	(231,897,770)	138,239,152	-
Transfers to Stage 3				-
At 31 December 2022	2,494,387,638	1,191,034,772	361,929,250	4,047,351,660
Gross carrying amount as at 1 January 2023	2,494,387,638	1,191,034,772	361,929,250	4,047,351,660
New assets originated	927,600,988	87,758,496	67,025,297	1,082,384,781
Assets derecognised or repaid	(695,245,473)	(132,232,594)	(300,982,271)	(1,128,460,338)
Transfers to Stage 1	(501,026,779)	416,796,212	84,230,568	-
Transfers to Stage 2	445,346,887	(517,319,254)	71,972,367	-
Transfers to Stage 3				-
At 31 December 2023	2,671,063,260	1,046,037,632	284,175,211	4,001,276,103

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions. Further analysis of the economic factors is set out in **Note 38.1.10**.

NOTE 38.1.5.1.6 : PERSONAL

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**.

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	1,519,838,467			1,519,838,467	1,409,973,577			1,409,973,577
1-30 Days Passed Due	35,672,900			35,672,900	26,162,841			26,162,841
31-60 Days Passed Due		109,732,299		109,732,299		104,791,558		104,791,558
61-90 Days Passed Due		36,985,611		36,985,611		45,790,753		45,790,753
90 Days & Above			33,613,622	33,613,622			33,261,649	33,261,649
Individually impaired	-	-	-	-	-	-	-	-
Total	1,555,511,366	146,717,911	33,613,622	1,735,842,898	1,436,136,418	150,582,311	33,261,649	1,619,980,378





An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	1,232,744,036	124,611,119	68,660,391	1,426,015,546
New assets originated	731,551,753	60,332,577	5,980,569	797,864,899
Assets derecognised or repaid	(494,145,505)	(47,289,718)	(62,464,844)	(603,900,067)
Transfers to Stage 1	(83,658,706)	73,984,466	9,674,240	-
Transfers to Stage 2	49,644,840	(61,056,133)	11,411,293	-
Transfers to Stage 3				-
At 31 December 2023	1,436,136,418	150,582,311	33,261,649	1,619,980,378
Gross carrying amount as at 1 January 2024	1,436,136,418	150,582,311	33,261,649	1,619,980,378
New assets originated	715,111,828.66	40,733,855.92	3,896,975.14	759,742,660
Assets derecognised or repaid	(564,314,605.80)	(52,464,745.51)	(27,100,788.18)	(643,880,139)
Transfers to Stage 1	(90,667,191.92)	80,600,083.81	10,067,108.11	-
Transfers to Stage 2	59,244,917.26	(72,733,594.52)	13,488,677.26	-
Transfers to Stage 3				-
At 31 December 2024	1,555,511,366	146,717,911	33,613,622	1,735,842,898

NOTE 38.1.5.1.7 : CREDIT CARD

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**.

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current				-				-
1-30 Days Passed Due				-				-
31-60 Days Passed Due		-		-		-		-
61-90 Days Passed Due		-		-		-		-
90 Days & Above			8,822,634	8,822,634			5,664,331	5,664,331
Individually impaired	-	-	-	-	-	-	-	-
Total	-	-	8,822,634	8,822,634	-	-	5,664,331	5,664,331

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2022	-	-	1,268,673	1,268,673
New assets originated				-
Assets derecognised or repaid	-	-	4,395,657	4,395,657
Transfers to Stage 1				-
Transfers to Stage 2				-
Transfers to Stage 3				-
At 31 December 2022	-	-	5,664,331	5,664,331
Gross carrying amount as at 1 January 2023	-	-	5,664,331	5,664,331
New assets originated	0.00	0.00	0.00	-
Assets derecognised or repaid	0.00	0.00	3,158,303	3,158,303
Transfers to Stage 1				-
Transfers to Stage 2				-
Transfers to Stage 3				-
At 31 December 2023	-	-	8,822,634	8,822,634

NOTE 38.1.5.1.8 : SERVICE

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	8,637,419,702			8,637,419,702	7,539,419,049			7,539,419,049
1-30 Days Passed Due	812,208,341			812,208,341	915,266,889			915,266,889
31-60 Days Passed Due		481,403,047		481,403,047		302,829,576		302,829,576
61-90 Days Passed Due		485,519,921		485,519,921		299,820,540		299,820,540
90 Days & Above			304,294,996	304,294,996			266,096,321	266,096,321
Individually impaired	-	-	-	-	-	-	-	-
Total	9,449,628,043	966,922,968	304,294,996	10,720,846,008	8,454,685,938	602,650,116	266,096,321	9,323,432,375

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	7,758,887,229	193,384,752	274,016,177	8,226,288,159
New assets originated	847,391,235	50,021,723	7,800,943	905,213,901
Assets derecognised or repaid	522,143,755	(52,972,502)	(277,240,938)	191,930,315
Transfers to Stage 1	(678,706,204)	538,552,901	140,153,303	-
Transfers to Stage 2	4,969,923	(126,336,759)	121,366,836	-
Transfers to Stage 3				-
At 31 December 2022	8,454,685,938	602,650,116	266,096,321	9,323,432,375
Gross carrying amount as at 1 January 2024	8,454,685,938	602,650,116	266,096,321	9,323,432,375
New assets originated	1,489,678,050.60	160,616,146.18	140,289,028.28	1,790,583,225
Assets derecognised or repaid	(240,982,755.06)	(18,092,342.05)	(134,094,495.04)	(393,169,592)
Transfers to Stage 1	(358,064,446.08)	334,505,396.73	23,559,049.35	-
Transfers to Stage 2	104,311,255.71	(112,756,348.84)	8,445,093.13	-
Transfers to Stage 3				-
At 31 December 2024	9,449,628,043	966,922,968	304,294,996	10,720,846,008

NOTE 38.1.5.1.9 : AGRICULTURE

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	16,366,868			16,366,868	17,186,312			17,186,312
1-30 Days Passed Due	-			-	841,746			841,746
31-60 Days Passed Due		7,280,494		7,280,494		1,273,275		1,273,275
61-90 Days Passed Due		2,987,204		2,987,204		3,095,226		3,095,226
90 Days & Above			23,760,946	23,760,946			30,124,711	30,124,711
Individually impaired	-	-	-	-	-	-	-	-
Total	16,366,868	10,267,697	23,760,946	50,395,511	18,028,058	4,368,501	30,124,711	52,521,270

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	16,838,253	16,059,693	21,558,454	54,456,399
New assets originated	1,438,398	-	2,033,313	3,471,711
Assets derecognised or repaid	34,297,630	(16,782,370)	(22,922,099)	(5,406,840)
Transfers to Stage 1	(34,546,222)	5,582,528	28,963,694	-
Transfers to Stage 2	-	(491,349)	491,349	-
Transfers to Stage 3				-
At 31 December 2022	18,028,058	4,368,501	30,124,711	52,521,270
Gross carrying amount as at 1 January 2024	18,028,058	4,368,501	30,124,711	52,521,270
New assets originated	7,108,661.89	239,600.77	0.00	7,348,263
Assets derecognised or repaid	1,178,724	(548,843)	(10,103,903)	(9,474,022)
Transfers to Stage 1	(10,943,971)	8,722,127	2,221,844.42	-
Transfers to Stage 2	995,395.20	(2,513,688)	1,518,293.19	-
Transfers to Stage 3				-
At 31 December 2024	16,366,868	10,267,697	23,760,946	50,395,511

NOTE 38.1.5.1.10 : OTHERS

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	1,114,266,743			1,114,266,743	1,378,990,101			1,378,990,101
1-30 Days Passed Due	5,576,777			5,576,777	91,169,598			91,169,598
31-60 Days Passed Due		15,114,851		15,114,851		10,590,468		10,590,468
61-90 Days Passed Due		-		-		7,534,620		7,534,620
90 Days & Above			2,914,149	2,914,149				-
Individually impaired	-	-	-	-	-	-	-	-
Total	1,119,843,520	15,114,851	2,914,149	1,137,872,520	1,470,159,699	18,125,088	-	1,488,284,787

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	2,572,928,401	8,086,949	-	2,581,015,350
New assets originated	1,389,708,184	7,739,311	-	1,397,447,495
Assets derecognised or repaid	(2,488,681,106)	(1,496,952)	-	(2,490,178,058)
Transfers to Stage 1	(3,795,780)	3,795,780	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	1,470,159,699	18,125,088	-	1,488,284,787
Gross carrying amount as at 1 January 2024	1,470,159,699	18,125,088	-	1,488,284,787
New assets originated	820,660,052	5,019,499	159,504	825,839,056
Assets derecognised or repaid	(1,166,641,605)	(10,205,315)	595,598	(1,176,251,323)
Transfers to Stage 1	(9,541,494)	7,470,770	2,070,724	-
Transfers to Stage 2	5,206,868	(5,295,190)	88,322	0
Transfers to Stage 3	-	-	-	-
At 31 December 2024	1,119,843,520	15,114,851	2,914,149	1,137,872,520

NOTE 38.1.5.1.11 : STAFF LOAN

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	375,231,890			375,231,890	391,869,290			391,869,290
1-30 Days Passed Due	3,004,952			3,004,952	-			-
31-60 Days Passed Due		1,667,600		1,667,600		-		-
61-90 Days Passed Due		-		-		883,935		883,935
90 Days & Above			507,744	507,744			3,389,707	3,389,707
Individually impaired	-	-	-	-	-	-	-	-
Total	378,236,842	1,667,600	507,744	380,412,185	391,869,290	883,935	3,389,707	396,142,932

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	393,070,196	-	-	393,070,196
New assets originated	126,357,276	-	279,383	126,636,659
Assets derecognised or repaid	(123,762,403)	(2,911,844)	3,110,324	(123,563,923)
Transfers to Stage 1	(3,795,780)	3,795,780	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	391,869,290	883,935	3,389,707	396,142,932
Gross carrying amount as at 1 January 2024	391,869,290	883,935	3,389,707	396,142,932
New assets originated	88,902,149	-	-	88,902,149
Assets derecognised or repaid	(100,869,194)	(187,746)	(3,575,957)	(104,632,896)
Transfers to Stage 1	(2,591,396)	1,897,402	693,994	-
Transfers to Stage 2	925,992	(925,992)	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2024	378,236,842	1,667,600	507,744	380,412,185

NOTE 38.1.5.1.12 : BILLS

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	12,964,916			12,964,916	13,039,002			13,039,002
1-30 Days Passed Due	9,976,937			9,976,937	12,452,851			12,452,851
31-60 Days Passed Due		852,705		852,705		3,614,644		3,614,644
61-90 Days Passed Due		671,919		671,919		3,273,593		3,273,593
90 Days & Above			1,319,815	1,319,815			12,647,288	12,647,288
Individually impaired	-	-	-	-	-	-	-	-
Total	22,941,853	1,524,625	1,319,815	25,786,293	25,491,853	6,888,237	12,647,288	45,027,378

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	37,211,788	7,699,668	28,195,394	73,106,851
New assets originated	25,491,853	6,888,237	12,164,651	44,544,741
Assets derecognised or repaid	(37,211,788)	(7,699,668)	(27,712,757)	(72,624,214)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	25,491,853	6,888,237	12,647,288	45,027,378
Gross carrying amount as at 1 January 2024	25,491,853	6,888,237	12,647,288	45,027,378
New assets originated	22,941,853.37	1,524,624.82	506,804.76	24,973,283
Assets derecognised or repaid	(25,491,853)	(6,888,237)	(11,834,278)	(44,214,368)
Transfers to Stage 1	-	0.00	0.00	-
Transfers to Stage 2	0.00	-	0.00	-
Transfers to Stage 3	-	-	-	-
At 31 December 2024	22,941,853	1,524,625	1,319,815	25,786,293

NOTE 38.1.5.1.13 : LOAN AGAINST TDs

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies about whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current	586,878,805			586,878,805	732,688,939			732,688,939
1-30 Days Passed Due	5,490,591			5,490,591	12,232,536			12,232,536
31-60 Days Passed Due		6,362,531		6,362,531				-
61-90 Days Passed Due				-				-
90 Days & Above			-	-			-	-
Individually impaired	-	-	-	-	-	-	-	-
Total	592,369,396	6,362,531	-	598,731,927	744,921,475	-	-	744,921,475







An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023	367,572,278	-	3,186,700	370,758,979
New assets originated	514,343,127	-	-	514,343,127
Assets derecognised or repaid	(136,993,930)	-	(3,186,700)	(140,180,630)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	744,921,475	-	-	744,921,475
Gross carrying amount as at 1 January 2024	744,921,475	-	-	744,921,475
New assets originated	376,434,884	179,458	-	376,614,343
Assets derecognised or repaid	(522,594,554)	(209,337)	-	(522,803,891)
Transfers to Stage 1	(6,392,410)	6,392,409.83	0.00	-
Transfers to Stage 2	0.00	-	0.00	-
Transfers to Stage 3	-	-	-	-
At 31 December 2024	592,369,396	6,362,531	-	598,731,927

