



Annual Report 2020

Contents

Board of Directors.....	04
Management Team.....	05
Director's Report 2020.....	06
Auditors' Report.....	19
Financial Statement.....	31
Notes to Financial Statement.....	35
Our Branches.....	80
List of Events.....	81



Our Vision

To be a preferred bank providing personalized banking solutions with a passion for service excellence to all valued customers through use of smart technology by empowered employees.

Our Mission

To provide quality banking services with excellent customer care, create value for all stakeholders and continue delivering personalized banking services by connecting opportunities to growth through use of smart technology.

Board of Directors



Mr. Tshenchok Thinlay
CHAIRPERSON



Gayatri Prasad Sharma
INDEPENDENT DIRECTOR



Mr. Nawang Gyetse
INDEPENDENT DIRECTOR



Mr. Tashi Tshering
DIRECTOR



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

Management Team

Mr. Pema Tshering	Chief Executive Officer
Mr. Laxmi Prasad Giri	Chief, Banking Operations Department
Mr. Tshewang Dorji	Chief, IT Department
Mr. Chencho Dorji	Company Secretary / Chief Compliance Officer
Mr. Sangay Dorji	Chief Financial Officer
Mr. Tshering Dorji	Head, ADM/HR Department
Mr. Sonam Tobgay	Head, Credit Department

Branch Managers

Mrs. Sushmita Ghaley	Thimphu Branch
Mr. Gyam A.D. Namgyal	Phuentsholing Branch
Mr. Jigme Chogyal	Wangdue Branch
Mrs. Sarda Pradhan	Gelephu Branch
Mr. Tshering Tashi	Paro Branch
Mr. Rinchen Tshewang	Mongar Branch
Mr. Nobin Sinchuri	Samdrup Jongkhar Branch
Mr. Tshetrim Dorjee	Samtse Branch
Mr. Saha Bahadur Biswa	Tashigang Branch
Mr. Bikash Subba	Trongsa Branch

DIRECTOR'S REPORT 2020

The financial year 2020 has been one of the most challenging years for many businesses around the globe as well as the Bhutanese economy due to the COVID-19 pandemic and T Bank is no exception to it. Although the country went through two national lock-downs during the year (from 11 August 2020 to 30 August 2020 and from 20 December 2020 to 31 January 2021), the bank is able to successfully maintain its normal course of operations and achieve steady level of growth with minimal impact. This is mainly due to appropriate and timely guidance provided by the Board, its effective implementation by the Management and unwavering commitment and support provided by the employees and other stakeholders especially during these trying times of the covid pandemic.

In line with His Majesty's wisdom to provide adequate and inclusive relief measures, against the backdrop of business disruption and resulting loss of income caused by the COVID-19 pandemic, the RMA has implemented two phases of the monetary measures. In the first phase of the monetary measure the loan repayment was deferred for a period of three months (April to June 2020) and also provided 100% interest waiver for all loans till 30 June 2020. The government absorbed 50% of the interest waiver amounting to Nu. 91.22 million and the balance 50% of the interest waiver amounting to Nu. 91.22 million was borne by the bank, benefiting 6,061 account holders.

Under the Monetary Measure Phase II, repayment of all loans covered under interest payment kidu were further deferred until 30 June 2021. During the Monetary Measures Phase II, 100% interest waiver for all loans was given for the months of July, August and September 2020 amounting to Nu. 177.37 million. Thereafter, 50% interest waiver, amounting to Nu. 86.76 million from October to December 2020 by RGoB.

The bank has also provisioned to provide 1% interest rebate amounting to Nu. 16.46 million for 2020, as an incentive for regular repayment of loans during the deferment period. As of December 2020, 1,565 account holders have made full regular payment of EMIs during the deferred period and are eligible for the 1% interest rebate.

Although such measures have adversely affected the financial performance and liquidity position of the bank to a certain degree; the board, management and the employees of the bank feel greatly honoured to be able to positively contribute to the society at-large and the valued customers of the bank in-particular under such trying times.

Considering quality credit facilities as a prerequisite for investment, economic sustainability and growth, especially during such adverse economic conditions brought about by the pandemic, the bank continued to provide essential financial services and ensured uninterrupted flow of credit in the economy even during the national lockdowns. As of December 2020, the bank sanctioned new loans (excluding loans under monetary measures) of Nu. 2.06 billion to 2,381 beneficiaries to support economic activities during the time of the pandemic.

Amidst unfavourable national and global economy and volatile financial market affected by the COVID-19 pandemic, I am delighted to present relatively a satisfactory financial performance of T Bank Limited for the year 2020. The bank has achieved satisfactory financial returns, improved service standards to our customers, invested modestly in the human resource development and embarked towards enhancement of digitization of banking services in both domestic and international arenas.

On behalf of the Board of Directors of T Bank Ltd., I have the privilege to present the bank's 11th Director's Report for the Financial Year 2020.

A BRIEF INFORMATION ON T BANK LIMITED

T Bank Limited was established as a commercial bank on 10 March 2010 and as of date the bank has ten branch offices.

With our vision “To be a preferred bank providing personalized banking solutions with a passion for service excellence to all valued customers through use of smart technology by empowered employees” at the core of all our activities and as part of the digital transformation, the bank revamped and upgraded its TPay Mobile application with wide range of services incorporated to provide simple, reliable, convenient and efficient banking services to its valued customers. The Mobile App was launched on October 17, 2020. T Bank also launched and integrated its QR code with National QR code along with the launching of the upgraded TPay Mobile application.

The bank launched TRemit in 2017 to facilitate inward remittance by all Bhutanese residing in USA, Japan, Malaysia, Qatar, Kuwait, Dubai(UAE) to send money to Bhutan through our Partner Agent (Prabhu Money Transfer) offices in above places. The remittance via TRemit has increased by 29.97% in 2020 from USD 9.25 million in 2019 to USD 12.02 million in 2020. Since its launch in 2017, a sum of USD 28.94 million was remitted using TRemit as of 31 December 2020.

The bank launched the TPayRemit App to facilitate the Non-Resident Bhutanese residing in Australia in August 2019 to remit money to Bhutan. Today, it is the most successful mode of transfer of money from Australia to Bhutan with total AUD 96.44 million transferred with 20,979 number of transactions in 2020 alone. The remittance via TPayRemit has increased by 772.92% from AUD 11.05 million in 2019 to AUD 96.44 million in 2020. Since the launch of TPayRemit in August 2019, a sum of AUD 107.49 million has been remitted via TPayRemit as of 31 December 2020.

During the pandemic, when the country's major sources of inflow of foreign currencies were severely affected, the bank was able to mobilize a sum of AUD 96.44 million (approximately USD 72.07 million) via remittances from Australia and further USD 12.02 million from Kuwait/USA/Japan/Qatar/Dubai through above international remittance facilities in 2020.

The bank, as a major conduit in international remittances to Bhutan, facilitated more than 52% of the country's inward remittance to the tune of USD 84.09 million (approximately Nu. 6,178.20 million) in 2020.

With the operationalization of the Global Interchange for Financial Transaction (GIFT) by the RMA, the bank has fully functional GIFT system. The bank also has been fully supporting the electronic Public Expenditure Management System (e-PEMS) of the Royal Government, since its implementation in July 2019.

As part of digital transformation, Bank revamped and upgraded its TPay Mobile application with wide range of services incorporated to provide simple, reliable, convenient and efficient banking services to its valued customers. The Mobile App was re-launched on October 17, 2020. Along with it, T Bank launched and integrated its QR code with National QR code along with the launching of the upgraded TPay Mobile application. Royal Monetary Authority (RMA)—in collaboration with the financial institutions—has enabled payments using Bhutan Quick Response Code.

The bank migrated its ATM Switching System to in-house bank managed service as to provide more reliable service to customers and went live from July 23, 2020.

As part of strengthening information security from cyber threats, Bank has initiated ISO 27001 and PCI DSS (Payment Card Industry Data Security Standard) certifications and is currently underway. To further improve our digital banking activities, the bank still aspires to upgrade its TPay Mobile Banking App to facilitate latest digital features for effective and efficient banking services.

The bank is currently pursuing to introduce ERP system for effective management of human resources and fixed assets of the Bank. The bank is currently reviewing the present Core Banking Solution (CBS/FlexCube system) for possible up-gradation or change in the CBS system.

FINANCIAL PERFORMANCE

The financial statements of the bank for 2020 have been prepared in compliance with the relevant Bhutanese Accounting Standards applicable to the company and as applied to prepare the financial statements of the bank for the financial year 2019.

The bank has satisfactory financial performance with a statutory profit after tax (PAT) of Nu. 38.66 million (before adjustment of the additional assessed tax of Nu. 21.79 million payable pertaining to the financial years 2017, 2018 and 2019), as compared to the PAT of Nu. 173.61 million for the financial year 2019.

The total operating income has decreased by 25.48% from Nu.478.87 million in 2019 to Nu.356.84 million in 2020. On the other hand, the total operating expenses has increased by 24.70 % from Nu.241.87 million in 2019 to Nu.301.61 million in 2020. This increase in operating expense is mainly due to increase in provision expenses on impairment of loans by 14.98%, which increased from Nu. 53.07 million in 2019 to Nu. 61.03 million in 2020. The personal expenses (employee's costs) has increased on account of the payment and booking of bonus to staff, amounting to Nu. 15.46 million which pertains to bank's performance in 2019. The other reason is due to booking of Nu. 12.05 million to personal expenses on fair valuation of the staff incentive loans availed by the employees in compliance with Royal Monetary Authority's (RMA's) Prudential Regulation 2017 (PR 2017) and service book of the bank.

Nevertheless, the bank has achieved a growth rate of 3.94% in total assets from Nu. 11,627.81 million in 2019 to Nu. 12,085.85 million in 2020. The loans and advances increased from Nu. 7,622.78 million in 2019 to Nu. 8,028.50 million in 2020, recording a growth rate of 5.32%.

On the other hand, total liabilities increased by 4.08% from Nu. 10,743.62 million in 2019 to Nu. 11,181.94 million in 2020. The total equity and reserves increased by 2.23%, that is from Nu. 884.19 million in 2019 to Nu. 903.91 million in 2020.

Ownership:

The share holding pattern of the bank as of 31 December 2020:

1.	Ashi S. Dorji	20%
2.	Dasho Wangchuk Dorji	20%
3.	Dasho Topgyal Dorji	20%
4.	General Public	40%

Assets:

As highlighted earlier, the total assets of the bank increased by 3.94% from Nu. 11,627.81 million in 2019 to Nu. 12,085.85 million in 2020. This increase in assets is primarily due to growth in loans and advances, which has attained the growth rate of 5.32% from Nu. 7,622.78 million in 2019 to Nu. 8,028.50 million in 2020. The increase in investment in debt instrument which has attained the growth rate of 1,573.09% from Nu. 21.21 million in 2019 to Nu. 354.83 million in 2020 was mainly due to bank's investment of Nu. 329.33 million in the Royal Government of Bhutan's (RGoB's) 3-year bond (RGOB001) (with face value of Nu. 1,000.00 per unit @ annual coupon rate of 6.5% payable half-yearly). The total value of Property, Plant and Equipment (PPE) increased by 67.16%, with growth from Nu. 58.26 million in 2019 to Nu. 97.39 million, which is mainly due to purchase and implementation of IT and digital infrastructures to support automation and digitalization of banking services via ATM, TPay, QR and POS, etc.

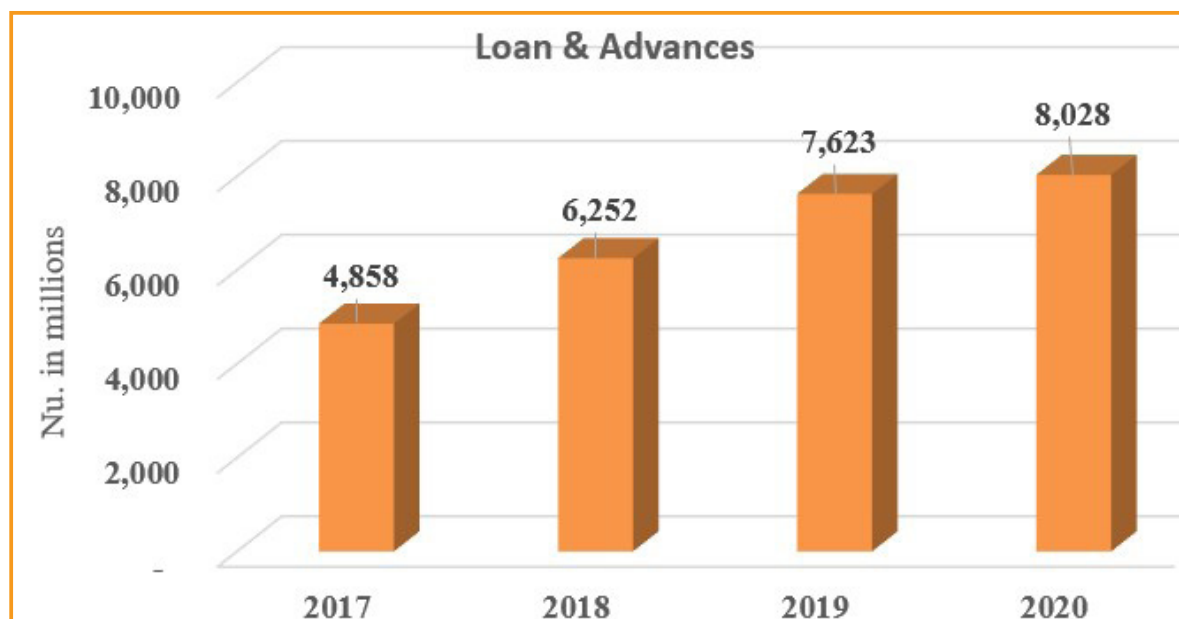
The graph below depicts the changes in total value of assets over the years.



Loans & Advances:

During the year, the total value of loans and advances has increased by 5.32% from Nu. 7,622.78 million in 2019 to Nu. 8,028.50 million in 2020.

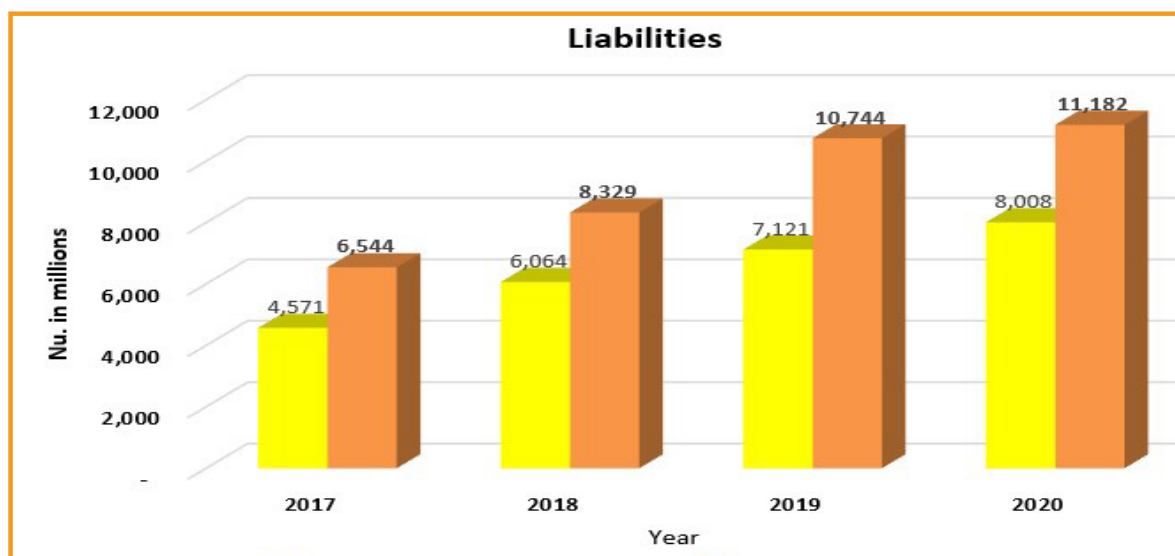
The graph below presents the movement in total loans & advances over the years.