NOTE 38.1.5.1.14 : SUSPENDED

The table below shows the credit quality and the maximum exposure to credit risk based on the passed due status of the borrowers. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 38.1.9.1 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 38.1.9.5

Delinquency Grades	2024				2023			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual & Collective	Total
Current				-				
1-30 Days Passed Due				-				
31-60 Days Passed Due				-				
61-90 Days Passed Due				-				
90 Days & Above			211,859,498	211,859,498			287,206,084	287,206,084
Individually impaired			-	-	-		-	-
Total			211,859,498	211,859,498	-		287,206,084	287,206,084

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2023			380,552,141	380,552,141
New assets originated				-
Assets derecognised or repaid	-	-	(93,346,057)	(93,346,057)
Transfers to Stage 1	-			-
Transfers to Stage 2		-		-
Transfers to Stage 3				-
At 31 December 2022	-	-	287,206,084	287,206,084
Gross carrying amount as at 1 January 2024	-	-	287,206,084	287,206,084
New assets originated				-
Assets derecognised or repaid			(75,346,586)	(75,346,586)
Transfers to Stage 1				-
Transfers to Stage 2				-
Transfers to Stage 3				-
At 31 December 2024	-	-	211,859,498	211,859,498

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NOTE 38.1.5.2 : IMPAIRMENT ALLOWANCE AS AT 31 DECEMBER 2023

An analysis of the allowance for impairment losses under BFRS 9 for loans and advances, by class is, as follows:

In NU. million	ODWC	Housing	Services	Production and manufacturing	Transport	Trade and commerce	Personal	Others	Credit card	Agriculture	Total
At 1 January 2024	1,783,787,491	191,166,196	533,253,867	402,700,005	63,276,001	373,784,424	16,962,169	386,324,642	247,114	16,206,415	3,767,708,325
Charge/ Reversal for the year - Collective impairment	(244,744,418)	(38,694,198)	143,828,095	347,215,782	(19,713,488)	(57,486,650)	(2,699,880)	(99,501,487)	8,945,177	(2,325,861)	34,823,073
Charge/ Reversal for the year - Individual impairment	0	0	0	0	60,704	0	0	0	0	0	60,704
At 31 December 2024	1,539,043,074	152,471,998	677,081,963	749,915,787	43,623,217	316,297,774	14,262,289	286,823,156	9,192,290	13,880,554	3,802,592,102
Made up of:											
Individual impairment					60,704						60,704
Collective impairment	1,539,043,074	152,471,998	677,081,963	749,915,787	43,562,513	316,297,774	14,262,289	286,823,156	9,192,290	13,880,554	3,802,531,398
Total Impairment	1,539,043,074	152,471,998	677,081,963	749,915,787	43,623,217	316,297,774	14,262,289	286,823,156	9,192,290	13,880,554	3,802,592,102
Gross amount of loans individually determined to be impaired					7,472,337						7,472,337
At 1 January 2023	2,209,820,914	209,960,182	452,093,069	256,973,182	109,555,667	303,913,011	37,288,390	499,109,915	313,039	14,075,146	4,093,102,514
Charge/ Reversal for the year - Collective impairment	(426,033,422)	(18,793,986)	81,160,799	145,726,824	(46,279,667)	69,871,414	(20,326,221)	(112,785,273)	(65,925)	2,131,270	(325,394,189)
Charge/ Reversal for the year - Individual impairment	0	0	0	0	0	0	0	0	0	0	0
At 31 December 2023	1,783,787,491	191,166,196	533,253,867	402,700,005	63,276,001	373,784,424	16,962,169	386,324,642	247,114	16,206,415	3,767,708,325
Made up of:											
Individual impairment											0
Collective impairment:	1,783,787,491	191,166,196	533,253,867	402,700,005	63,276,001	373,784,424	16,962,169	386,324,642	247,114	16,206,415	3,767,708,325
Total Impairment	1,783,787,491	191,166,196	533,253,867	402,700,005	63,276,001	373,784,424	16,962,169	386,324,642	247,114	16,206,415	3,767,708,325
Gross amount of loans individually determined to be impaired											0



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NOTE 38.1.6 : FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVPL

Below is an analysis of the Bank's financial investments other than those measured at FVPL:

Particulars	2024	2023
Financial investments - Available-for-sale (not pledged as collateral)		
Equities	229,868,212	279,998,580
Total	229,868,212	279,998,580
Available for sale investments pledged as collateral		
Equities	-	-
Total	-	-
Debt instruments at amortised cost		
Corporate bonds	6,771,199,803	6,889,132,302
Total	6,771,199,803	6,889,132,302
Total financial investments other than those measured at FVPL	7,001,068,015	7,169,130,882

NOTE 38.1.7 : IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS SUBJECT TO IMPAIRMENT ASSESSMENT CONTINUED**NOTE 38.7.1 : DEBT INSTRUMENTS MEASURED AT AMORTISED COST**

The table below shows the credit quality and the maximum exposure to credit risk. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in **Note 38.1.9.1** and policies on whether ECL allowances are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Debt Instruments at Amortized Cost

Internal rating grade	2024				2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Performing								
High grade	6,771,199,803			6,771,199,803	6,889,132,302			6,889,132,302
Standard grade				-				-
Sub-standard grade				-				-
Past due but not impaired				-				-
Non-performing				-				-
Individually impaired				-				-
Total	6,771,199,803			6,771,199,803	6,889,132,302	-	-	6,889,132,302



An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	2024				2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January	6,889,132,302			6,889,132,302	3,604,921,302			3,604,921,302
New assets purchased				-				-
Assets derecognised or matured (excluding write-offs)	(117,932,499)			(117,932,499)	3,284,211,000			3,284,211,000
Transfers to Stage 1				-				-
Transfers to Stage 2				-				-
Transfers to Stage 3				-				-
At 31 December	6,771,199,803	-	-	6,771,199,803	6,889,132,302	-	-	6,889,132,302

	2024				2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance as at 1 January	7,759			7,759	2,228			2,228
New assets purchased				-				-
Charge / Reversal	(7,759)			(7,759)	5,531			5,531
Transfers to Stage 1				-				-
Transfers to Stage 2				-				-
Transfers to Stage 3				-				-
At 31 December	-	-	-	-	7,759	-	-	7,759

NOTE 38.1.8 : CONTINGENT LIABILITIES, COMMITMENTS

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank.

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. The nominal values of such commitments are listed below:

	2024	2023
Financial guarantees	4,174,391,587	4,499,414,223
Letters of credit	745,625,064	589,836,348
Other undrawn commitments	6,217,670,602	6,440,405,139
Total	11,137,687,254	11,529,655,710

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NOTE 38.1.8.1 : IMPAIRMENT LOSSES ON GUARANTEES AND OTHER COMMITMENTS

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

NOTE 38.1.8.1.1 : FINANCIAL GUARANTEES

The table below shows the credit quality and the maximum exposure to credit risk based on the customer passed due days Details of the Bank's internal credit risk management policies are in **Note 38.1** and policies on whether ECLs are calculated on an individual or collective basis are set out in **Note 38.1.9.5**

Outstanding exposure

	2024			2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Ind/Coll	Total
Current				-
1-30 Days Passed Due				-
31-60 Days Passed Due		4,174,391,587		4,499,414,223
61-90 Days Passed Due				-
90 Days & Above				-
Total	-	4,174,391,587	-	4,499,414,223

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

	2024			2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Ind/Coll	Total
Outstanding exposure as at 1 January		4,499,414,223		5,567,134,503
New exposures		5,552,616,964		4,478,257,081
Exposure derecognised or matured/lapsed (excluding write offs)		(5,877,639,599)		(5,545,977,361)
Transfers to Stage 1		-		-
Transfers to Stage 2		-		-
Transfers to Stage 3		-		-
At 31 December	-	4,174,391,587	-	4,499,414,223

NOTE 38.1.8.1.2 : LETTERS OF CREDIT

The table below shows the credit quality and the maximum exposure to credit risk based on the customer passed due days. Details of the Bank's internal credit risk management policies are in **Note 38.1** and policies on whether ECLs are calculated on an individual or collective basis are set out in **Note 38.1.9.5**





Outstanding exposure

	2024				2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Ind/Coll	Total	Total
1-30 Days Passed Due				-	-
31-60 Days Passed Due				-	-
61-90 Days Passed Due		745,625,064		745,625,064	589,836,348
90 Days & Above				-	-
Total	-	745,625,064	-	745,625,064	589,836,348

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	2024				2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Ind/Coll	Total	Total
Outstanding exposure as at 1 January		589,836,348		589,836,348	696,601,651
New exposures		2,449,050,132		2,449,050,132	1,394,741,079
Exposure derecognised or matured/lapsed (excluding write-offs)		(2,293,261,416)		(2,293,261,416)	(1,501,506,383)
Transfers to Stage 1		-		-	-
Transfers to Stage 2		-		-	-
Transfers to Stage 3		-		-	-
At 31 December	-	745,625,064	-	745,625,064	589,836,348

NOTE 38.1.8.1.3 : OTHER UNDRAWN COMMITMENTS CONTINUED

Outstanding exposure

	2024				2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Ind/Coll	Total	Total
Current	6,217,670,602			6,217,670,602	6,440,405,139
1-30 Days Passed Due				-	-
31-60 Days Passed Due				-	-
61-90 Days Passed Due				-	-
90 Days & Above				-	-
Total	6,217,670,602	-	-	6,217,670,602	6,440,405,139

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An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	2024			2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Ind/Coll	Total
Outstanding exposure as at 1 January	6,440,405,139			6,440,405,139
New exposures	1,633,516,805			1,633,516,805
Exposure derecognised or matured/lapsed (excluding write-offs)	(1,856,251,342)			(1,856,251,342)
Transfers to Stage 1	-			-
Transfers to Stage 2	-			-
Transfers to Stage 3	-			-
At 31 December	6,217,670,602	-	-	6,217,670,602
				7,368,429,254
				1,827,507,525
				(2,755,531,640)
				-
				-
				-

NOTE 38.1.9 : IMPAIRMENT ASSESSMENT (POLICY APPLICABLE FROM JANUARY 1, 2018)

The Bank considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Bank considers treasury and interbank balances as defaulted and takes immediate action when the required payments are not settled by the close of the business as outlined in the individual agreements. As part of qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such event occurs, the Bank carefully considers a whether the event should result in treating the customer as defaulted

and therefore assessed as Stage 3 for ECL calculation.

It is in the Bank's policy to consider a financial instrument as 'Cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit status, at the time of the cure, and whether this indicates there has been significant increase in the credit risk compared to initial recognition.

NOTE 38.1.9.1: THE BANK'S INTERNAL RATING PROCESS

Treasury, trading and interbank relationships

The Bank's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Bank's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of Good Rating Agency, and assigns the internal rating, as shown in the table below

Corporate and small business lending

For corporate and investment banking loans,

the borrowers are assessed by specialised credit risk employees of the Bank. The credit risk assessment is based on the behaviour of the customer and the RMA classification based on the past due status. Further bank considers following when assessing the risk of a customer:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in

covenants with the clients and are, therefore, measured with greater attention.

- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or CDS prices or press releases and articles.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

Consumer lending and retail mortgages

Consumer lending comprises unsecured personal loans, credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal

income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing

- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing.

The Bank's Delinquency status

Delinquency status	Description
Stage 1	
Regular	Performing
1 - 30 days	Performing
Stage 2	
31-60 days	Under Performing
61-90 days	Under Performing
Stage 3	
Above 90 days	Non- performing

NOTE 38.1.9.2: EXPOSURE AT DEFAULT

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. EAD for credit cards and other revolving facilities is set out in Note 2.5.6.5.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the

balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The BFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

NOTE 38.1.9.3: LOSS GIVEN DEFAULT

For corporate and investment banking financial instruments, LGD values are assessed at least every three months by account managers and reviewed and approved by the Bank's specialised credit risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into

account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held

The Bank segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied



data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking

economic scenarios are used in order to determine the BFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios.

NOTE 38.1.9.4: SIGNIFICANT INCREASE IN CREDIT RISK

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. Bank determines significantly increase credit risk when customers exceed 30days past due.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne.

NOTE 38.1.9.5: GROUPING FINANCIAL ASSETS MEASURED ON A COLLECTIVE BASIS

As explained in Note 2.5.6 dependent on the factors below, the Bank calculates ECLs either on a collective or an individual basis.

Asset classes where the Bank calculates ECL on an individual basis all customers above the individually significant threshold 25% of the total exposure.

Asset classes where the Bank calculates ECL on a collective basis include Customers below the Individually Significant threshold of 25%

The Bank groups these exposure into smaller homogeneous portfolios described below:

- Product Type
- Collateral Type
- Nature of Business
- Utilisation/Revolving Amount
- Income/Repayment source
- Loan Amount
- LTV
- LTI
- Repayment history

NOTE 38.1.10 ANALYSIS OF INPUTS TO THE ECL MODEL UNDER MULTIPLE ECONOMIC SCENARIOS

An overview of the approach to estimating ECLs is set out in Note 2.5 Summary of significant accounting policies and in Note 2.4 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Bank obtains the data used from third party sources (RMA Published data, NSB published data, IMF & World Bank.) and a team of economists within its Risk Department verifies the accuracy of inputs to the Bank's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of

expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the four geographical segments, as at 31 December 2023 and 2024.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

R. J. Jay

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31 December 2024

Key drivers	ECL Scenario	Assigned Probabilities	2024	2025	2026	2027	2028	Subsequent years
		%						
GDP growth %	Base Case	30	5.50%	5.33%	5.38%	5.49%	5.62%	5.53%
	Best Case	30	5.50%	5.84%	6.32%	6.85%	7.41%	7.67%
	Worse Case	40	5.50%	4.91%	4.72%	4.53%	4.34%	4.04%
Inflation Rates %	Base Case	30	2.02%	2.00%	1.99%	1.97%	1.95%	1.98%
	Best Case	30	2.02%	1.92%	1.87%	1.83%	1.79%	1.75%
	Worse Case	40	2.02%	2.10%	2.13%	2.16%	2.19%	2.26%
Interest Rate %	Base Case	30	12.22%	12.22%	12.19%	12.15%	12.12%	12.15%
	Best Case	30	12.22%	12.11%	12.01%	11.91%	11.81%	11.75%
	Worse Case	40	12.22%	12.36%	12.41%	12.46%	12.51%	12.56%
Exchange rates (USD \$ to Ngultrum BTN)	Base Case	30	85.58	89.16	92.89	96.77	100.00	100.00
	Best Case	30	85.58	85.95	86.33	86.71	87.09	87.47
	Worse Case	40	85.58	93.78	100.00	100.00	100.00	100.00
Unemployment rates %	Base Case	30	3.11%	3.11%	3.09%	3.08%	3.06%	3.08%
	Best Case	30	3.11%	3.06%	3.01%	2.96%	2.92%	2.89%
	Worse Case	40	3.11%	3.18%	3.20%	3.22%	3.25%	3.30%

31 December 2023

Key drivers	ECL Scenario	Assigned Probabilities	2023	2024	2025	2026	2027	Subsequent years
		%						
GDP growth %	Base Case	30	4.20%	4.07%	4.11%	4.19%	4.29%	4.22%
	Best Case	30	4.20%	4.45%	4.82%	5.21%	5.63%	5.83%
	Worse Case	40	4.20%	3.76%	3.61%	3.47%	3.33%	3.10%
Inflation Rates %	Base Case	30	4.60%	4.55%	4.51%	4.47%	4.43%	4.49%
	Best Case	30	4.60%	4.33%	4.22%	4.11%	4.01%	3.91%
	Worse Case	40	4.60%	4.82%	4.89%	4.97%	5.04%	5.23%
Interest Rate %	Base Case	30	10.50%	10.63%	9.86%	9.30%	8.85%	11.03%
	Best Case	30	10.50%	7.23%	5.12%	3.60%	2.52%	2.09%
	Worse Case	40	10.50%	17.70%	21.00%	24.64%	28.50%	42.46%
Exchange rates (USD \$ to Ngultrum BTN)	Base Case	30	82.78	85.33	87.96	90.67	93.46	96.34
	Best Case	30	82.78	83.14	83.51	83.87	84.24	84.61
	Worse Case	40	82.78	91.76	100.00	100.00	100.00	100.00
Unemployment rates %	Base Case	30	3.50%	3.50%	3.49%	3.47%	3.46%	3.47%
	Best Case	30	3.50%	3.46%	3.42%	3.38%	3.34%	3.32%
	Worse Case	40	3.50%	3.56%	3.58%	3.60%	3.62%	3.66%

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H. J. J.



NOTE 38.1.11: CREDIT RISK EXPOSURE ANALYSIS

December 31 2024	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual & Collective	Total
Per portfolio						
Cash & cash Equivalents		9,109,539				9,109,539
Placement with other Banks		221,335				221,335
Debt Instruments at Amortized Cost		-				-
Loans & Advances to Customers	1,513,166,001			650,799,327	1,629,051,750	3,793,017,077
Financial guarantees				8,123,937		8,123,937
Letters of credit				1,451,088		1,451,088
Per industry segment(*)						
OD & Working Capital		567,090,617		462,125,654	509,826,803	1,539,043,074
Housing Loans		54,996,201		23,561,738	73,914,059	152,471,998
Services		462,120,622		54,698,176	160,263,165	677,081,963
Product & Manufacturing		330,160,906		49,530,692	370,224,189	749,915,787
Transport Loans		10,955,993		6,800,321	25,866,903	43,623,217
Trade & Commerce		52,428,049		45,464,084	218,405,641	316,297,774
Personal Loans		4,979,940		1,993,283	7,289,067	14,262,289
Others		27,652,572		741,301	1,534,699	29,928,572
Credit Card					9,192,290	9,192,290
Agriculture		718,829		548,340	12,613,385	13,880,554
Suspended Loan					238,979,251	238,979,251
Bills		2,062,272		288,479	942,297	3,293,048
Devolved LC				5,047,260		5,047,260

(*) Includes financial assets measured at FVOCI and also financial assets measured amortised cost.

December 31 2023	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual & Collective	Total
Per portfolio						
Cash & cash Equivalents		6,285,975				6,285,975
Placement with other Banks		153,707				153,707
Debt Instruments at Amortized Cost		7,759				7,759
Loans & Advances to Customers	1,147,627,976			681,122,752	1,919,240,063	3,747,990,791
Financial guarantees				9,123,766		9,123,766
Letters of credit				4,146,328		4,146,328
Per industry segment(*)						
OD & Working Capital		524,797,348		317,507,035	941,483,108	1,783,787,491
Housing Loans		40,663,792		51,685,050	98,817,355	191,166,196
Services		348,379,629		61,142,192	123,732,047	533,253,867
Product & Manufacturing		135,104,905		119,125,212	148,469,888	402,700,005

December 31 2023	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual & Collective	Total
Transport Loans		10,058,739		14,094,472	39,122,790	63,276,001
Trade & Commerce		60,684,129		104,273,674	208,826,621	373,784,424
Personal Loans		4,804,050		3,285,625	8,872,494	16,962,169
Others		19,053,985		1,753,048	-	20,807,033
Credit Card				-	247,114	247,114
Agriculture		1,685,528		496,355	14,024,533	16,206,415
Suspended Loan					326,084,801	326,084,801
Bills		2,395,873		1,293,961	9,559,312	13,249,146
Devolved LC				6,466,128		6,466,128

(*) Includes financial assets measured at FVOCI and also financial assets measured amortised cost.

NOTE 38.2: LIQUIDITY RISK & FUNDING MANAGEMENT

NOTE 38.2.1: MATURITY PROFILE OF UNDISCOUNTED CASHFLOW

The tables below summarise the maturity profile of the undiscounted cash flows of the Bank's financial assets and financial liabilities as at 31st December 2024. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

December 31 2024	Banks (Nu)					
	up tp 3 months	3 to 12 months	1 to 2 years	3-5 years	over 5 years	Total
Cash & cash Equivalents	5,168,785,811					5,168,785,811
Cash & Balances with Central Bank	8,135,346,330					8,135,346,330
Placement with other Banks		250,328,897				250,328,897
Due From Banks						-
Loans & Advances to Customers	1,946,425,198	6,414,887,095	5,521,391,072	3,391,191,604	69,619,038,486	86,892,933,455
Investments in Associates					85,976,269	85,976,269
Equity Instruments at Fair Value through P/L					229,868,212	229,868,212
Debt Instruments at Amortized Cost	84,383,166	434,395,046	2,706,631,664	517,160,000	5,709,090,000	9,451,659,877
Other Financial Assets					341,454,634	341,454,634
Total undiscounted Assets	15,334,940,505	7,099,611,038	8,228,022,737	3,908,351,604	75,985,427,601	110,556,353,485
Due to Banks	7,115,231,336	2,008,375,762	2,924,843,886	5,435,328,123	5,989,498,136	23,473,277,243
Due to Customers	22,654,998,864	7,726,282,324	4,964,093,873	3,225,757,310	3,627,485,433	42,198,617,804
Debts Issued & Other Borrowed Funds	-	81,300,000	162,600,000	1,162,600,000	-	1,406,500,000
Unclaimed Balances	48,838,625	-	-	-	-	48,838,625
Other Liabilities	17,355,287	-	-	-	-	17,355,287
Total undiscounted Liabilities	29,836,424,111	9,815,958,086	8,051,537,759	9,823,685,433	9,616,983,569	67,144,588,959
Net Undiscounted Financial Assets/(Liabilities)	(14,501,483,606)	(2,716,347,048)	176,484,977	(5,915,333,829)	66,368,444,032	43,411,764,526

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December 31 2024	Group (Nu)					
	up tp 3 months	3 to 12 months	1 to 2 years	3-5 years	over 5 years	Total
Cash & cash Equivalents	5,168,785,811	-	-	-	-	5,168,785,811
Cash & Balances with Central Bank	8,135,346,330	-	-	-	-	8,135,346,330
Placement with other Banks	-	250,328,897	-	-	-	250,328,897
Due From Banks	-	-	-	-	-	-
Loans & Advances to Customers	1,946,425,198	6,414,887,095	5,521,391,072	3,391,191,604	69,619,038,486	86,892,933,455
Investments in Associates	-	-	-	-	223,071,466	223,071,466
Equity Instruments at Fair Value through P/L	-	-	-	-	229,868,212	229,868,212
Debt Instruments at Amortized Cost	84,383,166	434,395,046	2,706,631,664	517,160,000	5,709,090,000	9,451,659,877
Other Financial Assets	-	-	-	-	341,454,634	341,454,634
Total undiscounted Assets	15,334,940,505	7,099,611,038	8,228,022,737	3,908,351,604	76,122,522,798	110,693,448,682
Due to Banks	7,115,231,336	2,008,375,762	2,924,843,886	5,435,328,123	5,989,498,136	23,473,277,243
Due to Customers	22,654,998,864	7,726,282,324	4,964,093,873	3,225,757,310	3,627,485,433	42,198,617,804
Debts Issued & Other Borrowed Funds	-	81,300,000	162,600,000	1,162,600,000	-	1,406,500,000
Unclaimed Balances	48,838,625	-	-	-	-	48,838,625
Other Liabilities	17,355,287	-	-	-	-	17,355,287
Total undiscounted Liabilities	29,836,424,111	9,815,958,086	8,051,537,759	9,823,685,433	9,616,983,569	67,144,588,959
Net Undiscounted Financial Assets/ (Liabilities)	(14,501,483,606)	(2,716,347,048)	176,484,977	(5,915,333,829)	66,505,539,229	43,548,859,724

December 31 2024	Banks (Nu)					
	up tp 3 months	3 to 12 months	1 to 2 years	3-5 years	over 5 years	Total
Cash & cash Equivalents	4,202,578,489					4,202,578,489
Cash & Balances with Central Bank	6,111,581,020					6,111,581,020
Placement with other Banks		201,358,622				201,358,622
Due From Banks						-
Loans & Advances to Customers	3,671,356,144	12,349,159,680	10,755,961,394	6,959,884,138	57,055,050,643	90,791,411,998
Investments in Associates					85,976,269	85,976,269
Equity Instruments at Fair Value through P/L					240,437,580	240,437,580
Equity Instruments at Fair Value through OCI					39,561,000	39,561,000
Debt Instruments at Amortized Cost	84,383,166	434,395,046	2,706,631,664	517,160,000	5,709,090,000	9,451,659,877
Other Financial Assets					202,843,478	202,843,478
Total undiscounted Assets	14,069,898,819	12,984,913,348	13,462,593,058	7,477,044,138	63,332,958,970	111,327,408,333
Due to Banks	3,752,252,867	543,953,193	49,403,428	7,175,453,217	7,284,072,617	18,805,135,322
Due to Customers	20,108,167,800	5,843,680,122	4,783,937,535	1,426,581,043	4,454,349,961	36,616,716,461

R. Jay

H. H. H.



December 31 2024	Banks (Nu)					
	up tp 3 months	3 to 12 months	1 to 2 years	3-5 years	over 5 years	Total
Debts Issued & Other Borrowed Funds	-	530,000,000	-	-	-	530,000,000
Unclaimed Balances	58,436,252	-	-	-	-	58,436,252
Other Liabilities	10,944,422	-	-	-	-	10,944,422
Total undiscounted Liabilities	23,929,801,340	6,917,633,316	4,833,340,963	8,602,034,260	11,738,422,577	56,021,232,456
Net Undiscounted Financial Assets/ (Liabilities)	(9,859,902,521)	6,067,280,032	8,629,252,095	(1,124,990,123)	51,594,536,392	55,306,175,876