Liabilities:

The total liabilities of the bank have increased by 4.08 % from Nu. 10,743.62 million in 2019 to Nu. 11,181.94 million in 2020. The increase in liabilities is primarily due to growth in customers' deposit by 12.45 % from Nu. 7,121.06 million in 2019 to Nu. 8,007.72 million in 2020.

The graph below presents the changes in customers' deposit liabilities and total liabilities over the years.

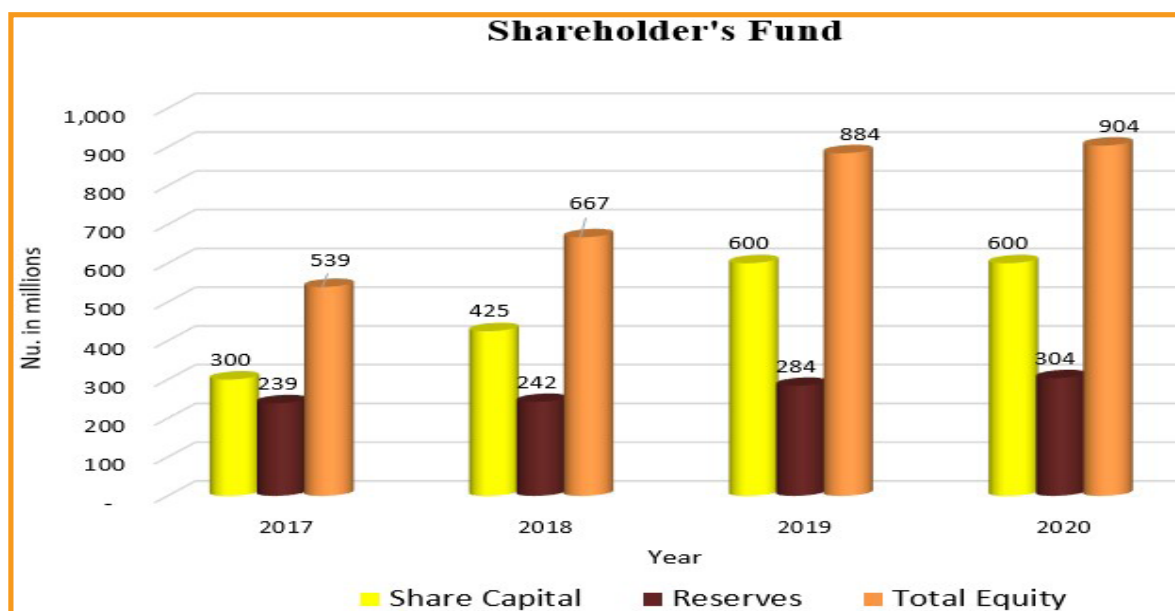


Equity & Reserves

The bank has total paid-up capital of Nu. 600,252,230.00 (60,025,223 shares of Nu. 10.00 per share fully paid-up). The total reserves increased by 2.23% from Nu. 265.48 million in 2019 to Nu. 271.16 million in 2020. The Foreign Exchange Fluctuation Reserves increased by 76.08% from Nu.18.46 million in 2019 to Nu. 32.50 million as in 2020.

The total shareholder's fund increase by 2.23% from Nu. 884.19 million in 2019 to Nu. 903.91 million in 2020.

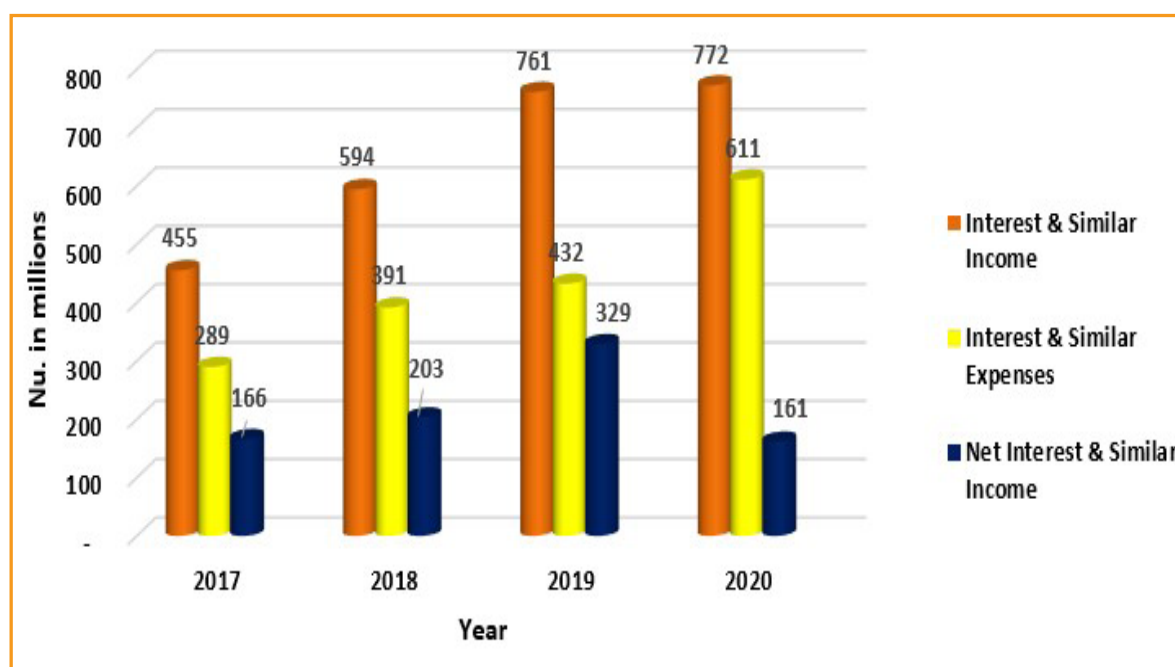
The graph below presents the changes in shareholder's fund over the years.



Interest Income and Expenses:

The total interest and similar income has increased by 1.48% from Nu. 760.84 million in 2019 to Nu. 772.09 million in 2020. The total interest and similar expenses has also increased by 41.20% from Nu. 432.25 million in 2019 to Nu. 610.72 million in 2020. This increase in interest expenses is mainly driven by the 50% interest waiver provided for three months (April, May and June 2020) amounting to Nu. 91.22 million borne by the bank and further Nu. 16.46 million provisioned for the year to provide 1% interest rebate as financial incentive for regular repayment of loans during the deferment period.

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

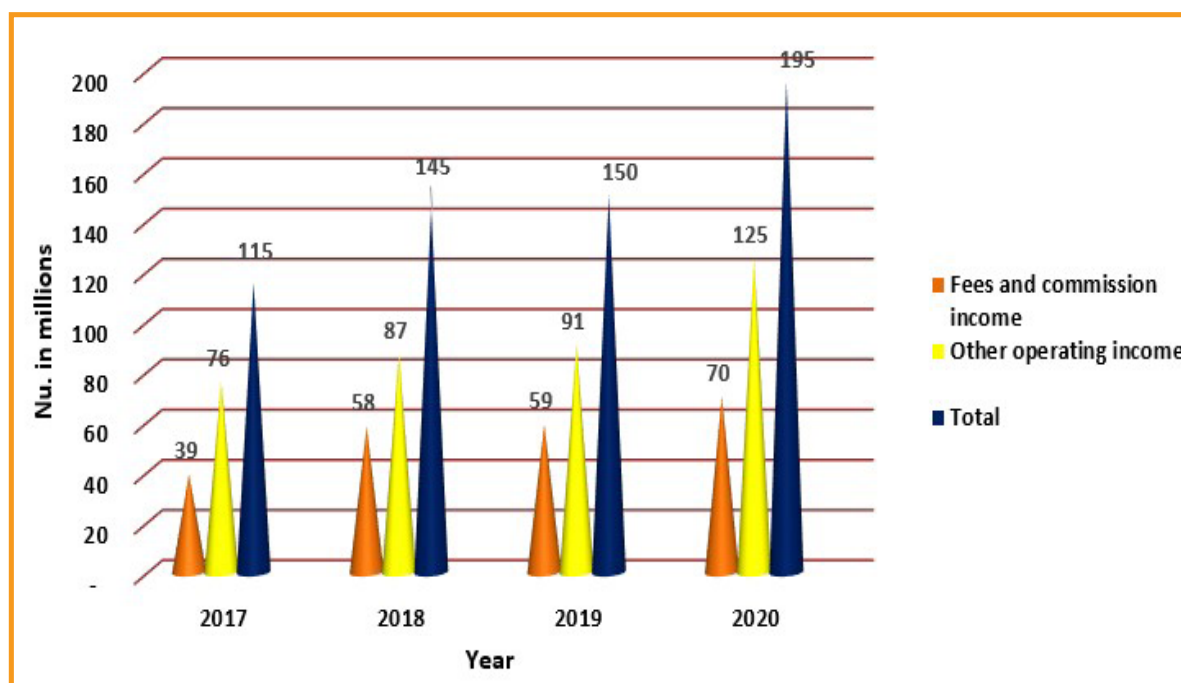


Fees & Commission Income & Expense:

The fees and commission income has increased by 18.35% from Nu. 59.30 million in 2019 to Nu. 70.18 million in 2020. The income from other sources also increased by 37.71% from Nu. 90.98 million to Nu. 125.29 million in 2020. They are mainly driven by increase in forex gain and commission during the year.

Thus, the total income from fees and other sources has increased by 30.31% from Nu. 150.28 million in 2019 to Nu. 195.00 million in 2020.

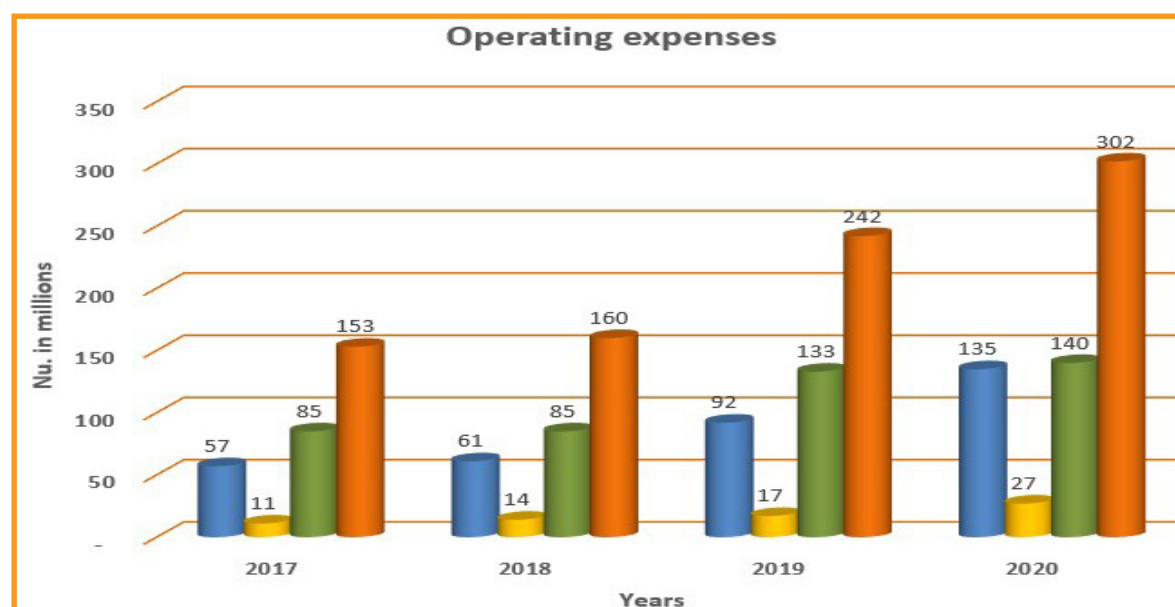
The graph below presents the changes in fees and commission income, other operating income and total operating income over the years.



Personnel Expense/Operating Expense to Total Expense:

The total operating expense increased by 24.70% from Nu. 241.87 million in 2019 to Nu. 301.61 million in 2020, which is mainly due to increase in employees and related cost, depreciation and amortization of the assets. As mentioned earlier, the increase in personal expenses is on account of the payment and booking of bonus to staff, amounting to Nu. 15.46 million which pertains to bank's performance in 2019 and booking of Nu. 12.05 million to personal expenses on fair valuation of the staff incentive loans availed by the employees in compliance with Royal Monetary Authority's (RMA's) Prudential Regulation 2017 (PR 2017) and service book of the bank. The depreciation and amortization expenses on PPE's and intangible assets have increased due to purchase and implementation of IT and digital infrastructures to facilitate the digitization of banking services via ATM, TPay, QR and POS, etc.

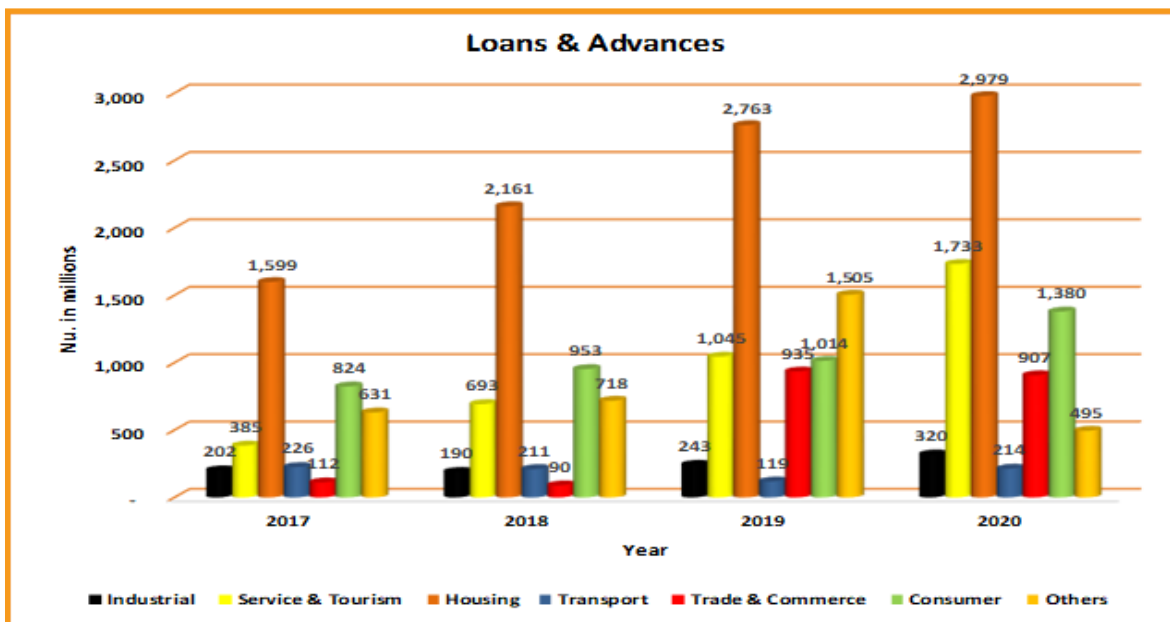
The graph below presents changes in operating expenses and its key components over the years.



Classification of Loans by sectors

The housing loan constitutes the highest sector with Nu. 2,979.24 million (37.16 % of gross loans and advances) followed by service & tourism loan with Nu 1,733.64 million (21.61%) and closely followed by consumer loans of Nu. 1,380.02 million (17.21 %).