December 31 2024	Group (Nu)					
	up tp 3 months	3 to 12 months	1 to 2 years	3-5 years	over 5 years	Total
Cash & cash Equivalents	4,202,578,489	-	-	-	-	4,202,578,489
Cash & Balances with Central Bank	6,111,581,020	-	-	-	-	6,111,581,020
Placement with other Banks	-	201,358,622	-	-	-	201,358,622
Due From Banks	-	-	-	-	-	-
Loans & Advances to Customers	3,671,356,144	12,349,159,680	10,755,961,394	6,959,884,138	57,055,050,643	90,791,411,998
Investments in Associates	-	-	-	-	218,827,558	218,827,558
Equity Instruments at Fair Value through P/L	-	-	-	-	279,998,580	279,998,580
Debt Instruments at Amortized Cost	84,383,166	434,395,046	2,706,631,664	517,160,000	5,709,090,000	9,451,659,877
Other Financial Assets	-	-	-	-	202,843,478	202,843,478
Total undiscounted Assets	14,069,898,819	12,984,913,348	13,462,593,058	7,477,044,138	63,465,810,259	111,460,259,622
Due to Banks	3,752,252,867	543,953,193	49,403,428	7,175,453,217	7,284,072,617	18,805,135,322
Due to Customers	20,108,167,800	5,843,680,122	4,783,937,535	1,426,581,043	4,454,349,961	36,616,716,461
Debts Issued & Other Borrowed Funds	-	530,000,000	-	-	-	530,000,000
Unclaimed Balances	58,436,252	-	-	-	-	58,436,252
Other Liabilities	10,944,422	-	-	-	-	10,944,422
Total undiscounted Liabilities	23,929,801,340	6,917,633,316	4,833,340,963	8,602,034,260	11,738,422,577	56,021,232,456
Net Undiscounted Financial Assets/ (Liabilities)	(9,859,902,521)	6,067,280,032	8,629,252,095	(1,124,990,123)	51,727,387,681	55,439,027,165





NOTE 38.2.2: CONTRACTUAL MATURITIES OF COMMITMENTS AND CONTINGENCIES

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

December 31 2024	Bank (Nu)					
	On Demand	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years
Contingencies						
Financial guarantees	-	706,611,145	1,528,411,462	958,682,586	980,316,084	69,311
Letter of Credits	230,783,608	231,334,539	206,008,635	-	-	-
Total Contingencies	230,783,608	937,945,684	1,734,420,096	958,682,586	980,316,084	69,311
4,842,217,369						
Commitments						
Undrawn credit card limits	-	-	-	-	-	-
Undrawn OD	52,850,557	540,220,544	3,224,137,128	148,323,457	-	-
Undisbursed other loans & advances	-	1,774,600	5,949,064	27,770,676	-	1,634,618,715
Total Commitments	52,850,557	541,995,144	3,230,086,192	176,094,133	-	1,634,618,715
5,635,644,739						
December 31 2024	Group (Nu)					
	On Demand	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years
Contingencies						
Financial guarantees	-	706,611,145	1,528,411,462	958,682,586	980,316,084	69,311
LCs	230,783,608	231,334,539	206,008,635	-	-	-
Total Contingencies	230,783,608	937,945,684	1,734,420,096	958,682,586	980,316,084	69,311
4,842,217,369						
Commitments						
Undrawn credit card limits	-	-	-	-	-	-
Undrawn OD	52,850,557	540,220,544	3,224,137,128	148,323,457	-	-
Undisbursed other loans & advances	-	1,774,600	5,949,064	27,770,676	-	1,634,618,715
Total Commitments	52,850,557	541,995,144	3,230,086,192	176,094,133	-	1,634,618,715
5,635,644,739						

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December 31 2024	Bank (Nu)					
	On Demand	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years
Contingencies						
Financial guarantees	49,736,544	579,610,386	1,970,775,857	906,489,708	187,458,148	805,180,579
Letter of Credits	112,745,654	100,387,694	221,342,078	83,515,438	-	-
Total Contingencies	162,482,198	679,998,080	2,192,117,935	990,005,146	187,458,148	805,180,579
Commitments						
Undrawn credit card limits	-	-	-	-	-	-
Undrawn OD	13,785,684	342,015,907	2,432,068,186	53,020,295	-	-
Undisbursed other loans & advances	12,054,470	14,445,287	83,051,017	3,995,405	26,467,361	3,336,946,471
Total Commitments	25,840,154	356,461,194	2,515,119,202	57,015,700	26,467,361	3,336,946,471
						6,317,850,082

December 31 2024	Group (Nu)					
	On Demand	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years
Contingencies						
Financial guarantees	49,736,544	579,610,386	1,970,775,857	906,489,708	187,458,148	805,180,579
LCs	112,745,654	100,387,694	221,342,078	83,515,438	-	-
Total Contingencies	162,482,198	679,998,080	2,192,117,935	990,005,146	187,458,148	805,180,579
Commitments						
Undrawn credit card limits	-	-	-	-	-	-
Undrawn OD	13,785,684	342,015,907	2,432,068,186	53,020,295	-	-
Undisbursed other loans & advances	12,054,470	14,445,287	83,051,017	3,995,405	26,467,361	3,336,946,471
Total Commitments	25,840,154	356,461,194	2,515,119,202	57,015,700	26,467,361	3,336,946,471
						6,317,850,082



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NOTE 38.2.3: MATURITY PROFILE OF CASH FLOW**Maturity Gap Analysis**

As at 31 Dec 2024	Bank (Nu)		Group (Nu)	
	Within 12 Months	After 12 Months	Within 12 Months	After 12 Months
Cash & cash Equivalents	5,168,785,811	-	5,168,785,811	-
Cash & Balances with Central Bank	8,135,346,330	-	8,135,346,330	-
Placement with other Banks	250,328,897	-	250,328,897	-
Due From Banks	-	-	-	-
Loans & Advances to Customers	8,361,312,293	78,531,621,162	8,361,312,293	78,531,621,162
Investments in Associates	-	85,976,269	-	223,071,466
Equity Instruments at Fair Value through OCI	-	229,868,212	-	229,868,212
Debt Instruments at Amortized Cost	518,778,212	9,367,276,711	518,778,212	8,932,881,664
Other Financial Assets	-	341,454,634	-	341,454,634
Other Assets	-	279,986,048	-	279,986,048
Investment Property	-	616,873,781	-	616,873,781
Property & Equipment	-	1,842,666,318	-	1,842,666,318
Intangible Assets	-	114,281,871	-	114,281,871
Deferred tax assets	-	-	-	-
Total Assets	22,434,551,544	91,410,005,006	22,434,551,544	91,112,705,158
Liabilities				
Due to Banks	9,123,607,098	14,349,670,145	9,123,607,098	14,349,670,145
Due to Customers	30,381,281,188	11,817,336,616	30,381,281,188	11,817,336,616
Debts Issued & Other Borrowed Funds	81,300,000	1,325,200,000	81,300,000	1,325,200,000
Current Tax Liabilities	-	-	-	-
Retirement benefit plans	-	-	-	-
Proposed Dividend	-	-	-	-
Provisions	20,420,704	-	20,420,704	-
Deferred Income	152,168,092	-	106,634,996	-
Unclaimed Balances	48,838,625	-	48,838,625	-
Other Liabilities	228,937,641	-	228,937,641	-
Total Liabilities	40,036,553,347	27,492,206,761	39,991,020,251	27,492,206,761
Maturity Gap	(17,602,001,803)	63,917,798,245	(17,556,468,708)	63,620,498,396
Cumulative Gap	(17,602,001,803)	46,315,796,442	(17,556,468,708)	46,064,029,689

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As at 31 Dec 2024	Bank (Nu)		Group (Nu)	
	Within 12 Months	After 12 Months	Within 12 Months	After 12 Months
Cash & cash Equivalents	4,202,578,489	-	4,202,578,489	-
Cash & Balances with Central Bank	6,111,581,020	-	6,111,581,020	-
Placement with other Banks	201,358,622	-	201,358,622	-
Due From Banks	-	-	-	-
Loans & Advances to Customers	16,020,515,824	74,770,896,174	16,020,515,824	74,770,896,174
Investments in Associates	-	85,976,269	-	218,827,558
Equity Instruments at Fair Value through P/L	-	240,437,580	-	240,437,580
Equity Instruments at Fair Value through OCI	-	39,561,000	-	39,561,000
Debt Instruments at Amortized Cost	518,778,212	9,367,276,711	518,778,212	8,932,881,664
Other Financial Assets	-	202,843,478	-	202,843,478
Other Assets	-	392,685,233	-	392,685,233
Property & Equipment	-	1,429,793,365	-	1,429,793,365
Intangible Assets	-	97,932,297	-	97,932,297
Deferred tax assets	-	86,024,358	-	51,439,733
Total Assets	27,054,812,167	86,713,426,465	27,054,812,167	86,377,298,083
Liabilities				
Due to Banks	4,296,206,060	14,508,929,262	4,296,206,060	14,508,929,262
Due to Customers	25,951,847,922	10,664,868,539	25,951,847,922	10,664,868,539
Debts Issued & Other Borrowed Funds	530,000,000	-	530,000,000	-
Current Tax Liabilities	403,685,503	-	403,685,503	-
Retirement benefit plans	-	-	-	-
Proposed Dividend	-	-	-	-
Provisions	32,821,949	-	32,821,949	-
Deferred Income	-	-	119,627,099	-
Unclaimed Balances	58,436,252	-	58,436,252	-
Other Liabilities	413,709,278	-	413,709,278	-
Total Liabilities	31,686,706,964	25,173,797,801	31,806,334,062	25,173,797,801
Maturity Gap	(4,631,894,797)	61,539,628,664	(4,751,521,895)	61,203,500,282
Cumulative Gap	(4,631,894,797)	56,907,733,868	(4,751,521,895)	56,451,978,387





NOTE 39: RISK MANAGEMENT (CONTD.)**Currency Risk**

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

Currency	Effect on profit before tax/Equity		
	Change in currency rate (%)	2024	2023
EUR	(+/-) 1%	250,945	328,924
USD	(+/-) 1%	(9,426,206)	(4,339,257)
GBP	(+/-) 1%	247,156	355,866
AUD	(+/-) 1%	440,868	45,598
JPY	(+/-) 1%	295,926	312,358
SGD	(+/-) 1%	331	3,657
HKD	(+/-) 1%	39,625	39,692
CHF	(+/-) 1%	2,711	865
NOK	(+/-) 1%	550	9,385
SEK	(+/-) 1%	-	-
DKK	(+/-) 1%	-	-
CAD	(+/-) 1%	-	-
		(8,148,092)	(3,242,911)

Operational Risk

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

Reputational Risks are not covered in Operational Risk.

Operational Risks of the Bank are mitigated and managed through a Board approved Operational Risk Management Policy control framework which consists of monitoring and responding to potential risks such as segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, Business Continuity Planning etc. Operational Risk Management Unit reports to Group Chief Risk Officer and the Board Risk Management Committee maintains a high level overall supervision of managing Operational Risks of the Bank

R. J. J. *[Signature]*



NOTE 40: DISCLOSURE AS PER BAS 8 - 'ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS'

A. Restatement for the year ended 31 December 2023 and as at 1 January 2023

In accordance with BAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and BAS 1 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31 December 2023 and 1 January 2023 (beginning of the preceding period), Income Statement for the year ended 31 December 2023 and Statement of Cash Flows for the year ended 31 December 2023 for the reasons as stated in the notes below. Reconciliation of financial statement line items which are retrospectively restated are as under:

Particulars	Note	31-Dec-23			1-Jan-23		
		As previously Reported	Adjustment	As restated	As previously Reported	Adjustment	As restated
Loans & Advances to Customers	I.A and I.B	46,358,350,248	(1,344,083,496)	45,014,266,752	40,626,939,378	(491,928,540)	40,135,010,837
Investment Property	II	-	599,821,124	599,821,124	-	531,373,824	531,373,824
Property & Equipment	II	1,429,793,365	(194,124,081)	1,235,669,284	994,214,046	(185,588,085)	808,625,962
Deferred tax assets	III	86,024,358	202,209,508	288,233,867	330,042,416	17,587,287	347,629,704
Other assets		18,559,612,534	-	18,559,612,534	18,177,367,779	-	18,177,367,779
Total Assets		66,433,780,505	(736,176,944)	65,697,603,561	60,128,563,619	(128,555,514)	60,000,008,106
Revenue Reserve		(11,456,127)	(736,176,944)	(747,633,072)	1,068,921	(128,555,514)	(127,486,592)
Other Reserves		3,344,680,924	-	3,344,680,924	3,107,811,424	-	3,107,811,424
Equity		4,882,192,450	-	4,882,192,450	3,950,323,110	-	3,950,323,110
Total Liabilities		58,218,363,259	-	58,218,363,259	53,069,360,164	-	53,069,360,164
Total Equities and Liabilities		66,433,780,505	(736,176,944)	65,697,603,561	60,128,563,619	(128,555,514)	60,000,008,106

B. Reconciliation of Income Statement for the year ended 31 December 2023

Particulars	Note	31-Dec-23		
		As previously Reported	Adjustment	As restated
Interest & Similar Income	IA and IB	5,003,599,112	(12,045,695)	4,991,553,417
Interest & Similar Expense	IB	2,931,012,233	95,383,267	3,026,395,500
Net interest income		2,072,586,879	(107,428,962)	1,965,157,917
Fee and commission income		192,175,518	-	192,175,518
Fee and commission expenses		38,563,101	-	38,563,101
Net fee and commission income		153,612,417	-	153,612,417
Other Operating Income	II	549,736,543	59,911,304	609,647,847
Share of Profit/(Loss) from Associates		-	-	-
Total operating income		2,775,935,840	(47,517,659)	2,728,418,181
Personnel Expenses		500,178,061	-	500,178,061
Depreciation on Property Plant & Equipment		89,506,861	-	89,506,861
Amortization of Intangible Assets		48,860,593	-	48,860,593
Other Operating Expenses		171,512,120	-	171,512,120

Particulars	Note	31-Dec-23		
		As previously Reported	Adjustment	As restated
Impairment charges/(reversal) for loans and other losses	IA	(449,237,999)	744,725,993	295,487,994
Total Operating Expenses		360,819,636	744,725,993	1,105,545,628
Profit Before Tax from Continuing Operations		2,415,116,204	(792,243,652)	1,622,872,552
Income Tax Expense	III	639,949,697	(184,622,221)	455,327,476
Profit For the Year		1,775,166,507	(607,621,431)	1,167,545,077

C. Reconciliation of Income Statement for the year ended 31 December 2023

Particulars	Note	31-Dec-23		
		As previously Reported	Adjustment	As restated
Cash flows from operating activities				
PBT		2,415,116,204	(792,243,652)	1,622,872,552
Adjustment for:		-	-	-
Depreciation and Amortisation		138,367,454	-	138,367,454
Profit on Sale of PPE		(23,994)	-	(23,994)
Income from RGOB Bonds		(344,751,120)	-	(344,751,120)
Provisions for gratuity		-	-	-
Income From AFS Financial Investments		-	-	-
Income From Investments in Associates		(16,205,451)	-	(16,205,451)
Income on fair valuation of investment properties		-	(59,911,304)	(59,911,304)
Interest on Borrowings		29,917,808	-	29,917,808
Interest on lease liability		4,171,882	-	4,171,882
Fair Valuation of FEIF Accounts		-	95,383,267	95,383,267
Impairment Charges for Loans and advances and other write-offs		(449,237,999)	744,725,993	295,487,994
Operating profit before changes in operating assets & liabilities		1,777,354,783	(12,045,695)	1,765,309,088
DBO Movement		(12,631,896)	-	(12,631,896)
Placement with other Banks		(105,668)	-	(105,668)
Loans & receivables from customers		(5,278,366,694)	12,045,695	(5,266,320,999)
Other assets		399,789,867	-	399,789,867
		(4,891,314,391)	12,045,695	(4,879,268,695)
Increase / (decrease) in operating liabilities				
Due to customers		3,542,779,943	-	3,542,779,943
Due to banks & Financial Institutions		1,927,074,880	-	1,927,074,880
Other liabilities		(440,757,559)	-	(440,757,559)
Deferred Tax Liability		-	-	-
Unclaimed Balances		18,272,714	-	18,272,714
Deferred Income		(18,609,062)	-	(18,609,062)
Provisions		(1,039,812)	-	(1,039,812)
		5,027,721,103	-	5,027,721,103



Particulars	Note	31-Dec-23		
		As previously Reported	Adjustment	As restated
Net cash generated from/(used in) operating activities before income tax		1,913,761,496	(0)	1,913,761,496
Income tax paid		(361,276,396)	-	(361,276,396)
Net cash generated from/(used in) operating activities		1,552,485,099	(0)	1,552,485,099
Cash flows from investing activities				
Investment in Bonds		(3,284,211,000)	-	(3,284,211,000)
Net proceeds from sale, maturity and purchase of available for sale investments		(66,801,652)	-	(66,801,652)
Income from investments		-	-	-
Income from Investment in subsidiaries/ Associates		16,205,451	-	16,205,451
Revaluation of AFS		-	-	-
Investment in Subsidiary		-	-	-
Purchase of Investment Property		-	(8,535,996)	(8,535,996)
Purchase of property plant and equipment		(525,062,240)	8,535,996	(516,526,244)
Purchase of intangible assets		(59,578,282)	-	(59,578,282)
Income from RGOB Bonds		344,751,120	-	344,751,120
Net cash flows used in investing activities		(3,574,696,604)	(0)	(3,574,696,604)
Cash flows from financing activities				
Interest Paid on borrowings		(29,917,808)	-	(29,917,808)
Movement in Debt and other Borrowed Funds		(82,192)	-	(82,192)
Issuance of Share capital and Changes in Share premium		-	-	-
Lease payment		(21,041,512)	-	(21,041,512)
Dividend paid		(538,991,631)	-	(538,991,631)
Net cash generated from financing activities		(590,033,143)	-	(590,033,143)
Net cash generated / (used in) during the year		(2,612,244,648)	(0)	(2,612,244,648)
Cash and cash equivalents at the beginning of the year		12,932,690,132	-	12,932,690,132
Cash and cash equivalents at the end of the year		10,320,445,484	(0)	10,320,445,484
Reconciliation of Cash & cash equivalent				
Cash & Cash equivalent (LCY)		2,536,807,293	-	2,536,807,293
Cash & Cash equivalent (FCY)		1,672,057,172	-	1,672,057,172
Balances with Central Bank of Bhutan (RMA)		6,111,581,020	-	6,111,581,020
Allowance for Expected Credit Loss		(6,285,975)	-	(6,285,975)
Cash & cash equivalent		10,314,159,509	-	10,314,159,509

I. A As per directions of RMA, the bank has provided COVID-19 related deferment to its customers during the period April 2020 and June 2022. However, due to manual calculation, the overdue days used for classifying loans as overdue and determining Expected Credit Loss (ECL) was not correct. As a result, overdue loans were incorrectly classified as of December 31, 2022, and December 31, 2023, by Nu 1,422 and Nu 1,482, respectively. This misclassification led to an understatement of ECL provisions by NU 290 million as of December 31, 2022, and by NU 745 million during the year ended December 31, 2023, in the Bank's books (NG 1,035 million as on 31 December 2023).

The bank has rectified the same during current year with corresponding changes in the previous periods by restating the previous years financial statements.

I.B As part of its COVID-19 relief measures, the RMA directed financial institutions to convert the unpaid interest portion of loans during the deferment period into separate FEIF accounts. These FEIF accounts are to be repaid in equal instalments over the period specified in the RMA directives, with no interest charged. As per requirements of BFRS 9, such financial assets should be recorded at fair value on the transaction date. However, FEIF accounts were not fair valued as of December 31, 2022, and December 31, 2023. As a result, the FEIF accounts were overstated by NU 178 Million and NU 125 million as of December 31, 2023 and January 1, 2023 respectively. The Bank has rectified this issue during the year by restating its prior-period financial statements as on 1st Jan 2022 and 31st December 2023.

II. The land properties which were possessed from the customers was wrongly classified under Property Plant and Equipments instead of investment properties as per "BAS 40 - Investment Properties". The bank has classified these lands as investment properties during the current year and with restatement of previous year financials disclosing these assets as investment property. Further as required under BAS-40, these Investment Properties are required to be fair valued with corresponding impact in income statement.

The Bank has restated its prior period financial statements by reclassifying these land as investment properties and retrospectively applying fair valuation to these properties.

III. Defferred Tax impact on above adjustments have been recorded in the respective period.

R. Singh

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NOTE 41: RMA DISCLOSURES**41.1 Qualitative Disclosures****41.1.1 Capital Adequacy Ratio**

The capital structure of bank is rigorously regulated by the RMA due to potential systemic risk associated with bank failures. This is driven by the potential impact on depositors and the consequent cost of bail-outs by the government.

Aligned with the Basel Framework, our bank emphasizes risk management by connecting the bank's business profile to its real risk profile and, consequently, to regulatory capital. This ensures an automatic adjustment of the business profile to regulatory capital. The bank has established risk appetite and tolerance limits for capital adequacy, along with a thorough process for evaluating and monitoring the CAR ratio in accordance with statutory requirements.

The bank upholds a capital adequacy ratio of no less than 12.5% (as mandated by RMA) concerning total risk-weighted assets. Additionally, the bank maintains a core capital adequacy ratio of at least 7.5%, in accordance with RMA Prudential Regulations. The bank's Compliance Division computes and monitors these ratios every month, ensuring prompt reporting to Senior Management, the Board, and the RMA.

The bank's capital comprises Tier 1, serving as core capital, and Tier 2, functioning as supplementary capital. Tier 1 capital includes paid-up capital, general reserves, and retained earnings. There has been a 10.52% increase in Tier 1 capital compared to the previous year (which saw a 1.81% increase). The increase in the Tier 1 capital is due to the financial reinstatement requirements and corrections made to prior-period reporting.

The Tier 2 capital consists of Exchange Fluctuation Reserve, General Provisions, Reserve for Loan Loss and Subordinated Debts which was reduced 20% as per PR. Tier 2 capital has increased by 103.30% (PY decreased by 12.70%). The increase is largely driven by a substantial rise in subordinated debt. Additionally, the general provision rose by 15.07% during the period.

The capital adequacy ratio as on the reporting date stands at 14.89% as compared to 13.56%,

in the previous year.

41.1.2 Risk Governance Structure

The Bank has an integrated risk management policy in place which provides a framework for risk identification, measurement, controlling, monitoring, mitigating and reporting through proper tools and methodologies. The major categories of risks that the policy emphasizes are credit risk, market risk, operational risk and the liquidity risk. These risks are addressed through board approved policies and tolerance limits which are monitored and reported regularly. The risk governance structure is defined in three tiers, namely the Board level Committee, Management Level Committee and Functional Risk Organization. Under Functional Risk Organization, the Bank has Risk Management Department (RMD) which consists of three sub units, namely, Credit Risk Management Unit, Market Risk Management Unit and Operational Risk Management Unit. While presently these Units are not created in the Bank separately but managed together under RMD, the Bank will be instituting Independent units for dedicated and focused risk management in the near future.

41.1.2.1 Credit Risk Management

It refers to the potential for loss resulting from a borrower's or counterparty's failure to fulfil its obligations, including principal and interest payments, as per the agreed terms and conditions of the credit, whether on or off the balance sheet. Decline in counterparty creditworthiness or market volatility may result in potential credit related losses for the Bank. The Bank evaluates credit risk both at the portfolio level and at the individual exposure/ counterparty level. Credit Risk Management endeavors are focused on optimizing the Bank's risk-adjusted return by overseeing credit risk exposure within predetermined thresholds. Additionally, a distinct Credit Manual delineating the Bank's Credit Policy and Procedures is available for the guidance of staff engaged in credit review and approval tasks.

The Bank has embraced effective credit risk management tools and techniques to mitigate potential adverse effects of credit risk. A well-defined credit approval process and approval hierarchy have been devised and put into




practice, addressing all necessary activities and steps to ensure adherence to credit principles and standards. Additionally, the Bank has established and enacted a comprehensive internal credit rating system, which plays a crucial role in the credit origination and monitoring process. This internal credit rating system evaluates the creditworthiness of clients for loan approval by evaluating their financial risk, management risk, business risk, and industry risk.

Non-performing Loans & Provisioning

The Bank has categorized its loans and advances as non-performing, adhering to the definition outlined in section 4.5 of the RMA Prudential Regulation 2024 and following the directives on Monetary Measures issued by the RMA. In the current year, the gross NPL stands at 4.75% and net NPL stands at 0.65% as against 5.79% and 1.58% respectively in the previous year. The gross non-performing loan has decreased by 7.70% whereas in the previous year the decrease was 3.50%. A General provision of 1% applies to exposures classified under Standard, while 1.5% is allocated for those categorized under Watch. Moreover, the bank has allocated 5% additional provisions for deferred loans in high-risk sectors to mitigate associated risks post deferment as instructed by the central bank. Specific provisions of 20%, 50%, and 100% are set aside for term Loans and Overdraft/working Capital/devolved LCs classified under sub-standard, doubtful, and Loss/litigation/suspended categories, respectively. The general provision provided by the Bank has increased by 15.07% (PY 14.30% increase) and specific provision has increased by 9.66% (PY decreased by 2.41%) over the previous year.