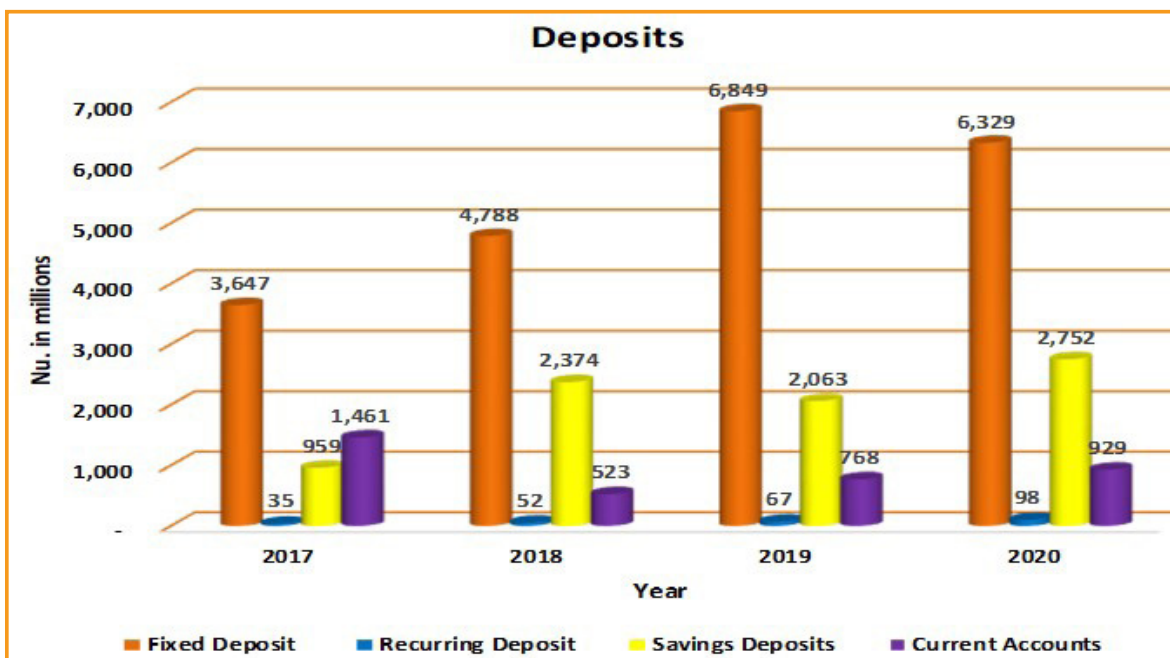
The graph below presents the changes in loan portfolio over the years.



Deposits by Products:

The total value of fixed deposits has decreased by 7.60% from Nu. 6,849.07 million 2019 to Nu. 6,328.76 million in 2020. The recurring deposits has increased by 45.54 % from Nu. 67.14 million in 2019 to Nu. 97.51 million in 2020. However, the savings deposits have increased by 33.40% from Nu. 2,062.62 million in 2019 to Nu. 2,751.94 million in 2020 and the current deposits has also increased by 20.90% from Nu. 768.10 million in 2019 to Nu. 928.54 million in 2020.

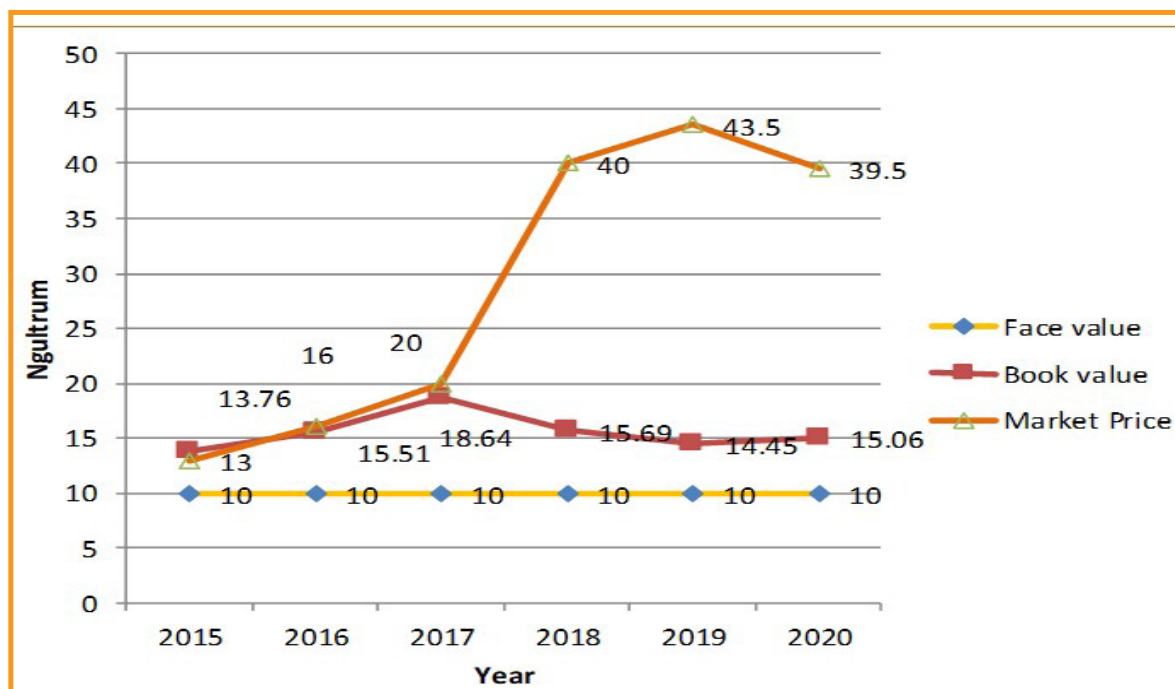
The graph below presents the changes in deposits liability portfolio over the years.



Market Price information:

The stock market indices can also act as a barometer to gauge the performance of the bank as the bank's shares has been listed with the Stock Exchange (RSEBL). The bank's shares have been actively traded in the secondary market and bank's share is considered as top five actively traded shares with the RSEBL. During the year 2020, total volume of 1,307,642 shares worth Nu. 52.54 million has been traded with the market price increasing from Nu. 13.76 per share in 2015 to Nu.39.50 per share in December 2020 against its face value of Nu.10.00 per share, thereby increasing the value of the share for the Shareholders. The book value of the bank's share has also increased from Nu.13.00 per share in 2015 to Nu. 15.06 per share in 2020.

The graph below presents the movement in values of the shares over the years.

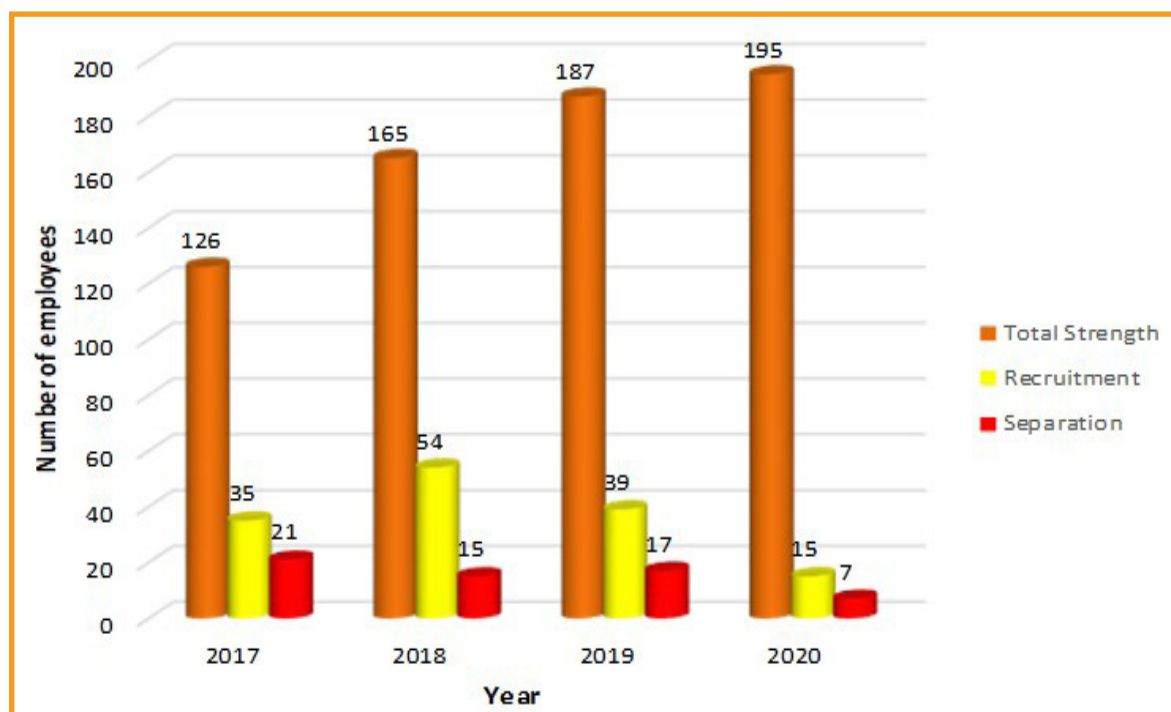


HUMAN RESOURCES MANAGEMENT

Recruitment and Separation:

In 2020 the bank has recruited 15 employees to support the expansion for branch offices, increase in volume of banking business and as replacement of those who have resigned. A total of 7 employees have resigned during the year resulting in an average attrition rate of 3.66% against the attrition rate of 9.66% for the year 2019.

The graph below presents the recruitment, separation and total staff trend of the bank.

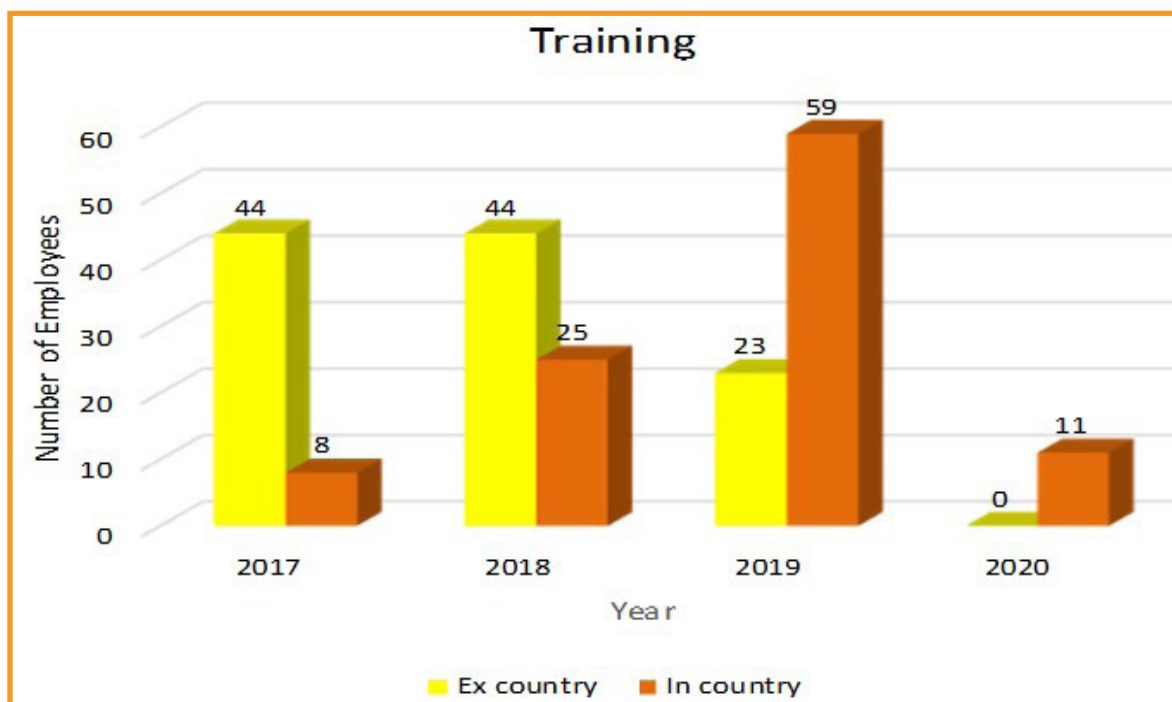


The company currently has 97 female and 98 male employees working with the company as of December 2020. It is a testament to the company's strong commitment in supporting and promoting gender equality in the society, and making work environment conducive to all the employees, as a socially conscious and responsible company.

Training and Development:

To enhance skills and knowledge of the employees to keep abreast of various developments in the banking industry, it is essential for the bank to invest in human capacity development of the bank via various training programs. However, due to COVID-19 pandemic, the bank is unable to train its employees in 2020 except for eleven employees who attended short-term training program on Central Registry for Secured Transaction Rules & Regulation coordinated by Royal Monetary Authority of Bhutan, Certificate in Banking and other Continuing Professional Development Program conducted by FITI. The bank spent Nu. 0.13 million on training and development of employees during the year.

The graph below presents the trainings provided to employees of the bank over the years.



However, many senior officials of the bank did attend the webinar on Managing Financial Risk amidst COVID-19 and webinar on artificial intelligence, etc. to keep abreast of recent development in the banking and financial markets.

CORPORATE GOVERNANCE:

Corporate governance is about enabling organizations to achieve their goals, control risks and assuring compliance. Good corporate governance incorporates a set of rules that define the relationship between stakeholders, management and the board of directors of a company and influence how the company is operating. The Board and the management considers corporate governance as an important component in complying with the regulatory requirements and balancing the interests of a company's many Stakeholders, such as Shareholders, Customers, Board, Management & Employees, Financiers, Government, Banking partners and Suppliers. As such, the bank is committed to achieving a high standard of corporate governance and has been implementing best practices in all areas of its banking operations.

To strengthen the good governance and provide appropriate policy directives to the company, 9 Board meetings were convened during the year. In all these meetings, quorum was maintained as per the Companies Act of the Kingdom of Bhutan 2016 and RMA's Corporate Governance Rules & Regulations 2018. In 2020, the shareholders endorsed the appointment of one new director.

During the year, the Board Directors have attended the following number of Board Meetings as specified:

Sl.No	Name	Designation	Board Meeting Attended	Remarks
1	Mr. Tshenchok Thinlay	Chairperson	9	
2	Mr. Gayatri Prasad Sharma	Independent Director	9	
3	Mr. Nawang Gyetse	Independent Director	3	New Appointee
4	Mr. Tashi Tshering	Director	4	New Appointee
5	Mr. Pema Tshering	Director/CEO/ Member Secretary	9	

The 10th AGM was held on 13th March 2020, thereby complying with the Companies Act 2016. Besides these, (4) Board Audit Committee meetings, (3) Board Governance Meeting and (3) Board Risk Committee Meeting were convened during the year to discuss on the various aspects pertaining to governance, operations and risks aspects of the bank.

In accordance with the Companies Act of the Kingdom of Bhutan 2016, all the documents have been duly maintained and the Bank has followed best practices of good corporate governance during the year 2020.

BOARD OF DIRECTORS:

The directors have been providing effective leadership and guidance to the management for the growth of the Bank. The following are the present Board of Directors:

- Mr. Tshenchok Thinlay - Chairperson
- Mr. Gayatri Prasad Sharma - Independent Director
- Mr. Nawang Gyetse - Independent Director
- Mr. Tashi Tshering - Director
- Mr. Pema Tshering - Director/Chief Executive Officer (Member Secretary)
- Mr. Chenchu Dorji - Company Secretary

Audit Committee:

The bank established the Board Audit Committee during its 9th Board Meeting held on 01 December 2011, which is in compliance with Section 1, Schedule I of Prudential Regulation 2017.