41.1.2.2 Operational Risk Management

It is the risk of losses arising from failed internal processes, systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The bank implemented a comprehensive Operational Risk Management Framework from September 2019.

The Operational Risk of the Bank are mitigated and managed through a Board approved Operational Risk Management Policy Framework, which consists of monitoring

and responding to potential risks such as segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, Business Continuity Planning etc.

The operational risk management framework has been devised based on Basel II seven risk events.

- i. Internal fraud
- ii. External fraud
- iii. Employment malpractices and workplace safety risk.
- iv. Clients, products and business
- v. Damage to physical assets
- vi. Business disruption and system failures
- vii. Execution, delivery and process management

Operational risk assessment is conducted using the Risk Control and Self-Assessment (RCSA) framework, which incorporates Key Risk Indicators (KRIs) and Loss Data Reports tailored to the seven Risk Categories relevant to the bank's various functions. These reports are prepared and compiled at the Department/Branch level and submitted to the Risk Department on a monthly or quarterly basis. Upon receiving reports from these units, the Risk Team analyses and consolidates them at the bank level. Once consolidated, the reports are presented to the Executive Risk Management Committee (ERMC) and subsequently to the Board Risk Management Committee (BRMC) on a monthly or quarterly basis, as applicable, for discussion and directives. These reports enable the bank to assess residual risks and devise corrective measures based on the evaluation and findings. In the event where there are deficiencies in system or process improvement requirements, subsequent controls and mitigating measures are suggested or recommended for development and compliance, as applicable.

41.1.2.3 Market Risk Management

The Basel Committee on Banking Supervision defines market risk as the potential for losses in on-balance sheet or off-balance sheet positions resulting from fluctuations in market prices. In essence, market risk refers to the possibility of financial investment losses due to unfavorable price movements.

Market risk is the primary risk faced by banks involved in investment banking. At present, the principal driver of market risk for BNBL is foreign

currency exposure. The Bank has established a tolerance limit for 'forex net open positions', which is subject to regular monitoring. Moreover, the Bank has adopted a capital computation methodology for market risk in line with the Basel II approach by implementing a framework for managing market risk.

41.1.2.4 Liquidity Risk Management

Liquidity risk refers to the possibility that an entity may not be able to meet its financial obligations when they become due without incurring unacceptable losses. It arises when there is a shortage of liquidity or funding to cover liabilities or when assets cannot be easily converted into cash to meet obligations. The Bank oversees and tracks liquidity risk by

adhering to board-approved tolerance limits for key risk indicators, including the credit-to-deposit ratio, ratio of top ten depositors to total depositors, and liquidity gap ratios across various time buckets (inflow and outflow of funds). Additionally, it monitors compliance with the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements as stipulated by the RMA.

41.2 Quantitative Disclosure

The disclosures are as per the requirements under section 3.2.2 of Macro-prudential rules and regulations-Disclosure Requirements and the figures are under GAAP presented in '000' Ngultrum unless specified.

Item 1: Tier 1 Capital and its sub-components

Sl.No		Current Period	COPPY
1	Total Tier 1 Capital	7,550,392	6,831,867
a	Paid-Up Capital	4,882,192	4,882,192
b	General Reserves	2,521,074	2,737,275
c	Share Premium Account	-	-
d	Retained Earnings	150,359	(787,601)
Less:-			
e	Losses for the Current Year		
f	Buyback of FI's own shares		
g	Holdings of Tier 1 instruments issued by FIs	(3,233)	

Item 2: Tier 2 Capital and its sub-components

Sl.No		Current Period	COPPY
1	Tier II Capital	1,877,283	923,387
a	Capital Reserve		
b	Fixed Assets Revaluation Reserve		
c	Exchange Fluctuation Reserve	236,662	233,565
d	Bond Redemption Reserve	-	-
e	Research and Development Fund	-	-
f	Reserve for Loan Loss	92,658	117,273
g	General Provision	628,237	545,974
h	Capital Grants	-	-
i	Subordinated Debt	1,000,000	500,000
j	Less: amount of subordinated debt to be reduced from Tier II capital	(80,274)	(473,425)
k	Profit for the Year		

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Item 3: Risk-weighted Assets (CURRENT YEAR AND COPPY)**CURRENT YEAR**

Sl.No	Assets	Balance Sheet Amount	Risk Weight %	Risk Weighted Asset
1	Zero-Risk Weighted Assets	16,012,709	0%	-
2	20% Risk Weighted Assets	4,355,873	20%	871,175
3	50% Risk Weighted Assets	2,716,597	50%	1,358,299
4	100% Risk Weighted Assets	56,619,067	100%	56,619,067
5	150% Risk Weighted Assets	468,417	150%	702,626
6	Operational Risk	3,777,732		3,777,732

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Sl.No	Assets	Balance Sheet Amount	Risk Weight %	Risk Weighted Asset
1	Zero-Risk Weighted Assets	14,155,910	0%	-
2	20% Risk Weighted Assets	2,617,633	20%	523,527
3	50% Risk Weighted Assets	3,145,050	50%	1,572,525
4	100% Risk Weighted Assets	51,948,301	100%	51,948,301
5	Operational Risk	3,072,828		3,072,828
6	Operational Risk	3,777,732		3,777,732

Item 4: Capital Adequacy Ratio

Sl.No		Current Period	COPPY
1	Tier 1 Capital	7,550,392	6,831,867
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		
2	Tier 2 Capital	1,877,283	923,387
3	Total Qualifying capital	9,427,039	7,742,563
4	Core CAR	11.92%	11.96%
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		
5	CAR	14.89%	13.56%
6	Leverage Ratio	9.36%	9.51%

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Item 5: Loans and NPL by Sectoral Classifications

Sl.No	Sector	Current Period		Copp	
		Total Loans	NPL	Total Loans	NPL
a.	Agriculture and Livestock	67,040	20,634	75,473	48,469
b.	Production & Manufacturing	5,482,258	430,587	3,463,286	193,386
c.	Hotel and Tourism Sector	10,285,439	254,265	8,785,629	72,791
d.	Service Sector	2,890,224	237,720	2,703,980	408,340
e.	Trade and Commerce	7,478,569	525,728	6,288,112	565,693
f.	Housing Sector	18,370,573	441,504	17,045,498	398,171
g.	Transport Loans	2,833,848	308,558	3,226,007	452,799
h.	Loans for Shares and Securities	445,915	-	397,896	7,461
i.	Personal Loans	1,748,760	44,505	1,633,527	41,810
j.	Education Loans	693,785	3,054	1,090,921	-
k.	Loan Against Term Deposits	624,431	-	792,189	-
l.	Loans to Financial Service Providers	10,040	-	5,281	-
m.	Mining and Quarrying	1,227,696	74,895	668,322	242,660
n.	Staff Incentive Loans	519,587	535	517,271	4,614
o.	Forestry and Logging	44,147	-	29,363	11,943
p.	Loans to Contractors	2,804,061	284,684	2,642,162	401,846
q.	Credit Cards	10,060	10,060	6,805	6,805
r.	Others	25,786	-	-	-

Item 6: Loans (Over-draft and term loans) by type of counter-party

S.No	Counter- party	Current Period	Copp
1	Overdrafts	10,266,169	9,234,411
a.	Governments		-
b.	Governments Corporation		51,046
c.	Public Companies		-
d.	Private Companies	10,134,763	9,144,024
e.	Individuals	121,366	39,340
f.	Commercial Banks		-
g.	Non-Bank Financial Institutions	10,040	-
2	Term Loans	45,296,050	40,092,284
a.	Governments	301	-
b.	Governments Corporation	782,042	-
c.	Public Companies		83
d.	Private Companies	43,628,658	13,941,308
e.	Individuals	885,049	26,145,501
f.	Commercial Banks		112
g.	Non-Bank Financial Institutions		5,281

Item 7: Assets (net of provisions) and Liabilities by Residual Maturity (Current Period)

As of period ending 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	9,664,227	-	-	-	-	-	-	9,664,227
Govt. Securities	-	-	-	-	-	1,006,086	5,765,114	6,771,200
Investment securities	-	-	-	3,698,937	-	-	390,773	4,089,710
Loans & advances to banks	-	-	-	-	-	-	-	-
Loans & advances to customers	149,856	837,806	1,586,349	2,039,007	3,031,835	3,471,235	42,153,863	53,269,951
Other assets	97,023	2	243,509	28,398	-	32,674	1,589,206	1,990,812
TOTAL	9,911,105	837,808	1,829,858	5,766,342	3,031,835	4,509,995	49,898,955	75,785,898
Amounts owed to other banks ***	488,647	4,612,814	700,962	515,328	513,279	-	196,452	7,027,482
Demand deposits	5,619,147	-	-	-	-	-	-	5,619,147
Savings deposits	14,917,388	-	-	-	-	-	-	14,917,388
Time deposits	(6,376)	954,914	2,571,658	2,079,815	2,387,874	4,378,394	25,892,396	38,258,674
Bonds & other negotiable instruments	-	-	-	-	-	-	1,032,631	1,032,631
Other liabilities	368,267	263,700	16,174	20,929	32,686	34,794	8,194,028	8,930,577
TOTAL	121,387,072	5,831,428	3,288,793	2,616,072	2,933,838	4,413,188	35,315,507	75,785,898
Assets/Liabilities	0.46	0.14	0.56	2.20	1.03	1.02	1.14	1.00
Net Mismatch in each Time Interval	(11,475,967)	(4,993,620)	(1,458,935)	3,150,270	97,997	96,807	14,583,448	0
Cumulative Net Mismatch	(11,475,967)	(16,469,586)	(17,928,522)	(14,778,251)	(14,680,255)	(14,583,448)	0	0

Assets (net of provisions) and Liabilities by Residual Maturity (COPPY)

As of period ending 31.12.2023	On demand	1-30 days	31- 90 days	91- 180 days	181- 270 days	271- 365 days	Over 1 year	Total
Cash in hand	8,078,028	-	-	-	-	-	-	8,078,028
Govt. Securities	-	-	-	-	-	-	6,772,244	6,772,244
Investment securities	-	-	-	2,443,930	-	116,896	184,110	2,744,936
Loans & advances to banks	-	-	-	-	-	-	-	-
Loans & advances to customers	147,658	648,818	1,648,133	1,815,452	2,775,874	3,074,053	37,152,438	47,262,426
Other assets	121,992	53	118,568	38,350	-	141,508	1,514,514	1,934,984
TOTAL	8,347,678	648,871	1,766,701	4,297,732	2,775,874	3,332,457	45,623,306	66,792,618
Amounts owed to other banks	427,019	1,860,049	750,378	-	-	-	15,246	3,052,692
Demand deposits	4,552,134	-	-	-	-	-	-	4,552,134
Savings deposits	14,180,896	-	-	-	-	-	-	14,180,896
Time deposits	-17,369	1,082,481	1,991,931	1,955,865	1,448,281	3,060,987	25,467,092	34,989,269
Bonds & other negotiable instruments	-	-	-	521,945	-	-	-	521,945
Other liabilities	579,589	1,161,894	16,800	18,235	29,533	29,819	7,659,813	9,495,682
TOTAL	19,722,269	4,104,424	2,759,109	2,496,045	1,477,814	3,090,806	33,142,151	66,792,618
Assets/Liabilities	0.4	0.2	0.6	1.7	1.9	1.1	1.4	1.0
Net Mismatch in each Time Interval	(11,374,591)	(3,455,553)	(992,408)	1,801,686	1,298,060	241,651	12,481,155	0
Cumulative Net Mismatch	(11,374,591)	(14,830,145)	(15,822,553)	(14,020,866)	(12,722,806)	(12,481,155)	0	0

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

As of period ending 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	9,664,227	-	-	-	-	-	-	9,664,227
Govt. Securities	-	-	-	-	-	-	6,771,200	6,771,200
Investment securities	-	-	-	3,649,015	-	49,922	390,773	4,089,710
Loans & advances to banks	-	-	-	-	-	-	-	-
Loans & advances to customers	783,583	878,165	1,620,689	2,070,309	3,055,782	3,372,584	41,488,838	53,269,951
Other assets	97,023	2	243,509	28,398	-	32,674	1,589,206	1,990,812
TOTAL	10,544,833	878,167	1,864,198	5,747,723	3,055,782	3,455,180	50,240,016	75,785,898
Amounts owed to other banks	488,647	5,111,699	-	202,077	-	1,028,607	196,452	7,027,482
Demand deposits	5,619,147	-	-	-	-	-	-	5,619,147
Savings deposits	14,917,388	-	-	-	-	-	-	14,917,388
Time deposits	(11,256)	2,322,487	-	1,182,874	170,175	5,056,654	29,537,739	38,258,674
Bonds & other negotiable instruments	-	-	-	-	-	-	1,032,631	1,032,631
Other liabilities	366,795	254,309	4,746	439	1,857	14,998	8,287,432	8,930,577
TOTAL	21,380,720	7,688,496	4,746	1,385,389	172,032	6,100,259	39,054,255	75,785,898
Assets/Liabilities	0	0	393	4	18	1	1	1
Net Mismatch in each Time Interval	(10,835,888)	(6,810,329)	1,859,452	4,362,333	2,883,750	(2,645,079)	11,185,761	0
Cumulative Net Mismatch	(10,835,888)	(17,646,217)	(15,786,765)	(11,424,432)	(8,540,682)	(11,185,761)	0	0

Assets (net of provisions) and Liabilities by Residual Maturity (COPPY)

As of period ending 31.12.2023	On demand	1-30 days	31- 90 days	91- 180 days	181- 270 days	271- 365 days	Over 1 year	Total
Cash in hand	8,078,028	-	-	-	-	-	-	8,078,028
Govt. Securities	-	-	-	-	-	-	6,772,244	6,772,244
Investment securities	-	-	-	2,443,930	-	-	301,006	2,744,936
Loans & advances to banks	-	-	-	-	-	-	-	-
Loans & advances to customers	693,005	662,876	1,824,546	1,862,746	2,852,741	3,067,126	36,299,387	47,262,426
Other assets	121,992	53	118,568	38,350	-	141,508	1,514,514	1,934,984
TOTAL	8,893,025	662,929	1,943,113	4,345,025	2,852,741	3,208,634	44,887,151	66,792,618
Amounts owed to other banks	427,019	1,952,855	-	657,573	-	-	15,246	3,052,692
Demand deposits	4,552,134	-	-	-	-	-	-	4,552,134
Savings deposits	14,180,896	-	-	-	-	-	-	14,180,896
Time deposits	-17,728	729,466	-	603,758	262,773	1,188,897	32,222,103	34,989,269
Bonds & other negotiable instruments	-	-	-	-	-	-	521,945	521,945
Other liabilities	578,513	1,156,118	8,893	596	730	12,071	7,738,760	9,495,682
TOTAL	19,720,834	3,838,439	8,893	1,261,927	263,503	1,200,968	40,498,055	66,792,618
Assets/Liabilities	0	0	219	3	11	3	1	1
Net Mismatch in each Time Interval	(10,827,809)	(3,175,510)	1,934,220	3,083,099	2,589,238	2,007,666	4,389,096	0
Cumulative Net Mismatch	(10,827,809)	(14,003,319)	(12,069,099)	(8,986,000)	(6,396,762)	(4,389,096)	0	0

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Item 9: Assets and Liabilities by time-to-re-pricing December 2022

Omitted as it was not mandatory under the RMA regulations.

Item 10: Non-Performing Loans and Provisions

SI No	Particulars	Current Period	COPPY
1	Amount of NPLs (Gross)	2,636,728	2,856,787
a.	Substandard	509,372	620,507
b.	Doubtful	767,986	658,457
c.	Loss	1,359,370	1,577,822
2	Specific Provisions	1,988,003	1,812,881
a.	Substandard	59,794	118,094
b.	Doubtful	317,029	307,003
c.	Loss	1,611,180	1,387,785
3	Interest - in -Suspense	304,266	296,415
a.	Substandard	11,871	30,039
b.	Doubtful	41,984	44,452
c.	Loss	250,411	221,924
4	Net NPLs	344,459	1,043,905
a.	Substandard	437,707	502,414
b.	Doubtful	408,973	351,454
c.	Loss	(502,221)	190,037
5	Gross NPLs to Gross Loans	4.75%	5.79%
6	Net NPLs to Net Loans	0.65%	1.58%
7	General Provision	628,237	545,974
a.	Standard	558,283	459,820
b.	Watch	69,954	86,153

Item 11: Assets and Investments

SI No	Investment	Current Period	COPPY
1	Marketable Securities (Interest Earning)		
a	RMA Securities	-	-
b	RGOB Bonds/Securities	6,687,999	6,687,999
c	Corporate Bonds		115,332
d	Others		
	Sub-total	6,687,999	6,803,331
2	Equity Investments		
	Public Companies	120,110	180,877
	Private Companies	-	-
	Commercial Banks	69,302	2,500
	Non-Bank Financial Institutions	40,294	40,294
	Less		
i	Specific Provisions	-	-
3	Fixed Assets		





SI No	Investment	Current Period	COPPY
j	Fixed Assets (Gross)	2,353,472	2,173,808
	Less		
k	Accumulated Depreciation	884,972	753,155
l	Fixed Assets (Net Book Value)	1,468,499	1,420,653

Item 12: Foreign Exchange assets and liabilities (CURRNT PERIOD AND COPPY)
CURRENT PERIOD

Currency	Liquid Foreign Currency Holdings (Up to one week)			Long Term Foreign Currency Holdings (More than One week)			Nu. In thousands	
	Assets in Foreign Currency	Liabilities in Foreign Currency	Net Short Term Position	Assets in Foreign Currency	Liabilities in Foreign Currency	Long Term Net Position	OVERALL NET POSITION	Overall Net Position/Core Capital
	1	2	3 = 1 - 2	4	5	6 = 4 - 5	7 = 3 + 6	8
USD	926,377	1,975,406	1,049,028	188,276		188,276	1,237,304	16.39
SG \$	3,963		-3,963			-	-3,963	-0.05
EURO	26,823	5,972	-20,851			-	-20,851	-0.28
AUD	29,489	15,256	-14,233			-	-14,233	-0.19
CAD	271		-271			-	-271	-0.00
HKD	55		-55			-	-55	-0.00
GBP	23,854	0	-23,854			-	-23,854	-0.32
NOK	-		-			-	-	-
DKK	-		-			-	-	-
CHF	33		-33			-	-33	-0.00
JPY	854	552	-302			-	-302	-0.00
INR	-6,687	55,012	61,699	47,478		47,478	109,177	1.45
SEK	-		-			-	-	-

COPPY

Currency	Liquid Foreign Currency Holdings (Up to one week)			Long Term Foreign Currency Holdings (More than One week)			Nu. In thousands	
	Assets in Foreign Currency	Liabilities in Foreign Currency	Net Short Term Position	Assets in Foreign Currency	Liabilities in Foreign Currency	Long Term Net Position	OVERALL NET POSITION	Overall Net Position/Core Capital
USD	1,037,894	1,376,838	338,944	183,150		183,150	522,094	6.71
SG \$	3,969	-	-3,969			-	-3,969	-0.05
EURO	33,644	3,572	-30,072			-	-30,072	-0.39
AUD	23,988	918	-23,070			-	-23,070	-0.30
CAD	86	-	-86			-	-86	-0.00
HKD	938	-	-938			-	-938	-0.01
GBP	35,347	0	-35,347			-	-35,347	-0.45
NOK	-	-	-			-	-	-
DKK	-	-	-			-	-	-
CHF	366	-	-366			-	-366	-0.00
JPY	4,539	-	-4,539			-	-4,539	-0.06
INR	393,163	2,517	-390,646			-	-390,646	-5.02
SEK						-	-	-

Item 13: Geographical Distribution of Exposures

	Domestic		India		Other	
	Current Period	COPPY	Current Period	COPPY	Current Period	COPPY
Demand Deposits held with other banks	135,614	39,308	-49,036	348,321	919,089	1,069,004
Time deposits held with other banks	3,650,000	2,258,942	47,478		188,276	184,988
Borrowings	1,032,631	521,945				

Item 14: Credit Risk Exposures by collaterals

Sl.No	Particular	Current Period	COPPY
1	Secured Loans	53,798,179	49,352,476
a.	Loans secured by physical/real estate collateral	34,331,473	48,092,442
b.	Loans secured by financial collateral	19,466,705	1,260,034
c.	Loans secured by guarantees	-	
2	Unsecured Loans	1,764,041	19,247
3	Total Loans	55,562,220	49,371,722

Item 15: Earnings Ratios

Sl.No	Ratio	Current Period	COPPY
1	Interest Income as a percentage of Average Assets	7.71%	8.23%
2	Non-interest income as a percentage of Average Assets	0.68%	1.22%
b.	Operating Profit as a percentage of Average Assets	3.95%	4.70%
c.	Return on Assets	1.24%	1.71%
2	Business (Deposits plus advances) per employee	229,093	190,038
3	Profit per employee	1,806	2,111

Item 16: Penalties imposed by RMA to the Bank in the past period

Sl. No	Current Period (Year for which the disclosure is being made)	Corresponding period of the previous year (COPPY)		
	Reason for Penalty Imposed	Penalty Imposed	Reason for Penalty Imposed	Penalty Imposed
1	Non-compliance in Foreign Exchange Rules and Regulations	4560	Being penalty imposed on BNBL for violation of Section 10.6 of the BCP Guidelines 2022	2152
2			Being penalty imposed by court for delaying in transfer of ownership	23

Item 17: Customer Complaints

Sl.No	Current Period	Current Period	COPPY
1	No. of compliants pending at the beginning of the year	0	0
2	No. of compliants received during the year	115	3352
3	No. of compliants redressed during the year	109	3352
4	No. of compliants pending at the end of the year	6	0

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Item 18: Provisioning Coverage Ratio

- Omitted as it was not mandatory under the RMA regulations.

Item 19: Concentration of Credit and Deposits

Sl.No	Particular	End of Current Period	COPPY
1	Total Loans to 10 Largest borrowers	9,343,178	7,916,884
2	As % of total loans	15.46%	16.04%
3	Total deposits of the 10 Largest depositors	9,205,000	20,905,345
4	As % of total deposits	14.42%	38.17%

Item 20: Exposure of five largest NPL Accounts

Sl.No	Particular	End of Current Period	COPPY
1	Five Largest NPL Accounts	336,438	376,798
2	As % of total NPLs	12.76%	13.19%

Item 21: Disclosure as per NPL Rules and Regulations

Sl No	Particulars	Current Period		COPPY	
		Number of Accounts	Amount	Number of Accounts	Amount
1	Loan Restructured	53	289,702.68	59	288,844.15
2	Asset Pending Foreclosure	30	92,657.83	37	117,521.19
3	Charged off Loans	344	1,562,489.75	365	1,393,846.99

NOTE 42: CHANGE IN ACCOUNTING POLICY

During the current reporting period, the Bank has adopted a change in accounting policy regarding the measurement of building from the revaluation model to the cost model in accordance with the applicable Bhutanese accounting standards.

Under the revaluation model, building was previously measured at fair value at the date of revaluation, with any increases recognized in revaluation reserve and depreciation is charged on the revalued value of building. The cost model, on the other hand, measures building at its historical cost less any accumulated impairment losses. The change in accounting policy was made to enhance the reliability and consistency of financial reporting. The Bank believes that the cost model provides more relevant information by reflecting the historical cost of building and reduces the volatility associated with fair value assessments, which can be subject to significant estimation uncertainty.

As per the fair valuation of building carried out by an inhouse valuer, the fair value of building was Nu. 760.02 million as on 31st December, 2024. Had the company continued to use revaluation model, the value of building and revaluation reserve would have been higher by Nu. 84.02 million as on 31st December 2024 and annual depreciation of the future years, to be charged to the Income Statement, would have been higher by Nu. 2.52 million p.a.



ANNEXURE - I

RATIO ANALYSIS

Particulars	Previous GAAP		BAS	
	Current Period	COPPY		
Deposit (bn)	65.82	56.77	65.67	56.67
Gross Loans & Advances (bn)	55.56	49.37	54.85	48.90
Gross Loans & Advances including charge off loans	57.12	50.77	56.41	50.29
Total Business (bn)	121.38	106.15	120.52	105.56
Total Business per Employee(mn)	232.98	193.70	231.33	192.64
Deposit Growth	15.94%	10.58%	15.89%	10.68%
Loan Growth	12.54%	10.39%	12.18%	11.01%
CD Ratio	84.41%	86.96%	83.52%	86.29%
Interest income on loans & advances to Customers	4.96	4.53	4.97	4.52
Interest Expenses on deposits	2.98	2.85	2.93	2.89
Interest Expenses/Deposits	4.52%	5.02%	4.46%	5.10%
Interest Income/Loans	8.92%	9.17%	9.06%	9.23%
Interest Spread	4.40%	4.14%	4.59%	4.13%
PAT per Employee (mn)	1.81	1.62	1.01	2.13
Earning per Share (With Split) in Nu.	1.93	1.82	1.08	2.39
ROA	1.21%	1.29%	0.71%	1.78%
ROE	11.94%	12.35%	6.95%	15.61%
CAR *	14.89%	13.56%	14.89%	13.56%
Gross NPA ratio including charge off loans*	7.35%	8.37%	8.37%	7.35%
Gross NPA ratio excluding charge off loans *	4.75%	5.79%	5.79%	4.75%
Net NPL ratio *	0.65%	1.58%	0.65%	1.58%
Book Value	16.15	14.71	15.57	15.32
Dividend per Share (with Split) **	0.00	1.54	0.00	1.54

Previous year figures and/ratios have been changed accordingly.