COMPLIANCE

The bank has complied with the RMA Prudential Regulations 2017, RMA Corporate Governance Rules & Regulations 2018 and the Companies Act of the Kingdom of Bhutan 2016. All prudential requirements stipulated by the RMA has been complied in 2020. During the year, bank's Capital Adequacy Ratio (CAR) of minimum of 12.50% (including Capital Conservation Buffer of 2.50%) and Statutory Liquidity Ratio (SLR) of 20% of its total liabilities excluding capital fund was also complied with. As part of the risk management system, the Bank will continue to improve its compliance requirements in line with the laws, by-laws and other related rules and regulations.

Key Ratios (as per local GAAP):

Particulars	31.12.2020	31.12.2019
1. Credit to Deposit	84.99%	83.00%
2. Capital Adequacy Ratio	15.13%	16.34%
3. Statutory Liquidity Ratio	24.03%	22.98%
4. Single Largest Borrower	11.38%	12.32%
5. Ten Largest Borrower	13.14%	11.69%

During the reporting year, there is no violation on any of the key ratios of the Bank as per RMA Regulation.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

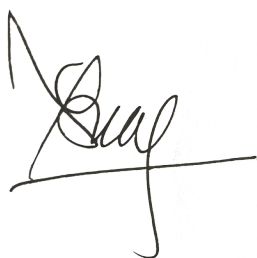
The bank has a keen sense of Corporate Social Responsibility and commitment to sustainability and community welfare development. As part of the bank's CSR activities carried out in 2020, the bank took part in celebrating His Majesty's 40th Birth Anniversary by sponsoring REWA for the event on Photographic Exhibition of milestones of His Majesty the King titled "Into the Heart of the People's King" and for the similar event the bank also sponsored for "Life as an Art Magazine" organized by MoFA. The bank in a move to support His Majesty's vision of creating a "just, equal and harmonious society towards economic transformation" promulgated by the RMA, contributed Nu. 1.05 million to the Financial Inclusion National Strategic Action Plan. Since Bhutan's Gross National Happiness Philosophy relates to support and promotion of culture & tradition, the bank as part of its CSR sponsored renovation works in far flung area of Yuesagom Lhakhang under Nahi Gewog, Wangdue with donation of Nu. 30,000/- and sponsored Nu. 100,000/- to Choetse Drastshang, Trongsa to offer a golden Karmi Kom for the long life of our beloved King and for the wellbeing of the Country. Apart from bank's contribution, the employees of the bank to show solidarity in times of need to the Tsa-Wa-Sum contributed their one month pay amounting to Nu. 3.86 million to the His Majesty's Kidu Fund and Prime Minister's Fund to fight against the COVID-19 pandemic.

ACKNOWLEDGEMENT

I, on behalf of the Board of Directors and on my own behalf, would like to take this opportunity to express my sincere gratitude to the Royal Government of Bhutan, Ministry of Finance, Royal Monetary Authority of Bhutan, Royal Audit Authority, Company Registry Division, Royal Securities Exchange of Bhutan Limited, Regional Revenue and Customs of Bhutan, Auditors – Ray and Ray Chartered Accountants for their valuable guidance and support during difficult times when the global economy and the Bhutanese economy has been hit hard by the pandemic. I would also like to thank all our business partners and valued clients whose enduring confidence and faith reposed in the Bank has made possible the results achieved during the year amidst business disruptions and slowdown of the country's economy due to the pandemic. The Board would also like to thank all the Financial Institutions in Bhutan, Correspondent Banks for their continued cooperation and patronage. All the concerned stakeholders of the bank have been exceptionally supportive and helpful in maintaining the bank operations least affected by the economic disruption brought about by the pandemic.

The Board acknowledges the unstinted support of its customers, Shareholders and also wishes to place on record its appreciation to the management and all the employees of the bank for their dedicated services and contribution for the overall performance of the bank, especially during such trying times as evidenced in the year 2020.

Tashi Delek!



(TSHENCHOK THINLAY)
CHAIRPERSON.

RAY & RAY CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
T Bank Limited

Opinion

We have audited the accompanying financial statements of T Bank Limited (hereinafter referred to as the Bank), which comprise the Statement of Financial Position as at December 31, 2020, the Statement of Comprehensive Income for the year ended on that date, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects the financial position of T Bank Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for opinion

We conducted our audit in accordance with 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 paragraph of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the concerned Governments during the period of our audit, we could not travel to the Branch & Head Office and carry out the audit processes physically at the respective offices.

Since physical access was not possible, necessary records/reports/documents/certificates were made available to us by the Bank through digital medium, emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.

Accordingly, we modified our audit procedures as follows:



AUDITORS' REPORT

- Conducted verification of necessary records/documents electronically through remote access/ emails in respect of the Branches/Head Office wherever physical access was not possible.
- Carried out verification of scanned copies of the documents, deeds, Fixed Deposit certificates, Bank Confirmations, Bond Certificates and the related records of Loans and Advances made available to us through emails of the Bank.
- Making enquiries and gathering necessary audit evidence through discussions over phone calls/ conference calls, emails etc.
- Resolution of our audit observations telephonically/through email instead of a face-to-face interaction with the designated officials.

Our report is not modified to the extent of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Sl.No.	Key Audit Matters	Auditors Response
1	<p>Identification and provisioning for non-performing assets(loans) in accordance with the RMA guidelines</p> <p>Due to the ongoing pandemic, during our Audit, we have identified implementation of the monetary measures issued by the RMA vide letter no RMA/DFRS/34/2019-2020/6360,667 dated April 14,2020 and May 08,2020 respectively and Standard Operating Procedures for the Implementation of Phase-II Monetary Measures Dated July 10,2020. (Refer Note 5 to the Financial statements)</p> <p>The Bank has net advances amounting to Nu. 8,028.50 million as at December 31, 2020.</p> <p>Identification of and provisioning for non-performing assets (loans)in accordance with relevant prudential norms issued by the Royal Monetary Authority of Bhutan(RMA) in respect of income recognition, asset classification and provisioning pertaining to advances is a key audit matters due to the current processes at the Bank which requires manual interventions, management estimates and judgement and level of regulatory and other stake holders focus.</p> <p>Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances.</p> <p>In particular:</p> <ul style="list-style-type: none"> • we have evaluated and understood the Bank's internal control system in adhering to the Relevant RMA guidelines regarding income recognition, asset classification and provisioning pertaining to advances; • we have analysed and understood key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification and provisioning pertaining to advances; • we have checked on test basis advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances; and • evaluated the past trends of management judgement, governance process and review controls over impairment provision calculations and discussed the provisions made with senior management including the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Credit Officer.



2

Key Information technology (IT) systems used in financial reporting process.

The Bank's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.

Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements.

We obtained an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant to our audit and Treasury System primarily as relevant for financial reporting.

For the key IT systems pertaining to treasury operations and other IT Dependent controls used to prepare accounting and financial information, our areas of audit focus included Access Security (including controls over privileged access), program change controls, database management and network operations.

In particular:

- We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit.
- we tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit;
- we also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.



Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of 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 the International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further we exercised professional judgment and maintained professional skepticism through the audit and described our responsibilities in **Annexure-I** attached to this report as per the requirements of Paragraph 40(b) of the ISA 700.

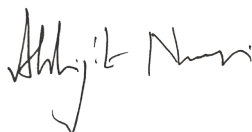
Report on Other Legal and Regulatory Requirements

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

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

- We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts as required by law have been kept by the Bank in so far as it appears from our examination of the books.
- The Statement of Financial Position, Statement of Comprehensive Income, Statement of Change in Equity and the Statement of Cash flow dealt with by this report have been prepared in accordance with the accounting principles generally accepted and are in agreement with the books of account.
- The Bank has complied with other legal and regulatory requirements.

For **Ray & Ray**
Chartered Accountants
Firm Registration No.301072E



(**Abhijit Neogi**)
Partner
Membership No- 061380
UDIN: 21061380AAAARQ9907
Date: 9 APRIL 2021
Place: Kolkata



ANNEXURE – I

Annexure to the Independent Auditor's Report paragraph of the Auditor's Responsibilities for the Audit of the Financial Statements of T Bank Limited for the year ended December 31, 2020 and as per the requirement of the paragraph 40(b) of ISA 700.

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

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

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

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

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



ANNEXURE -II

Minimum Audit Examination and Reporting Requirements.

Annexure referred to in our audit Report of even date on Minimum Audit Examination and Reporting requirements

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

1. The Bank is maintaining Fixed Assets Register showing full particulars including quantitative details and situation of fixed assets. As explained to us, physical verification of fixed assets was conducted by the Management during the year and no material discrepancies were noticed.
2. None of the fixed assets have been revalued during the year.
3. Physical verification of stationery items was conducted by the management at reasonable intervals and no material discrepancies were noticed on such verifications.
4. The procedures of physical verification of stationery items followed by the management are reasonable and adequate in relation to the size of the bank and the nature of its business.
5. The bank has not availed any loans, secured or unsecured, from companies, firms or other parties and / or from the companies under the same management.
6. The bank has not granted any loans secured or unsecured, to companies, firms and other parties and / or to the companies under the same management except loan given in the normal course of banking business.
7. The parties to whom loans or advances have been given by the bank are generally repaying the principal amounts and interests as stipulated except in the cases of Non-Performing Loans.
8. The bank has not granted any loans / advances to the officers / staff during the year other than those which are granted in course of normal banking business.
9. In our opinion and according to the information and explanation given to us during the course of the audit, the bank has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to safeguard the assets of the bank as well as to ensure adherence to the rules / regulations and systems and procedures.
10. As explained to us, there is a system of competitive bidding, commensurate with the size of the bank and the nature of its business, for the purchases of services, stores, equipment and other assets.
11. As explained to us, the bank has entered into transactions for purchase of goods and sale of services with parties in which one or more Directors of the Bank are interested. Our examination has revealed that such purchase and sales transactions were made at prices which were reasonable having regard to the prevailing market prices for such goods and services or at prices at which the transactions for similar goods and services have been made with other parties. Details of such transactions and amounts thereof are adequately disclosed in Note No. 34 of Notes of Accounts.



12. In respect of transactions referred to in clause above, our examination has revealed that such transactions are not prejudicial to the interest of the other shareholders and the Bank.
13. As per information and explanations given to us and also examined by us, there was no case of any item in inventory having become damaged or unserviceable during the year.
14. As per information and explanation provided to us and according to our examination of records, the bank is regular in depositing rates and taxes, duties, provident funds and other statutory dues with the appropriate authorities. Provision for corporate tax for the year is adequate and necessary adjustments have been made to compute the amount of tax required under the Rules of the Income Tax of the Kingdom of Bhutan 2001 except TDS liability amounting to Nu. 38.36 million (Current tax liability of Nu. 16.57 million and assessed tax payable of Nu. 21.79 million pertaining to earlier years based on the tax assessment report of DRC) which has been shown in accounts as on December 31, 2020.
15. As per information and explanations provided to us and according to our examination of records, there are no disputed amounts payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions on the last day of the financial year.
16. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than contractual and / or as per customer business practices, which have been charged to the Statement of Comprehensive Income.
17. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly cash / bank etc. is reasonably adequate and excessive amounts are not lying idle in non-interest bearing accounts.
18. According to the information and explanations given to us, and on the basis of available records and information, we are of the opinion that the financial activities carried out by the bank during the year are lawful and intra-vires to the Articles of Incorporation of the Bank.
19. Capital investment decisions are made with prior approval of the Board and investments in projects are made only after ascertaining the technical and economic feasibility of such new projects.
20. In our opinion, the bank has established an effective control system.
21. The details of remuneration paid to the Managing Director and sitting fees paid to other Directors are disclosed in Note No. 34.2.1 of notes to Accounts. While checking the minutes of the meetings, we have not come across any cases of disclosure of interest where payments have been made in cash or in kind to any of the Directors and their relatives (including spouse(s) and child / children) by bank directly or indirectly.
22. As represented to us, the directives of the Board have been complied with.
23. As represented by the management, the officials of the bank have not transmitted any price sensitive information which is not made publicly, unauthorized to their relatives / friends / associates or close persons which would directly or indirectly benefit themselves.
24. The bank has generally maintained adequate documents and records where it has granted loans and advances for which agreements have been drawn up and timely entries have been made therein.



25. As per our examination of records and information and explanation provided to us, the bank has not dealt or traded in shares, securities and other investments during the year.
26. The bank had adequate records for fund collected from depositors and for interest payments.
27. The Bank has made investments, details of which are adequately disclosed in Note No. 17 and Note No. 18. As per our examination of records and information and explanation provided to us there is no diminution in value of such investments.
28. The bank has generally complied with the requirements for Financial Services Act 2011 and other applicable regulations.
29. The bank has complied with the requirements relating to provisioning for the non-performing assets including loans and advances as per Prudential Regulations 2017 of Royal Monetary Authority of Bhutan and Bhutan Financial Reporting Standards (BFRS) 9. To comply with BFRS-9, provision on loans has been increased to Nu. 379.90 million from RMA provision of Nu. 354.12 million in the year 2020 and its impact on retained earnings as on December 31, 2020 is Nu. 25.78 million.
30. Accrued interest on non-performing loans has been recognized as interest income as per accounting policy of the bank revised upon adoption of BAS and has not been deferred. However, accrued interest has been taken into account while arriving at provision for impairment loss.
31. The assets hypothecated against loans and advances have generally been physically verified, properly valued, mortgage deed executed and ensured that the assets are free of any prior lien or charges.
32. The bank has a system of monitoring of projects for which loans have been provided to ensure that loan amounts are used for the specified purposes and project activities are progressing satisfactorily.
33. The bank has disposed the assets taken over for repayment of defaults through auction conducted by a separate committee.
34. There is no re-phasing / rescheduling of loans during the year except in few cases where loans have been renewed and enhanced.
35. There is a system to ensure that additional loans are not granted to those who have defaulted payments of previous advances.



36. COMPUTERISED ACCOUNTING ENVIRONMENT:

- i. The Bank has a computerized accounting system and the internal control system seems to be adequate taking into account the size and nature of its computer installations.
- ii. Adequate safeguard measures and back up facilities exist.
- iii. As per information and explanation provided to us and according to our examination of records, the back-up files are kept in different locations.
- iv. Operational controls are adequate to ensure correctness and validity of input data and output information.
- v. Adequate preventive measures have been taken by the bank to prevent unauthorized access over the computer installation and files.