* The ratios are considered the same under Previous GAAP and BAS

** The dividend is declared based on the profit under Previous GAAP

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ANNEXURE - II

COMPLIANCE CALENDAR AND CHECKLIST

COMPLIANCE CALENDAR

Particulars	Previous GAAP		BAS
	Current Period	COPPY	
Submission of Annual Return Companies listed with Royal Securities Exchange of Bhutan Limited All unlisted companies includes: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash flow statement v) Auditor's report vi) Directors' report.	267	On or before 31 May Duly	Duly authenticated and filed on 22 May 2024 and acknowledged by the Company Registrar
2 Annual General Meeting a) Listed Companies b) Unlisted Companies c) Government Companies	177	On or before 30 April On or before 30 June Same timing	Conducted on 27 Mar 2024
3 Notice Calling General Meetings	185	21 days before the AGM	Notice for calling AGM was served on 2 Mar 2024
4 Payment of Dividend	204	Within 30 days of declaration in AGM	Complied
5 Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		Complied
6 Filing of Documents with Registra	267		Duly authenticated and filed on 22 May 2024
7 Appointment of Auditor GCC & GC Reappointment Removal Resignation	251 260- 262		TR Chadha & Co LLP. appointed by the Board during the 166th Board Meeting held on 5th Dec 2024
8 Consent to act as directors	140		Complied. A new director was appointed on 27th March 2024
9 Board meetings 163rd BM 164th BM 165th BM 166th BM 167th BM	146 -149		10 Mar 2024 15 Apr 2024 10 Sep 2024 5 Dec 2024 21 Dec 2024
10 Appointment of CEO	210	At least every 5 years	Complied
11 Power of Regulatory Authority to accord approva	412	Approval of Regulatory Authority	Complied
12 Appointment of Company Secretary	213	As prescribed by the Companies Act of Bhutan 201	Complied
13 Statutory record and inspection	228	All times	Complied

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COMPLIANCE CHECKLIST

Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

Certificate of Incorporation Registration No. L19960902THI0096 dated 2 September 1996

Sl. No.	Ss.	INCORPORATION OF A COMPANY AND SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles/Approval	✓			No Change
2	47	Change of name/Approval			✓	No change of name during the year.
3	123	Increase or consolidation of share capital			✓	No increase/consolidation of share capital or conversion
4	124	Reduction of share capital	✓			No Change
5	82	License Copy and Share Certificate filing			✓	No license obtained or share certificates filed
6	107	Public offer of shares & Debentures-ROC Approval			✓	No Public offer of shares & Debentures during the year
MANAGEMENT & ADMINISTRATION						
7	217	Registered Office of Company (Postal Address & Contact Number)			✓	No change
8	221	Publication of name by Company	✓			Complied
9	241	Financial Year of Companies as of 31st Dec	✓			The Corporation's financial year closes on 31 December each year.
	242	Extension up to 15 months - ROC approval			✓	
	243	Extension up to 18 months - Authority's approval			✓	
10	245	Financial Statements to follow BAS	✓			As provided in Audit Report
11	267	Annual Return Submission On/before 31 May for listed; Others 31 July	✓			Duly filed
12	177	Annual General Meeting (Minutes)	✓			AGM for FY2023 was held on 27th March 2024
13	180	Extraordinary General Meeting (Minutes)			✓	
14	185	Notice for calling general meeting	✓			Complied
15	187	Listed Co. - written as well as in media	✓			Complied
16	190	Chairman of meeting (CEO cannot chair)	✓			Dasho Karma Tshiteem
17	192	Representation of corporations at meetings (appointed by Board Directors)	✓			We have representation in the Board of DFAL
18	193	Ordinary and special resolutions (Minutes)	✓			Complied
19	195	Minutes of Annual General Meeting and Board Meetings (maintained Ss.195-198)	✓			All the proceedings of the meetings of Board and the General meetings are minuted and signed by the Directors.
20	199	Declaration and payment of dividend (199-209)	✓			Complied
21	232	Books of account to be kept by company (location & time)	✓			Complied
22		Board's report (signed by Chairman)	✓			Complied
23	252	Appointment and removal of Auditors	✓			Auditors (empaneled by RAA) have been duly appointed by the Board during the 166th Board Meeting held on 5th Dec 2024.
		Need to re-appoint annually (251-259)	✓			Bank Appointed T R Chadha & Co LLP as auditor for the period of 2024 to 2026
24	260	Resignation of Auditors from office (Annual Resignation)	✓			Existing auditor Jigmi Audit and Financials Pvt. Ltd. resigned from office of auditor of the Bank in 2024. Board of Directors appoints T R Chadha & Co LLP (Empaneled By RAA) in its 166th Board Meeting held on 5th Dec 2024.
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			BAS is being followed by the auditors

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[Signature]



Sl. No.	Ss.	INCORPORATION OF A COMPANY AND SECURITIES	YES	NO	NA	REMARKS
26	133	Number of directors	✓			At the end of Financial Year 2024, there were seven directors.
27	134	One third of all Public Companies shall be independent	✓			Complied.
28	138	(Minimum No. & retirement on rotation)	✓			Complied.
29	139	Additional directors		✓		No Additional Director Appointed
30	140	Consent to act as directors	✓			A new director was appointed
31	141	Certain persons not to be appointed as Directors	✓			All the conditions under section 141 are duly fulfilled.
32	142	Resignation by a director	✓			Mr. Karma Wangdi resigned
33	143	Removal of directors		✓		No directors were removed during the year.
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	✓			Five Board meetings were conducted during the year.
35	152	General powers of the board	✓			Properly adhered.
36	156	Restriction on powers of Board	✓			Properly adhered.
37	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	✓			Mr. Sonam Tobgay continued as the CEO. His contract was renewed for a second term w.e.f 1st September 2022 for a period of four years
38	213	Company Secretary required in all Public Companies	✓			Mr. Sonam Tobgay continued as the Company Secretary, appointed on 15 March 2023
39	157	No loans to directors (only for Public Co.)		✓		Loans availed by Ms. Dago Beda, and Mr. Passang Dorji
40	53	Inter-corporate investments (investments to be disclosed) apply old rule	✓			Investment in DFAL
41	158	Conflict of Interest Transactions by Board	✓			Complied. No directors were interested in the contracts executed by the Company.
42	161	Standard of care required by directors (Reckless decision)	✓			As evident in the minutes of the Board Meetings, other documents and information provided, the Directors appears to have acted with due care, diligence and prudence in the discharge of their duties

STATUTORY RECORD AND INSPECTION

43	228	Statutory record and inspection				
	(a)	Register of buy-back of shares	✓			Complied
	(b)	Register of transfers	✓			No transfer during the year.
	(c)	Register of charges	✓			Maintained
	(d)	Register of inter-corporate loans			✓	
	(e)	Register of inter-corporate investments	✓			
	(f)	Register of contracts in which directors are interested	✓			No contracts in which directors are interested during the year.
	(g)	Register of directors	✓			Maintained
	(h)	Register of directors' shareholding	✓			Maintained

For TR Chadha & Co LLP

Chartered Accountants

Firm Registration No.-006711N/N500028

Hitesh Garg
(Membership No. 502955)
Partner

Dated : 16th May 2025
Place : Noida, India

For Bhutan National Bank Limited

Sonam Tobgay
Chief Executive Officer

Dorji
Director,
Corporate Services

Dasho Karma Tshiteem
Chairperson



LIST OF PHONE NUMBERS

Thimphu Corporate Office

Post Box no: 439, Nordzin Lam II
Phone no: 02-322767/328577/78/
328587/88
Toll Free: 6070; Fax: 02-328839

Thimphu Branch Office

Post Box no: 439, Bhutan Post Building
Phone no: 02-323895/325297/328585
Toll Free: 6070; Fax: 02-331778/336112
Branch Manager: 02-327535;
E-mail: thimphu@bnb.bt

Motithang Extension Office (Thimphu Branch)

Below DGPC Office
Phone no: 02-323061/323028;
Fax: 02-323132;
Email: bnbmotithang@bnb.bt

Phuentsholing Branch Office

Post Box no: 96, Bhutan Post Colony
Phone no: 05-252502/252431/253057
Fax: 05-252647
Manager: 05-252001; Email: pling@bnb.bt

Tala Extension Office (Phuentsholing Branch)

Near THPA Helipad ground
Phone no: 17160674; Fax: 16225181;
Email: bnbtala@bnb.bt

Paro Branch Office

Post Box no: 1237,
Near Vegetable Market, Tsongdue
Phone no: 08-272730/31/32; Fax: 08-272733
Manager: 08-272688;
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Haa Extension Office (Paro Branch)

Haa Main Town
Phone: 08-375375; Fax: 08-375374;
Email: haa@bnb.bt

Gelephu Branch Office

Post Box no: 163, Pelri Lam
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Manager: 06-251775;
Email: gelephu@bnb.bt

Tsirang Extension Office (Gelephu Branch)

Post Box no: 130, Damphu Town
Phone no: 06-471235; Fax: 06-471239;
Manager: 471253;
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Tingtibi Extension Office (Gelephu Branch)

Tingtibi Main Town
Phone: 03-790027; Fax: 03-790028;
Email: bnbtingtibi@bnb.bt

Dagapela Extension Office (Gelephu Branch)

Above Dratshang
Phone: 06-483129; Fax: 06-483128;
Email: dagapela@bnb.bt

Sarpang Extension Office (Gelephu Branch)

Shechamthang Town, Sarpang

Wangdue Branch Office

Post Box no: 1271, Bajo Town
Phone no: 02-481912/13; Fax: 02-481916
Manager: 02-481915;
Email: wangdi@bnb.bt

Khuruthang Extension Office (Wangdue Branch)

Upper Market of Khuruthang Town
Phone no: 02-584472; Fax: 02-584475;
Email: bnbkhuruthang@bnb.bt

Gasa Extension Office (Wangdue Branch)

Gasa Main Town
TeleFax: 02-688101;
Email: gasa@bnb.bt

Mongar Branch Office

Post Box no: 108, Mongar Town
 Phone no: 04-641494/95/97;
 Fax: 04-641493
 Manager: 04-641494;
 Email: mongar@bnb.bt

Gyelposhing Extension Office (Mongar Branch)

Gyelposhing Main Town
 Phone no: 04-744258; Fax: 04-744263;
 Email: bnbgyelposhing@bnb.bt

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Lhuntse Main town
 Phone: 04-545238; Fax: 04-545237
 Email: lhuntse@bnb.bt

Lingmithang Extension Office (Mongar Branch)

Main Town
 TeleFax: 04-744517;
 Email: bnblingmethang@bnb.bt

Bumthang Branch Office

Post Box no: 143, Dekiling New Town
 Phone no: 03-631625/897; Fax: 03-631898
 Manager: 03-631626;
 Email: bumthang@bnb.bt

Trongsa Extension Office (Bumthang Branch)

Trongsa Town
 Phone no: 03-521537; Fax: 03-521538;
 Email: bnbtrongsa@bnb.bt

Trashigang Branch Office

Post Box no: 111 Below School
 Phone no: 04-521129; Fax: 04-521195/521386
 Manager: 04-521426;
 Email: tgang@bnb.bt

Ranjung Extension Office (Trashigang Branch)

Near chorten of Ranjung town
 Phone no: 04-561170; Fax: 04-561172;
 Email: bnbranjung@bnb.bt

Wamrong Extension Office (Trashigang Branch)

Wamrong Main Town
 Phone no/Fax: 04-571169;
 Email: bnbwamrong@bnb.bt

Tashi Yangtshi Extension Office (Trashigang Branch)

On the way to Dzong
 Phone: 04-781200; Fax: 04-781175;
 Email: tashiyangtshi@bnb.bt

Kanglung Extension Office (Tashigang Branch)

Outside Sherubtse College Gate, Kanglung
 TeleFax: 04-535495
 Email: bnbkanglung@bnb.com

Samdrup Jongkhar Branch Office

Post Box no: 1328,
 Near Dzong Entrance Gate
 Phone no: 07-251149/251527;
 Fax: 07-251208
 Manager: 07-251667;
 Email: sj@bnb.bt

Nanglam Extension Office (Samdrup Jongkhar Branch)

Main Town
 Phone: 07-481006; Fax: 07481007
 Email: nganglam@bnb.bt

Samdrupcholing Extension Office (Samdrup Jongkhar Branch)

Tshangchuthama (kawaipani),
 Samdrupcholing

Samtse Branch Office

Post Box no: 328, Below Chorten
 Phone no: 05-365758/365759;
 Fax: 05-365756;
 Manager: 05-365757;
 Email: samtse@bnb.bt

Gomtu Extension Office (Samtse Branch)

Gomtu Main Town
 Phone no: 05-371270/71; Fax: 05-371273;
 Email: gomtu@bnb.bt

Tashicholing Extension Office (Samtse Branch)

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 Phone: 05-382001; Fax: 05-382002
 Email: tashicholing@bnb.bt