37. GENERAL**i. Going Concern**

Based on the net asset position reflected by the Bank's Balance Sheet as at December 31, 2020 audited by us in accordance with the international standards on Auditing and on the basis of such other tests as we considered necessary in this regard, we have no reason to believe that the bank is not a going concern on the Balance Sheet date.

ii. Ratio Analysis:

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



Sl. No	RATIOS	2020	2019	REMARKS
1	Interest Expense / Deposits	4.44%	4.20%	Increase in interest expenses due to interest waiver and provision for interest rebate.
2	Interest Income/Loans	9.62%	9.98%	Increase in loans and advances higher than increase in interest income.
3	Loan / Deposits	77.09%	76.14%	Increase in loans & advances slightly higher than increase in deposits.
4	Provision / Credit Exposure	4.73%	4.20 %	Increase in provision higher than increase in loans and advances
5	Capital Adequacy Ratio (As per RMA return for the month of December)	15.13%	16.34 %	Increase in risk weighted assets.
6	Statutory Liquidity Ratio (As per RMA returns for the month of December)	24.03%	22.98%	Increase in quick assets.
7	Current Ratio (CA:CL)	1:0.88	1:1.14	Increase in CA higher than increase in CL
8	Return on Investment (Return on opening investment)	4.37%	19.60%	Decrease in profit for the year
9	Net Profit Ratio (Pre-Tax)	5.71%	26.01%	Increase in Interest & Similar expenses higher than increase in Interest & similar Income
10	Earnings Per Share (EPS) Nu.	0.28	2.89	Decrease in profit for the year.
11	NPL / Total Loans & Advances	6.39%	4.59%	Increase in NPL proportionately higher than increase in loans & advances
12	Return on Assets (ROA)	0.46%	2.04%	Decrease in net profit.
13	Book Value of Shares Nu.	15.06	14.73	Increase in reserves due to appropriation of the PAT



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

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

iv. Adherence to Laws, Rules and Regulations:

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

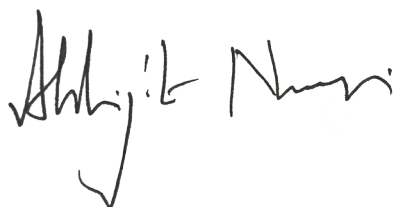
The bank has generally complied with the applicable laws, rules and regulations, systems, procedures and practices.

All corporate governance policies have not yet been fully documented as per the provisions of the Corporate Governance Rules and Regulations, 2018 in pursuant to Section 202 of the Financial Services Act of Bhutan 2011.

For Ray & Ray

Chartered Accountants

Firm Registration No.301072E

**(Abhijit Neogi)**

Partner

Membership No- 061380

UDIN: 21061380AAAARQ9907

Date: 9 APRIL 2021

Place: Kolkata



FINANCIAL STATEMENTS

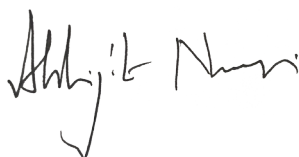
Statement of Comprehensive Income

For the year ended 31 December 2020

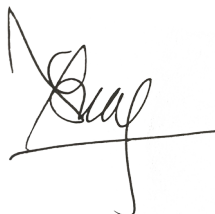
	Note	31-Dec-20 (Nu)	31-Dec-19 (Nu)
Interest & Similar Income	4	772,094,280	760,844,634
Interest & Similar Expense(*)	5	(610,724,988)	(432,248,766)
Net interest income		161,369,292	328,595,868
Fee and commission income		70,182,988	59,300,292
Fee and commission expenses		-	-
Net fee and commission income		70,182,988	59,300,292
Other Operating Income	7	125,285,657	90,977,379
Total operating income		356,837,937	478,873,539
Personnel Expenses	8	(134,604,379)	(91,532,935)
Depreciation on Property Plant & Equipment	22	(16,944,200)	(10,534,030)
Amortization of Intangible Assets	23	(9,696,488)	(6,512,104)
Other Operating Expenses	9	(79,342,935)	(80,216,404)
Impairment (charges)/reversal for loans and other losses	10	(61,025,908)	(53,073,714)
Total Operating Expenses		(301,613,910)	(241,869,187)
Profit Before Tax from Continuing Operations		55,224,027	237,004,352
Income Tax Expense:			
Current tax	11	(16,567,208)	(64,733,499)
Deferred tax Income/(Expenses)	29	-	1,343,452
Profit For the Year		38,656,819	173,614,306
Assessed tax payable pertaining to earlier years	11	(21,791,841)	-
Profit Available for Appropriation		16,864,977	173,614,305

* 50% of interest waiver amounting to Nu. 91,218,000.54 for three months (April, May and June 2020) was borne by the bank.

For RAY & RAY
CHARTERED ACCOUNTANTS
FRN: 301072E



Partner : Abhijit Neogi
Membership Number : 061380
UDIN: 21061380AAAARQ9907
Date: 9 APRIL 2021
Place: Thimphu:Bhutan



Chairperson



Chief Executive Officer




Director



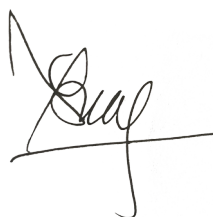
Statement of Other Comprehensive Income For the year ended 31 December 2020

	Note	31-Dec-20 (Nu)	31-Dec-19 (Nu)
Profit for the year		16,864,977	173,614,305
Remeasurment Gain/(Loss) on Defined Benefit Plan		1,319,885	(3,403,865)
		1,319,885	(3,403,865)
Total other comprehensive income before tax		1,319,885	(3,403,865)
Tax on income /(expense) relating to components of other comprehensive income		395,966	1,021,160
Other comprehensive income for the year, net of tax		923,920	(2,382,706)
Total comprehensive income for the year, net of tax		17,788,897	171,231,600
Basic Earnings Per Share	12	0.28	2.89

For RAY & RAY
CHARTERED ACCOUNTANTS
FRN: 301072E



Partner : Abhijit Neogi
Membership Number : 061380
UDIN: 21061380AAAARQ9907
Date: 9 APRIL 2021
Place: Thimphu: Bhutan



Chairperson



Chief Executive Officer



Director



FINANCIAL STATEMENTS

Statement of Financial Position For the year ended 31 December 2020

	Note	31-Dec-20 (Nu)	31-Dec-19 (Nu)
Assets			
Cash & cash Equivalents	13	1,014,176,237	1,021,898,854
Cash & Balances with Central Bank	14	1,449,189,826	1,218,467,024
Placement with other Banks	15	1,002,529,767	1,543,307,210
Loans & Advances to Customers	16	8,028,499,326	7,622,781,761
Equity Instruments	17	7,750,000	7,750,000
Debt Instruments	18	354,829,528	21,208,042
Defined Benefit Assets	19	-	-
Other Financial Assets	20	1,222,268	2,183,362
Other Assets	21	84,606,442	102,140,422
Property, Plant & Equipment	22	97,385,699	58,260,697
Intangible Assets	23	45,661,282	29,811,139
Deferred tax assets	29	-	-
Total Assets		12,085,850,376	11,627,808,511
Liabilities			
Due to Customers	24	8,007,716,309	7,121,075,953
Due to Banks	25	2,406,129,649	2,891,106,687
Debt issued and Other Borrowed Funds	26	470,000,000	470,000,000
Current Tax Liabilities	27	38,359,049	64,733,499
Deferred Tax Liabilities	29	-	5,366,989
Defined Benefit Liability	19	601,929	4,672,272
Other Liabilities	30	259,129,694	186,666,154
Total Liabilities		11,181,936,631	10,743,621,554
Equity			
Share Capital	31	600,252,230	600,252,230
Reserves			
Retained Earnings	32	271,160,239	265,476,903
Foreign Exchange Fluctuation Reserve		32,501,277	18,457,824
Total equity		903,913,745	884,186,957
Total liabilities and equity		12,085,850,376	11,627,808,511

For RAY & RAY
CHARTERED ACCOUNTANTS
FRN: 301072E

Abhijit Neogi

Partner : Abhijit Neogi
Membership Number : 061380
UDIN: 21061380AAAARQ9907
Date: 9 APRIL 2021
Place: Thimphu:Bhutan

[Signature]

Chairperson

[Signature]
Chief Executive Officer

[Signature]

Director



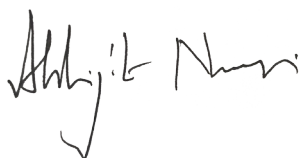
FINANCIAL STATEMENTS

Statement of Changes in Equity for the year ended 31 December 2020

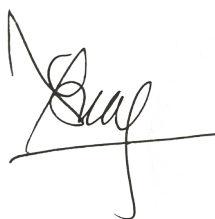
	Share Capital (Nu.)	Retained Earnings (Nu.)	Exchange Fluctuation Reserve (Nu.)	Total Shareholders' Funds (Nu.)
Balance as at 1 January 2019	424,997,860	229,343,716	12,355,471	666,697,047
Net profit for the year		173,614,305		173,614,305
Adjustments (Bonus Shares issue)	55,916,540	(55,916,540)		-
Adjustments (Rights Shares issue)	119,337,830			119,337,830
Other Comprehensive Income for the year, net of tax		(2,382,706)		(2,382,706)
BFRS Adjustment		(7,055,197)		(7,055,197)
Share premium		3,424		3,424
Transfers during the year		(72,130,098)	6,102,353	(66,027,745)
Balance as at 31 December 2019	600,252,230	265,476,904	18,457,824	884,186,958
Adjustments (Bonus Shares issue)		-		-
Adjustments (Rights Shares issue)				-
Net profit for the year		16,864,977	-	16,864,977
Other Comprehensive Income for the year, net of tax		923,920	-	923,920
BFRS Adjustment *		1,937,891	-	1,937,891
Share premium		-		-
Transfers during the year		(14,043,453)	14,043,453	-
Balance as at 31 December 2020	600,252,230	271,160,241	32,501,276	903,913,746

* For detail on BFRS adjustment indicated above refer No. 32.1

For RAY & RAY
CHARTERED ACCOUNTANTS
FRN: 301072E



Partner : Abhijit Neogi
Membership Number : 061380
UDIN: 21061380AAAAARQ9907
Date: 9 APRIL 2021
Place: Thimphu:Bhutan



Chairperson



Chief Executive Officer



Director



1. CORPORATE INFORMATION

T Bank Limited is a limited liability bank incorporated and domiciled in Bhutan. The address of its registered office is Post Box No. 631, TCC Complex Building, Samten Lam, Chubachu, Thimphu, Bhutan. The bank provides commercial banking services to different parts of the country. The principal activities of the bank comprise; Corporate and Investment banking, Retail banking and treasury operations within and outside Kingdom of Bhutan.

2. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis and are presented in Bhutanese Ngultrum (Nu).

The following fundamental assumptions are followed in preparation of these financial statements:

- a. Accrual
- b. Going Concern
- c. Consistency

Statement of Compliance

The financial statements of the bank have been prepared in accordance with the requirements under Bhutanese Accounting Standards (BAS) and Bhutanese Financial Reporting Standards (BFRS).

Presentation of Financial Statements

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

Change Impact

Financial Impact mainly emanated out of the adoption of BAS/BFRS is due to:

- a. Adoption of Expected Credit Loss approach for financial assets as per BFRS - 9;
- b. Adoption of Effective Interest Rate (EIR) for financial liabilities as per BFRS - 9;
- c. Valuation of Gratuity and Leave Encashment on the basis of Projected Unit Credit Method as stated in BAS-19;
- d. Recognition of Deferred Tax Assets/Liabilities owing to temporary timing differences as per BAS-12.

2.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, 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.

Judgments

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

Estimates and Assumptions

The key 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, are described below.



The Bank based its assumptions and estimates on the parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Going Concern

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

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, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for discount rates, income earning potential, etc.

Impairment Losses on Loans and Advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an Impairment Loss should be recorded in the Income Statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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

2.2 FIRST TIME ADOPTION OF BFRS

The financial statements for the year ended 31st December 2014 were prepared in accordance with BAS. For periods up to and including the year ended 31st December 2013, the financial statements were prepared in accordance with Generally Accepted Accounting Principles in Bhutan (local GAAP).

Accordingly, the Bank has prepared financial statements which comply with BAS applicable for the period ending 31 December 2020, together with the comparative period's data as at and for the year ended 31 December 2019.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign Currency Translation

Transactions in Foreign Currency are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary Assets and Liabilities in foreign currencies are translated into functional currency at the exchange rates prevailing at the end of the reporting period. Exchange gains and losses on foreign currency translation are recorded in the Income Statement under Other Operating Income.



Cash & Cash Equivalents

Cash and Cash Equivalents referred to in the cash flow statement comprise Cash at Bank and in-hand that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

However, in line with BFRS 9, allowance for Expected Credit Loss is also calculated.

Mandatory Cash Balances with Central Bank

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

Cash Flow Statement

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

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

Loans & Advances to Customers

After initial measurement, Loans & Advances to Customers are subsequently measured at amortized cost, less allowance for impairment. Amortized Cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate (EIR). The amortization is included in Interest and similar income in the Income Statement.

Placement with Other Banks

Amounts due from other banks are recorded under Placement with Other Banks and it includes mostly the fixed deposits maintained with counterparty banks. Amounts due from other banks are recorded at historical cost. However, in line with BFRS 9, allowance for Expected Credit Loss is calculated.

Lease

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

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

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

Recognition of interest income - 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 amortized cost, 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 amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes 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 recognizes 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 amortized through interest and similar income in the income statement.

Interest and similar income

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest by applying the effective interest rate to the net amortized cost of the financial asset.

Dividends

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

Fee & Commission Income

The Bank earns fees and commission income from a diverse range of services it provides to customers. Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and income earned from foreign exchange transactions.

Property, Plant & Equipment

After reorganization as an asset, an item of property, plant & equipment has been carried at cost less accumulated depreciation and any accumulated impairment losses. Management physically verified the assets and found them to be worthy of use till the absorption of full cost after charging depreciation on the basis of useful life as estimated by the management.

Historical Cost includes expenditure directly attributable to the acquisition of items. Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Income Statement in the financial period in which they are incurred. Depreciation has been calculated on straight-line basis as per the useful life estimated by the management and calculated on pro-rata basis from the date of purchase. The useful life of assets and rates of depreciation are as follows:

Details of Assets	Useful Life (in years)	Rates (%)
Furniture	6.67	15
Office Equipment	6.67	15
Computer Equipment	6.67	15
Vehicle	6.67	15



Intangible Assets

Intangible Assets are stated at cost less accumulated amortization and net of impairments, if any. An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Bank and its cost can be measured reliably. Intangible Assets having finite useful lives are amortized on straight-line basis over their estimated useful lives.

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

<i>Details of Asset</i>	<i>Useful Life (in years)</i>	<i>Rates (%)</i>
<i>Software</i>	<i>6.67</i>	<i>15</i>

Share Capital

Ordinary Shares are classified as “Share Capital” in Equity.

Dividends

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

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

Due to Other Banks

Amounts due to other banks are recorded when money has been transferred to the Bank by counter party banks.

Customer Accounts

Customer Accounts are non -derivative liabilities to individual, state or corporate customers and interest accrued on amounts due to customers has been calculated by using Effective Interest Rate.

Income Taxes

Income Taxes has been provided for in the financial statements in accordance with legislation enacted or substantively enacted by end of the reporting period.

The Income Tax charge comprising current tax is recognized in the Statement of Comprehensive

Income for the year.

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

Deferred Tax

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

Staff costs and related contributions

The Bank measures the present value of the Gratuity obligation, which is a defined benefit plan with the advice of an independent professional actuary using the projected unit credit method.



Provisions, Contingent Assets & Contingent Liabilities

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

Operating Segments

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

With the introduction of BFRS 9 - Financial Instruments, the bank revised its accounting policies and disclosures as mentioned below:

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.4.1 New and amended standards and interpretations

In these financial statements, the Bank has applied BFRS 9 and BFRS 7, effective for annual periods beginning on or after 1 January 2018, for the first time. Although, the Bank has adopted other standards earlier, the Bank revised the accounting policies and disclosures in line with adoption of BFRS 9. The Bank has restated comparative information for 2016 and 2017 for financial instruments in the scope of BFRS 9.

2.4.2 Changes to classification and measurement

To determine their classification and measurement category, BFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The BAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortized cost) have been replaced by:

- ▶ Debt instruments at amortized cost
- ▶ Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on de-recognition
- ▶ Equity instruments at FVOCI, with no recycling of gains or losses or profit or loss on de-recognition
- ▶ Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under BAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

2.4.3 The impairment calculation

BFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.



2.4.5 Financial instruments - initial recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized 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 recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

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. 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:

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 market transactions, the Bank recognizes 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 recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

2.4.6 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:

- ▶ Amortized cost
- ▶ FVOCI
- ▶ FVPL

2.4.7 Due from banks, Loans and advances to customers, Financial investments at amortized cost

From 1 January 2018, the Bank only measures Due from banks, Loans and advances to customers and other financial investments at amortized 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:

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 of aggregated portfolios 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 realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

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 judgment 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.

2.4.8 Debt instruments at FVPL (Policy applicable from 1 January 2018)

The Bank applies the new category under BFRS 9 of debt instruments measured at FVPL 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.

2.4.9 Equity instruments at FVOCI (Policy applicable from 1 January 2018)

Upon initial recognition, the Bank elects to classify 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. However, due to un-availability of data, the equity instruments are recognized at cost. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized 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 instruments at FVOCI are not subject to an impairment assessment.



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

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.

2.4.11 Financial guarantees, letters of credit and undrawn loan commitments

Financial guarantees are initially recognized 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 recognized less cumulative amortization recognized 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.

The premium received is recognized in the income statement in Net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn commitments and letters of credits are in the scope of the ECL requirements.

2.4.12 Reclassification of financial assets and liabilities

From 1st January 2018, the Bank reclassified its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified.

2.5 De-recognition of financial assets and liabilities

De-recognition due to substantial modification of terms and conditions

The Bank de-recognizes a financial asset, such as a loan to a customer, when the terms and conditions have been re-negotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized 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 de-recognize 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 de-recognition. 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.

De-recognition other than for substantial modification

a) Financial assets

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



The Bank has transferred the financial asset if, and only 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 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;
- ▶ The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

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 de-recognition 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 recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

b) Financial liabilities

A financial liability is de-recognized 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 de-recognition 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 recognized in profit or loss.



2.6 Impairment of financial assets (Policy applicable from 1 January 2018) Overview of the Expected Credit Loss (ECL) principles

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

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

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

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

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

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

Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

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

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

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset

The calculation of ECLs

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



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

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

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

The mechanics of the ECL method are summarized below:

- Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3:** For loans considered credit-impaired, recognize the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.
- POCI:** POCI assets are the financial assets that are credit impaired on initial recognition. Than bank only recognizes the cumulative changes in lifetime ECLs since initial recognition based on the probability-weighting of the four scenarios, discounted by the credit-adjusted EIR.

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



Forward looking information

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

- a) GDP growth
- b) Unemployment rates
- c) Interest Rate
- d) Inflation
- e) Exchange Rate

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

- a) Government Policies
- b) Industry Business cycle
- c) Regulatory impact

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.

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



NOTES TO FINANCIAL STATEMENTS

3. Principal adjustment

3.1 Reconciliation of Statement of Comprehensive Income for the year ended 31st Dec 2020

	Local GAAP Reclassified	(Nu) Re-measurement	BFRS
Interest & Similar Income	760,304,357	11,789,923	772,094,280
Interest & Similar Expense	(618,657,145)	7,932,158	(610,724,988)
Net interest income	141,647,211	19,722,081	161,369,292
Fee and commission income	70,182,988	-	70,182,988
Fee and commission expenses	-	-	-
Net fee and commission income	70,182,988	-	70,182,988
Other Operating Income	125,285,657	-	125,285,657
Total operating income	337,115,857	19,722,081	356,837,937
Personnel Expenses(*)	(119,688,530)	(14,915,848)	(134,604,379)
Depreciation on Property Plant & Equipment	(16,944,200)	-	16,944,200)
Amortization of Intangible Assets	(9,696,488)	-	(9,696,488)
Other Operating Expenses	(79,342,935)	-	(79,342,935)
Impairment (charges)/reversal for loans and other losses	(30,506,385)	(30,519,524)	(61,025,908)
Total Operating Expenses	(256,178,538)	(45,435,372)	(301,613,910)
Profit Before Tax from Continuing Operations	80,937,319	(25,713,291)	55,224,027
Income Tax			(16,567,208)
Assessed tax payable pertaining to earlier years			(21,791,841)
Profit For the Year	80,937,319	(25,713,291)	16,864,977
Other Comprehensive Income Profit For the Year	80,937,319	(25,713,291)	16,864,977
Remeasurment Gain/(Loss) on Defined Benefit Plan		1,319,885	1,319,885
Total Comprehensive Income Before tax	80,937,319	(24,393,406)	18,184,862
Tax on income /(expense) relating to components of other comprehensive income		(395,966)	(395,966)
Total comprehensive income for the year, net of tax	80,937,319	(24,789,371)	17,788,897



NOTES TO FINANCIAL STATEMENTS

3.2 Reconciliation of Statement of Comprehensive Income for the year ended 31st Dec 2019

	Local GAAP Reclassified	(Nu) Re-measurement	BFRS
Interest & Similar Income	762,864,700	(2,020,066)	760,844,634
Interest & Similar Expense	(435,294,841)	3,046,074	(432,248,766)
Net interest income	327,569,859	1,026,008	328,595,868
Fee and commission income	59,300,292	-	59,300,292
Fee and commission expenses	-	-	-
Net fee and commission income	59,300,292	-	59,300,292
Other Operating Income	90,977,379	-	90,977,379
Total operating income	477,847,531	1,026,008	478,873,540
Personnel Expenses	(91,418,966)	(113,968)	(91,532,935)
Depreciation on Property Plant & Equipment	(10,534,030)	-	(10,534,030)
Amortization of Intangible Assets	(6,512,104)	-	(6,512,104)
Other Operating Expenses	(80,216,404)	-	(80,216,404)
Impairment (charges)/reversal for loans and other losses	(46,643,320)	(6,430,394)	(53,073,714)
Total Operating Expenses	(235,324,825)	(6,544,363)	(241,869,187)
Profit Before Tax from Continuing Operations	242,522,706	(5,518,354)	237,004,353
Income Tax Expense	(64,733,499)	1,343,452	(63,390,046)
Profit For the Year	177,789,207	(4,174,903)	173,614,306
Other Comprehensive Income	(171,635,370)		
Profit For the Year	177,789,207	(4,174,903)	173,614,306
Remeasurment Gain/(Loss) on Defined Benefit Plan		(3,403,865)	(3,403,865)
Total Comprehensive Income Before tax	177,789,207	(7,578,768)	170,210,441
Tax on income /(expense) relating to components of other comprehensive income		1,021,160	1,021,160
Total comprehensive income for the year, net of tax	177,789,207	(6,557,608)	171,231,600



NOTES TO FINANCIAL STATEMENTS

3.3 Reconciliation of Statement of Balance Sheet as on 31st Dec 2020

		(Nu)	
	Local GAAP Reclassified	Re-measurement	BFRS
Assets			
Cash & cash Equivalents	1,014,689,690	(513,453)	1,014,176,237
Cash & Balances with Central Bank	1,449,189,826	-	1,449,189,826
Placement with other Banks	1,003,476,867	(947,099)	1,002,529,767
Due From Banks			
Loans & Advances to Customers	8,232,617,779	(204,118,454)	8,028,499,326
Equity instruments – at cost	7,750,000	-	7,750,000
Debt Instruments at Amortized Cost	358,074,070	(3,244,543)	354,829,528
Other Financial Assets	1,222,268	-	1,222,268
Other Assets	52,744,167	31,862,275	84,606,442
Property, Plant & Equipment	97,385,699	-	97,385,699
Intangible Assets	45,661,282	-	45,661,282
Deferred Tax Asset		-	-
Total Assets	12,262,811,650	(176,961,274)	12,085,850,376
Liabilities			
Due to Customers	8,015,648,467	(7,932,158)	8,007,716,309
Due to Banks and Financial Institutions	2,406,129,649	-	2,406,129,649
Debt issued and Other Borrowed Funds	470,000,000		470,000,000
Current Tax Liabilities	45,356,623		45,356,623
Deferred Tax Liability	-	-	-
Defined Benefit Liability	-	601,929	601,929
Other Liabilities	405,571,445	(146,441,751)	259,129,694
Total Liabilities	11,342,706,184	(153,771,979)	11,188,934,205
Equity			
Share Capital	600,252,230	-	600,252,230
Reserves			
Retained Earnings	287,351,959	(23,189,295)	264,162,664
			-
Foreign Exchange Fluctuation Reserve	32,501,276	-	32,501,276
Total equity	920,105,466	(23,189,295)	896,916,171
Total liabilities and equity	12,262,811,650	(176,961,274)	12,085,850,376



NOTES TO FINANCIAL STATEMENTS

3.4 Reconciliation of Statement of Balance Sheet as on 31st Dec 2019

	Local GAAP Reclassified	(Nu) Re-measurement	BFRS
Assets			
Cash & cash Equivalents	1,022,261,641	(362,787)	1,021,898,854
Cash & Balances with Central Bank	1,218,467,024	-	1,218,467,024
Placement with other Banks	1,544,527,776	(1,220,566)	1,543,307,210
Due From Banks			
Loans & Advances to Customers	7,765,894,277	(143,112,516)	7,622,781,761
Equity instruments – at cost	7,750,000	-	7,750,000
Debt Instruments at Amortized Cost	21,208,219	(177)	21,208,042
Other Financial Assets	2,183,362	-	2,183,362
Other Assets	76,390,387	25,750,035	102,140,422
Property, Plant & Equipment	58,260,698	-	58,260,698
Intangible Assets	29,811,138	-	29,811,138
Deferred Tax Asset		-	-
Total Assets	11,746,754,523	(118,946,011)	11,627,808,511
Liabilities			
Due to Customers	7,137,207,794	(16,131,840)	7,121,075,953
Due to Banks and Financial Institutions	2,891,106,687	-	2,891,106,687
Debt issued and Other Borrowed Funds	470,000,000		470,000,000
Current Tax Liabilities	64,733,499	-	64,733,499
Deferred Tax Liability	-	5,366,989	5,366,989
Defined Benefit Liability	-	4,672,272	4,672,272
Other Liabilities	299,181,771	(112,515,617)	186,666,154
Total Liabilities	10,862,229,751	(118,608,197)	10,743,621,554
Equity			
Share Capital	600,252,230	-	600,252,230
Reserves			
Retained Earnings	265,814,718	(337,815)	265,476,903
Foreign Exchange Fluctuation Reserve	18,457,824	-	18,457,824
Total equity	884,524,772	(337,815)	884,186,958
Total liabilities and equity	11,746,754,523	(118,946,011)	11,627,808,511



NOTES TO FINANCIAL STATEMENTS

	(Nu)	
4. Interest and Similar Income	2020	2019
Interest Income from Loans	769,706,237	758,075,627
Interest Income from Preferential Lending	2,388,043	2,769,007
Total	772,094,280	760,844,634

5. Interest & Similar Expenses	2020	2019
Interests on Saving Deposits	130,273,216	103,557,716
Interests on Fixed and Recurring Deposits	332,304,267	317,447,215
Interest on Govt. Bonds	40,500,000	11,243,836
1% Rebate and Interest Waiver on COVID-19	107,647,505	-
Total	610,724,988	432,248,766

6. Net Fees & Commission Income	(Nu.)	
Fees & Commission Income	2020	2019
Commission Earnings	40,059,399	47,341,993
Commission on Forex	30,123,589	11,958,299
Total fees and commission income	70,182,988	59,300,292
Fees & Commission Expense	-	-
Net Fees & Commission Income	70,182,988	59,300,292

	(Nu)	
7. Other Operating Income	2020	2019
Interest on FD with other banks	41,501,492	56,034,749
Foreign Exchange Gain	56,173,811	24,409,413
Income from Investments	7,531,851	4,596,712
Other Receipts	20,078,503	5,936,506
Total	125,285,657	90,977,379

	(Nu)	
8. Personnel Expenses	2020	2019
Salaries, Wages and Bonus	94,781,767	80,568,104
Gratuity paid	4,521,067	7,547,599
Earned Leave Encashment-Staff	4,930,330	3,303,263
Bonus to Staff	15,455,367	-
Contribution to Provident and other Fund	-	-
Pre-paid staff cost	12,048,195	(2,089,316)
Current Service Cost	2,867,653	2,203,284
Total	134,604,379	91,532,935



NOTES TO FINANCIAL STATEMENTS

As per the requirement of Revenue and Customs Office, Thimphu the company is required to recognize bonus on cash basis since 2018.

9. Other Operating Expenses	2020	(Nu) 2019
Advertising & Marketing	8,287,021	3,497,410
Administrative	6,380,974	12,100,469
Professional Fees	6,024,305	1,266,189
Rent Paid under operating leases	442,806	11,935,963
Other	58,207,829	51,416,372
Total	79,342,935	80,216,404

Impairment (charges)/reversal for loans and other

10. Losses	(Nu)
Impairment	2020 2019
Provision as per GAAP	(30,506,385) (46,643,320)
Addition/(Reversal) for the Years	(30,519,524) (6,430,394)
Closing Balance as at 31 December	(61,025,908) (53,073,714)

With the adoption of BFRS 9 - Financial Instruments, the provision for loans and advances increased by Nu. 40,975,415.00 in 2020 and increased by Nu. 6,439,394.00 in 2019 compared to the provisions as per RMA's PR 2017

11. Taxation

The major components of income tax expense for the years ended 31st December are as follows.

Statement of Comprehensive Income	2020	(Nu) 2019
Current Income Tax		
Income Tax for the year	(16,567,208)	(64,733,499)
Assessed Tax paid/payable pertaining to earlier years	(21,791,841)	-
Deferred Tax		
Deferred Taxation Charge/(Reversal)	-	1,343,452
Income Tax expense reported in the Statement of Profit or Loss	(38,359,050)	(63,390,046)

11.1 A Reconciliation between Tax Expenses and the Product of Accounting Profit

Accounting Profit before Income Tax	55,224,027	237,004,353
	55,224,027	237,004,353
Statutory Tax Rate	30%	30%
Computed Tax Expenses	16,567,208	71,101,306
Increase /(reduction) in the aforesaid computed tax expenses on account of :		
10% rebate for 100% Bhutanese employee	-	(7,110,131)
Reversal of provision/rebate not considered in Income Tax Act	-	83,070



NOTES TO FINANCIAL STATEMENTS

Preferential Lending Income (Tax exempt)	-	(830,702)
Bonus for 2019 paid in 2020		
Additional tax on increased Income/ (Expenses reduced)		1,489,956

Total	16,567,208	64,733,499
Adjustment recognized in current year in relation to the current tax of prior years	21,791,841	
Current Tax	38,359,049	64,733,499

	(Nu)	
12. Basic Earnings Per Share	2020	2019
Total comprehensive income for the year, net of tax	16,864,977	173,614,305
Number of shares	60,025,223	60,025,223
Basic Earnings Per Share	0.28	2.89

	(Nu)	
13. Cash & Cash Equivalents	2020	2019
Local currency on hand	250,700,768	158,476,614
Foreign currency on hand	2,477,254	6,453,898
Balance with Banks in Bhutan	67,797,751	88,734,390
Balance with Banks in India & Bhutan	693,713,918	768,596,738
	1,014,689,690	1,022,261,641
Less: Allowance for Expected Credit Loss	(513,453)	(362,787)
	1,014,176,237	1,021,898,854

	(Nu)	
14. Balances with Central Bank of Bhutan (RMA)	2020	2019
Balance with RMA	740,436,119	297,047,482
Cash Reserve Requirement with RMA	708,753,707	921,419,542
Balances with Central Bank of Bhutan(RMA)	1,449,189,826	1,218,467,024

	(Nu)	
15. Placement with other banks	2020	2019
Fixed Deposits with banks in Bhutan & abroad	1,003,476,867	1,544,527,776
Less: Allowance for Expected Credit Loss	(947,099)	(1,220,566)
Total	1,002,529,767	1,543,307,210

	(Nu)	
16. Gross Loans & Receivables	2020	2019
Gross loans & receivables	8,440,262,427	7,968,933,703
Less: Unamortized Staff loan	(31,862,275)	(25,750,035)
	8,408,400,152	7,943,183,668
Less: Impairment on Loans and Advances		
Individual impairment	-	3,441,446
Collective impairment	379,900,827	316,960,461



NOTES TO FINANCIAL STATEMENTS

Total Impairment	(379,900,827)	(320,401,907)
Net Loans and Receivables	8,028,499,326	7,622,781,761

Loans & Advances to Customers	2020	2019
Term Loan	6,836,360,827	6,433,018,628
Overdrafts	1,148,369,208	1,388,850,669
Bills discounted	99,266,768	2,005,733
Working Capital Loans	257,744,532	104,706,389
Loans Under Litigation	-	-
Interest Receivable	98,521,092	40,352,284
	8,440,262,427	7,968,933,703
Less: Unamortized Staff Loans	(31,862,275)	(25,750,035)
Less: Impairment allowance for loans and advances	(379,900,827)	(320,401,907)
Total	8,028,499,326	7,622,781,761

17. Equity Instruments-at cost	(Nu)	
As at 31st December	2020	2019
Statutory Investments		
Investment in FITI (4.62% of Share Capital of FITI)	6,000,000	6,000,000
Investment in CIB (7% of Share Capital of CIB)	1,750,000	1,750,000
Total	7,750,000	7,750,000

Since the investments in FITI and CIB are non-corporate investments with no dividends or returns paid on the investments and due to non-availability of fair value data, the fair value of the investments are not carried out. FITI and CIB are not listed on stock exchange.

18. Debt Instruments	(Nu)	
As at 31st December	2020	2019
Investment in Bonds	358,074,070	21,208,219
Less: Allowance for Expected Credit Loss	(3,244,543)	(177)
	354,829,528	21,208,042

19. Defined Benefit Asset (Liability)	(Nu)	
	2020	2019
Net defined benefit asset at the beginning of current period	(4,672,272)	865,627
Current Service Cost	(3,121,113)	(2,203,284)
Amount recognized in the income statement	(258,272)	69,250
Amount recognized in the OCI	1,319,885	(3,403,865)
Contributions paid into the plan	15,000,000	-
Benefits paid by the employer	253,460	-
Acquisitions credit/ (cost)	(9,123,617)	
Net defined benefit asset at the end of current period	(601,929)	(4,672,272)



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 Nu 1.5 million in 2019 reporting period. A full actuarial valuation by a qualified independent actuary is carried out every year.

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

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

Details of Fair Value of Plan Assets as on 31.12.20	2020	2019
Fair Value of Assets at the beginning of the Current Period	8,552,791	9,570,867
Acquisition adjustment	9,123,617	
Contribution Paid into the Plan	15,000,000	-
Expected return on Plan Assets	961,486	711,150
Benefits Paid	-	(1,715,140)
Return on Plan Assets greater or less than discount rate	778,374	(14,086)
	16,169,034	8,552,791
Expected Benefit Payment for the year ending	2020	2019
31st December 2021	1,871,731	
31st December 2022	2,189,859	1,766,465
31st December 2023	2,647,207	2,030,000
31st December 2024	3,120,866	2,434,000
31st December 2025	2,830,103	2,857,000
31st December 2026 to 31st December 2030	17,695,094	15,261,000
Scheme Asset Allocation	2020	2019
Investment with BIL	2,000,000	9,114,877
Gratuity Payable Account	13,000,000	3,233,883
Total	15,000,000	12,348,760



NOTES TO FINANCIAL STATEMENTS

Sensitivity of assumption employed in actuarial valuation

31.12.2020	Defined Benefit Obligation	Defined Benefit Obligation
1) Discount Rate		
Base Discount Rate of 8.40%	16,770,963	
Discount Rate of 9.40% (+1%)	15,601,441	(1,169,522)
Discount Rate of 7.30% (-1%)	16,946,697	1,345,256
2) Salary Escalation Rate		
Base Salary Escalation Rate of 6%	16,770,963	
Salary Escalation Rate of 7 % (+1%)	18,060,088	1,289,125
Salary Escalation Rate of 5% (-1%)	16,919,462	(1,140,626)
31.12.2019	Defined Benefit Obligation	Defined Benefit Obligation
1) Discount Rate		
Base Discount Rate of 8.30%	13,225,063	13,225,063
Discount Rate of 9.30% (+1%)	12,285,644	12,285,644
Discount Rate of 7.30% (-1%)	14,307,283	14,307,283
2) Salary Escalation Rate		
Base Salary Escalation Rate of 6%	13,225,063	8,705,240
Salary Escalation Rate of 7 % (+1%)	14,287,563	9,253,144
Salary Escalation Rate of 5% (-1%)	13,348,816	8,757,409
Summary of Actuarial Assumptions	31.12.20	31.12.19
Discount Rate (%)	8.4	8.3
Salary Escalation Rate (%)	6	6
Employee Turnover Rates (%)	8	8
Mortality Rates	100% of IALM (2006-08)	100% of IALM (2006-08)

20. Other Financial Assets

As at 31st December	2020	(Nu) 2019
Sundry Receivables	105,000	1,163,069
Security Deposits	1,117,268	1,020,293
Total	1,222,268	2,183,362

Sundry Receivables and Security Deposits were not measured at amortized cost or fair value since the figures were not material.



NOTES TO FINANCIAL STATEMENTS

21. Other Assets

	(Nu)	
As at 31st December	2020	2019
Investment in banks	15,000,000	9,114,877
Advance Tax paid	1,652,845	15,589,553
Stock of Stationery	10,278,736	5,864,307
Others (loan routine, settlement bridge)	22,035,716	40,160,683
Prepaid Staff Expense	31,862,275	25,750,035
Prepayments	3,776,871	5,660,968
Total	84,606,442	102,140,422
The Movement in Pre-Paid Staff cost	2020	2019
As at 1st January	25,750,035	12,264,923
Add / (Less): Adjustment for new grants & settlements	18,160,435	15,574,427
Less: Charge to Personnel cost	(12,048,195)	(2,089,316)
As at 31st December	31,862,275	25,750,035

22. Property, Plant and Equipment

Cost/Revalued Amount:	Land	Vehicles	Computer hardware	Other Equipments	IT Equipments	ATM Machines & Switch	Fixture & Improvement of Bldg	Security Equipments	Furniture & fixtures	Total
At 1 January 2019		9,626,463	25,791,064	21,553,369	16,880,983	14,102,512	8,803,886	2,533,308	14,634,545	113,926,130
Additions		-	6,130,298	3,797,315	4,815,261	2,312,934	4,679,844	-	2,930,600	24,666,251
Revaluation										-
Disposals		(5,234,142)								(5,234,142)
At 31 December 2019		4,392,320	31,921,362	25,350,684	21,696,244	16,415,446	13,483,731	2,533,308	17,565,144	133,358,239
Additions	639,667.35	3,594,138	8,148,380	4,041,217	32,788,021	662,308	6,659,979	24,500	1,678,662	58,236,872
Disposals		(3,306,726)	(348,160)	(375,000)	(375,000)					(4,404,886)
At 31 December 2020	639,667.35	4,679,732	39,721,582	29,016,901	54,109,265	17,077,754	20,143,710	2,557,808	19,243,806	187,190,225
Accumulated Depreciation		Vehicles	Computer hardware	Other Equipments	IT Equipments	ATM Machines & Switch	Fixture & Improvement of Bldg	Security Equipments	Furniture & fixtures	Total
At 1 January 2019	-	6,723,258	16,898,808	13,921,644	11,046,994	7,677,809	3,122,307	1,841,364	8,565,468	69,797,653
Charge for the year		658,848	2,741,899	1,905,823	1,191,662	1,336,824	1,223,065	200,580	1,275,329	10,534,030
Disposals		(5,234,142)								(5,234,142)
At 31 December 2019	-	2,147,964	19,640,708	15,827,466	12,238,656	9,014,634	4,345,372	2,041,943	9,840,797	75,097,541
Additions		740,188	3,476,998	2,457,033	4,835,032	1,621,566	2,109,448	140,791	1,563,145	16,944,200
Disposals		(1,930,166)	(307,049)							(2,237,215)
At 31 December 2020	-	957,986	22,810,656	18,284,499	17,073,688	10,636,200	6,454,820	2,182,734	11,403,943	89,804,526
Net Book Value										
2018 December		2,903,204	8,892,256	7,631,726	5,833,989	6,424,703	5,681,579	691,944	6,069,077	44,128,478
2019 December		2,244,356	12,280,654	9,523,218	9,457,588	7,400,813	9,138,359	491,364	7,724,347	58,260,698
2020 December		3,721,746	16,910,925	10,732,402	37,035,577	6,441,555	13,688,890	375,073	7,839,864	97,385,699



23. Intangible Assets (Bank)

Cost:	Software (Nu)
At 31 December 2019	66,117,907
Additions	25,546,632
Disposals	
At 31 December 2020	91,664,539
Acc. Dep:	
At 31 December 2019	36,306,769
Additions	9,696,488
Disposals	
At 31 December 2020	46,003,257
Net book value:	
At 31 December 2019	29,811,138.37
At 31 December 2020	45,661,282.36

24. Due to Customers	2020	(Nu)	2019
Fixed Deposit	3,922,631,350		3,957,958,766
Recurring Deposit	97,514,050		67,139,730
Savings Deposits	2,751,940,526		2,062,624,378
Current Accounts	928,543,092		768,098,411
Interest Payable	315,019,448		281,386,509
Deposit EIR adjustment	(7,932,158)		(16,131,840)
Total	8,007,716,309		7,121,075,953

25. Due to Other Banks	2020	(Nu)	2019
Bank of Bhutan Limited	700,000,000		300,000,000
Bhutan Development Bank Limited	882,629,649		415,179,005
Bhutan National Bank Limited	300,000,000		1,650,000,000
Druk PNB Limited	523,500,000		525,927,683
Total	2,406,129,649		2,891,106,687

26. Debt issued and other borrowed Fund	2020	(Nu)	2019
Subordinate term debt (Bonds of RGoB) amounting to Nu.150,000,000 and Nu.350,000,000 issued for 10 years and 7 years @ coupon rate of 6% p.a and 9% p.a	470,000,000		470,000,000
Total	470,000,000		470,000,000

27. Current Tax Liabilities	2020	(Nu)	2019
Balance as at 1st January	64,733,499		49,143,601
<i>Assessed tax paid/payable for earlier year</i>			
Current year provision	38,359,049		64,733,499
Less: Payment of tax	(64,733,499)		(49,143,601)
Balance as at 31st December	38,359,049		64,733,499
Deferred Tax Liabilities	-		5,366,989
Total Tax Liability	38,359,049		70,100,487



28. Analysis of Financial Instruments by Measurement Basis

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

As at 31-Dec-2019-Bank	Held for Trading	Amortized Cost	Held to maturity	AFS	Total
Analysis of Financial Instruments by Measurement Basis					
Financial Assets					
Cash & cash Equivalents		1,021,898,854			1,021,898,854
Cash & Balances with Central Bank		1,218,467,024			1,218,467,024
Placement with other Banks		1,543,307,210			1,543,307,210
Loans & Advances to Customers		7,622,781,761			7,622,781,761
Equity Instruments			7,750,000		7,750,000
Debt Instruments			21,208,042		21,208,042
Other Financial Assets:					
Sundry Receivables		1,163,069			1,163,069
Security Deposits		1,020,293			1,020,293
Financial Liabilities					
Due to Customers		7,121,075,953			7,121,075,953
Due to Banks		2,891,106,687			2,891,106,687
Debts issued and Other Borrowed Funds		470,000,000			470,000,000
Other Financial Liabilities		120,170,742			120,170,742
Analysis of Financial Instruments by Measurement Basis 2020					
Financial Assets					
Cash & cash Equivalents		1,014,176,237			1,014,176,237
Cash & Balances with Central Bank		1,449,189,826			1,449,189,826
Placement with other Banks		1,002,529,767			1,002,529,767
Loans & Advances to Customers		8,028,499,326			8,028,499,326
Equity Instruments			7,750,000		7,750,000
Debt Instruments			354,829,528		354,829,528
Other Financial Assets:					
Sundry Receivables		105,000			105,000
Security Deposits		1,117,268			1,117,268
Financial Liabilities					
Due to Customers		8,007,716,309			8,007,716,309
Due to Banks		2,406,129,649			2,406,129,649
Debts issued and Other Borrowed Funds		470,000,000			470,000,000
Other Financial Liabilities		258,527,765			258,527,765



NOTES TO FINANCIAL STATEMENTS

29. Deferred Taxation	Reflected in statement of Financial Position		Reflected in Statement of Comprehensive Income	
Deferred Tax Assets, Liabilities and Income Tax relates to the followings	(Nu)		(Nu)	
	2020	2019	2020	2019
Defined Benefit Asset	(180,579)	(1,401,682)	(1,582,260)	(1,141,994)
Deposit EIR	7,219,199	4,839,552	(2,379,647)	(913,822)
GAAP vs BFRS Loan Provision	(9,155,857)	1,929,118	11,084,975	(425,254)
Total	(2,117,236)	5,366,989	(2,117,236)	7,123,068
				(2,481,070)

Since, the DRC now requires bank to file tax based on the taxable income arrived at as per the BAS Accounts the deferred tax is not applicable for the final presentation.

30. Other Liabilities	(Nu)	
	2020	2019
<i>Financial</i>		
Sundry Creditors	30,620,633	595,033
Provision Against Off-Balance Sheet items	37,976	8,062,947
Others	227,869,156	111,512,762
Provision for Dividend/Retained Earning	-	66,027,745
<i>Non Financial</i>		
Others	601,929	467,667
Total	259,129,694	186,666,154

31. Share Capital	(Nu)	
	2020	2019
Share Capital (42,499,786 shares of Nu.10/- each fully paid)	600,252,230	424,997,860
Bonus Shares issued (5,591,654 shares of Nu.10/- each fully paid)		55,916,540
Rights Shares issued (11,933,783 shares of Nu. 10/- each fully paid)	-	119,337,830
Total Share Capital	600,252,230	600,252,230

31.1 Reconciliation of Equity Share Capital	Number of shares	
As at 31st December 2019	60,025,223	42,499,786
Change during the year (Bonus shares issued-5,591,654) and Right Share issued-11,933,783)		17,525,437
As at 31st December 2020	60,025,223	60,025,223



NOTES TO FINANCIAL STATEMENTS

32. Reserve & Surplus	2020	2019
Retained Earnings		
Opening Balance	265,476,903	229,343,717
Profit during the year as per Statement Comprehensive Income	16,864,977	173,614,304
Other Comprehensive Income, net of tax	923,920	(2,382,706)
Adjustments (Bonus Shares issue)	-	(55,916,540)
Add: Addition during the year to Exchange Fluctuation Reserve	(14,043,453)	(6,102,354)
Transfer during the year	-	(66,027,745)
Share Premium Account	-	3,424
BFRS Adjustment (Ref -Note below 32.1)	1,937,891	(7,055,197)
Balance as per BAS/BFRS	271,160,239	265,476,903
Exchange Fluctuation Reserve		
Opening Balance	18,457,824	12,355,470
Addition during the year	14,043,453	6,102,354
Closing Balance	32,501,277	18,457,824
Total Reserves & Surplus	303,661,515	283,934,727

32.1 The Company has adopted BFRS – 9 in the year 2018 and prepared the BAS complied financial statements for the year 2020. The BFRS Adjustment reconciliation is shown below:

Opening Balance (due to BFRS adoption from SOFP)	337,815	(13,274,991)
Addition during the year from SOFP:	(23,189,295)	(337,815)
Addition during the year from SOCI:	24,789,371	6,557,608
Total	1,937,891	(7,055,197)

33. Commitment and Contingencies

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

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

33.1 Commitment and Contingencies

	(Nu)	
As at 31st December	2020	2019
Contingent Liabilities		
Performance Guarantees	99,013,216	71,885,528
Financial Guarantees	110,853,878	27,299,984
Import Letter of Credits	216,662,948	268,982,308
Other	-	-
Income tax demand not acknowledged as debt	-	-
Commitment & contingencies	426,530,042	368,167,819



33.2 Other Contingent Liabilities

Litigation against the Bank

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

34 Related Party Disclosure

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

34.1 Parent & Ultimate Controlling Party

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

34.2 Transaction with Key Managerial Personnel (KMPs)

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

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

34.2.1 Transactions with Key Managerial Personnel (KMPs)

	(Nu.)	
For the Year Ended 31st December	2020	2019
Remuneration paid to CEO	4,309,822.00	3,726,432.00
Sitting Fees paid to CEO	161,000.00	98,000.00
Directors' fees & expenses	1,044,017.00	903,827.28
Total	5,514,839.00	4,728,259.28

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

	2020		2019		Average Balance	
	Limit	Closing Balance	Limit	Closing Balance	Limit	Closing Balance
Loans and Receivables	9,181,400	8,063,359	17,181,400	11,575,415	13,181,400	9,819,387

34.3.3 Deposits from KMPs and their CFMs are detailed below:

	2020	2019
Deposits	290,902.94	842,902.94



NOTES TO FINANCIAL STATEMENTS

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

		2020	2019
Loans & receivables:			
BCCL	Overdraft Facility	20,198,041.55	19,862,694
BCCL	Overdraft Facility	31,098,267.64	31,197,626
BCCL-OWMI	Overdraft Facility	93,677,166.12	92,703,391
Bhutan Fruit Products	Overdraft Facility	20,855,459.17	22,030,170
Druk Petroleum Corporation	Overdraft Facility	-	22,383,735
Tashi Thuendrei Lerig	Overdraft Facility	25,323,249.06	26,730,758
Tashi Metals Private Limited	Overdraft Facility	-	10,796,424
Tashi Metals Private Limited	Term Loan	68,285,933.35	65,377,583
Tashi Tours and Travel	Overdraft Facility		226,990
		93,907.75	
Tashi Tours and Travel	Term Loan	115,446.00	615,524
Bhutan Airlines	Term Loan	31,614,509.33	1,340,880
Tashi Air-OWST	Overdraft Facility	53,626,274.31	-
Tashi InfoComm Ltd.	Term Loan	83,459,997.63	-
Dasho Topgyal Dorji	Overdraft Facility	26,917,950.32	46,567,903
Tashi Commercial Corporation	Overdraft Facility	1,292,716.21	1,662,194
Tashi Commercial Corporation Head office	Term Loan		60,061,644
		61,942,365	
Tashi Commercial Corporation Head office	Overdraft Facility	-	5,557,954
Tashi Commercial Corporation Head office	Overdraft Facility	32,680,443.67	-
Tashi Beverages Limited	Term Loan	1,219,047.87	20,016,438
Tashi Beverages Limited	Term Loan	55,373,321	54,454,932
Tashi Beverages Limited	Term Loan	2,419,013.49	-
Tashi Beverages Limited	Term Loan	1,214,106.59	-
Tashi Commercial Complex	Overdraft Facility	22,997,800.18	22,451,133
Tashi Spare parts	Overdraft Facility	-	-
Tashi Phuntsholing Complex	Term Loan	-	-
Tashi Industries Corporation	Overdraft Facility	970,296.68	921,154
RICBL	Overdraft Facility	-	149,999,593
Bhutan Oil Distributors	Overdraft Facility	-	-
SKW Tashi Metals & Alloys Pvt. Ltd.	Overdraft Facility	-	19,764,809
TICMATHA	Overdraft Facility	-	-
TRTI	Overdraft Facility	-	-
Hotel Druk	Overdraft Facility	2,246,752.49	2,214,060
Documentary Credits			
Bhutan Hyundai Motors		58,267,281.90	54,373,905
Guarantees			
Bhutan Airlines		62,233,800.00	27,551,845
Bhutan Hyundai Motors			3,200,000
Bhutan Oil Distributors			183,680
Bhutan Carbide and chemical limited			660,165
Corporate Bonds			
Tashi Air Pvt. Ltd.			20,000,000
Total		758,123,146.84	782,907,183



34.5 Goods and Services Purchased

During the year, the Bank purchased goods and services from entities where KMPs have either control and / or joint control.

		(Nu)
For the year ended 31st December	2020	2019
Tashi Real Estate Pvt. Ltd	6,416,407.80	6,042,633.60
Bhutan Brewery Pvt. Ltd.	360,000.00	360,000.00
Tashi InfoComm Ltd.	2,004,622.72	1,943,192
Hotel Druk	121,566.00	121,183.00
RICBL	371,532.96	914,406.00
Total	9,274,129.48	9,381,415

34.6 Transactions with Subsidiaries

The Bank has no subsidiaries.

35. Events after the Reporting Period

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

36. Fair Value of Financial Instruments

Financial Instruments Recorded at Fair Value

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

Trading Assets and Other Assets Measured at Fair Value

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

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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



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

31st December 2020	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Financial Investment at cost	-	-	7,750,000
31st December 2019			
Financial Investment at cost	-	-	7,750,000

Determination of fair value hierarchy

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

Fixed Rate Financial Instruments

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

For quoted debt issued.

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

For other variable rate instruments

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



NOTES TO FINANCIAL STATEMENTS

	2020 (Nu)		2019 (Nu)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash & cash equivalents	1,014,176,237	1,014,176,237	1,021,898,854	1,021,898,854
Balances with Royal Monetary Authority of Bhutan	1,449,189,826	1,449,189,826	1,218,467,024	1,218,467,024
Placements with Banks	1,002,529,767	1,002,529,767	1,543,307,210	1,543,307,210
Loans & Advances to Customers	8,440,262,427	8,028,499,326	7,968,933,703	7,622,781,761
Equity Instruments	7,750,000	7,750,000	7,750,000	7,750,000
Debt Instruments	358,074,070	354,829,528	21,208,219	21,208,042
Other Financial Assets	1,222,268	1,222,268	2,183,362	2,183,362
Financial Liabilities				
Due to customers	8,015,648,467	8,007,716,309	7,137,207,794	7,121,075,953
Due to Banks	2,406,129,649	2,406,129,649	2,891,106,687	2,891,106,687
Debts Issued & Other Borrowed Funds	470,000,000	470,000,000	470,000,000	470,000,000
Other Financial Liabilities	258,527,765	258,527,765	120,170,742	120,170,742

37. Risk Management

37.1 Credit Risk

Credit quality by class of financial asset

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

Definition of Past Due

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

31 December 2020	(Nu)			
	Neither past due nor Individually impaired	Past due but not impaired	Individually Impaired	Total
Cash & cash Equivalents	1,014,176,237	-	-	1,014,176,237
Cash & Balances with Central Bank	1,449,189,826	-	-	1,449,189,826
Placement with other Banks	1,002,529,767	-	-	1,002,529,767
Loans & Advances to Customers	6,336,642,511	1,691,856,815	-	8,028,499,326
Equity Instruments	7,750,000	-	-	7,750,000
Debt Instruments	354,829,528	-	-	354,829,528
Other Financial Assets	1,222,268	-	-	1,222,268
Total	10,166,340,136	1,691,856,815	-	11,858,196,951



NOTES TO FINANCIAL STATEMENTS

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	Total
Loans & receivables to other customers	424,256,420	701,643,357	173,544,393	392,412,645	1,691,856,815

31 December 2019	Neither past due nor Individually impaired	Past due but not impaired	Individually Impaired	Total
Cash & cash Equivalents	1,021,898,854	-	-	1,021,898,854
Cash & Balances with Central Bank	1,218,467,024	-	-	1,218,467,024
Placement with other Banks	1,543,307,210	-	-	1,543,307,210
Loans & Advances to Customers	5,615,676,105	1,780,688,097	226,417,559	7,622,781,761
Equity Instruments	7,750,000	-	-	7,750,000
Debt Instruments	21,208,042	-	-	21,208,042
Other Financial Assets	2,183,362	-	-	2,183,362
Total	9,430,490,596	1,780,688,097	226,417,559	11,437,596,252

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	Total
Loans & receivables to other customers	704,249,234	409,490,023	342,534,729	324,414,111	1,780,688,097

Analysis of Risk Concentration

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

Country Risk - Geographical Analysis

As at 31-Dec-2020	Bhutan	Asia	Americas	Total
Cash & cash Equivalents	320,915,796	693,260,441		1,014,176,237
Cash & Balances with Central Bank	1,449,189,826			1,449,189,826
Placement with other Banks	504,086,138	387,089,385	110,181,902	1,001,357,426
Loans & Advances to Customers	8,018,064,828			8,018,064,828
Equity Instruments	7,750,000			7,750,000
Debt Instruments	356,001,869			356,001,869
Other Financial Assets	1,222,268			1,222,268



NOTES TO FINANCIAL STATEMENTS

Regional Break-up of Loans (Net Loans)

Gelephu	330,038,772
Mongar	201,772,133
Paro	518,520,758
Phuentsholing	870,031,821
Samdrupjongkhar	209,431,686
Samtse	101,805,857
Trongsa	13,505,637
Thimphu	5,074,667,152
Trashigang	148,545,768
Wangdue	549,745,244
Total	8,018,064,828

Country Risk - Geographical Analysis

As at 31-Dec-2019	Bhutan	Asia	Americas	Total
Cash & cash Equivalents	253,606,694	768,292,159		1,021,898,854
Cash & Balances with Central Bank	1,218,467,024			1,218,467,024
Placement with other Banks	1,059,662,025	373,797,282	109,847,903	1,543,307,210
Loans & Advances to Customers	7,622,781,761			7,622,781,761
Equity Instruments	7,750,000			7,750,000
Debt Instruments	21,208,042			21,208,042
Other Financial Assets	2,183,362			2,183,362

Regional Break-up of Loans (Net Loans)

Gelephu	254,709,408
Mongar	146,652,773
Paro	435,224,100
Phuentsholing	805,900,956
Samdrupjongkhar	159,039,301
Samtse	64,177,178
Thimphu	5,207,158,665
Trashigang	114,205,942
Wangdue	435,713,437
Total	7,622,781,761



NOTES TO FINANCIAL STATEMENTS

Industry Analysis

31st December 2020	Industrial	Government	Services & tourism	Construction	Financial Services	Transport	Trade & Commerce	Consumer	Others	Total
Balances with Central Bank									1,449,189,826	1,449,189,826
Placement with other Banks									1,002,529,767	1,002,529,767
Loans & Advances to Customers	319,805,450		1,732,637,979	2,979,241,141		214,210,540	907,118,863	1,380,018,201	495,467,152	8,028,499,326
Equity Instruments									7,750,000	7,750,000
Debt Instruments	19,764,633	335,064,895								354,829,528
Other Financial Assets									1,222,268	1,222,268

31st December 2019	Industrial	Government	Services & tourism	Construction	Financial Services	Transport	Trade & Commerce	Consumer	Others	Total
Balances with Central Bank	-	-	-	-	-	-	-	-	1,218,467,024	1,218,467,024
Placement with other Banks	-	-	-	-	-	-	-	-	1,543,307,210	1,543,307,210
Loans & Advances to Customers	242,742,523	-	1,044,837,722	2,762,513,372	-	119,084,658	935,007,712	1,013,814,243	1,504,781,532	7,622,781,761
Equity Instruments	-	-	-	-	-	-	-	-	7,750,000	7,750,000
Debt Instruments	21,208,042	-	-	-	-	-	-	-		21,208,042
Other Financial Assets	-	-	-	-	-	-	-	-	2,183,362	2,183,362

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

	31-Dec-20		As at 31-Dec-2019	
	Amount (Nu.)	%	Amount (Nu.)	%
Industrial	319,805,450	3.98%	242,742,523	3.18%
Services & tourism	1,732,637,979	21.58%	1,044,837,722	13.71%
Construction	2,979,241,141	37.11%	2,762,513,372	36.24%
Transport	214,210,540	2.67%	119,084,658	1.56%
Trade & Commerce	907,118,863	11.30%	935,007,712	12.27%
Consumer	1,380,018,201	17.19%	1,013,814,243	13.30%
Others	495,467,152	6.17%	1,504,781,532	19.74%
Total	8,028,499,326	100%	7,622,781,761	100%

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

For commercial lending: charges over real estate properties

For retail lending: mortgages over residential properties

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

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use. The following table shows the maximum exposure to credit



NOTES TO FINANCIAL STATEMENTS

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

31st December 2020	Maximum Exposure to credit Risk (Nu)	Net Collateral	Net Exposure
Financial Assets			
Placement with other Banks	1,002,529,767		1,002,529,767
Loans & Advances to Customers	8,028,499,326	11,469,284,751	-
Financial Investments Held to Maturity	7,750,000		7,750,000
Investment's in Bonds	354,829,528		354,829,528
Other Financial Assets	1,222,268		1,222,268
31st December 2019	Maximum Exposure to credit Risk (Nu)	Net Collateral	Net Exposure
Financial Assets			
Placement with other Banks	1,543,307,210	-	1,543,307,210
Loans & Advances to Customers	7,622,781,761	10,889,688,229.64	-
Investment's in Bonds	21,208,042	-	21,208,042
Other Financial Assets	2,183,362	-	2,183,362

37.2 Liquidity Risk and Funding Management

The tables below summarize the maturity profile of the undiscounted cash flows of the Bank's financial assets and financial liabilities as at 31st December 2020. 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.



NOTES TO FINANCIAL STATEMENTS

31st December 2020	up to 3 months	3 to 12 months	1 to 3 years	3-5 years	Over 5 years	Total
Cash & cash Equivalents	1,014,176,237					1,014,176,237
Cash & Balances with Central Bank	1,449,189,826					1,449,189,826
Placement with other Banks	489,529,767	513,000,000				1,002,529,767
Loans & Advances to Customers	465,303,481	1,416,342,661	374,933,069	1,097,061,168	4,664,424,450	8,018,064,828
Equity Instruments					7,750,000	7,750,000
Debt Instruments				19,764,633	335,064,895	354,829,528
Other Financial Assets	1,222,268					1,222,268
Total Assets	3,419,421,579	1,929,342,661	374,933,069	1,116,825,800	5,007,239,345	11,847,762,453

Due to Banks	1,994,349,917	411,779,732				2,406,129,649
Due to Customers	2,304,513,355	1,639,544,148	1,747,812,310	922,648,481	1,393,198,016	8,007,716,309
Debts Issued & Other Borrowed Funds				150,000,000	320,000,000	470,000,000
Other Financial Liabilities	63,854,260	91,929,611	103,367,218			259,151,088
Total Liabilities	4,362,717,532	2,143,253,490	1,851,179,528	1,072,648,481	1,713,198,016	11,142,997,046
Net Financial Assets/(Liabilities)	(943,295,953)	(213,910,829)	(1,476,246,459)	44,177,320	3,294,041,329	704,765,407

31st December 2019	up to 3 months	3 to 12 months	1 to 3 years	3-5 years	Over 5 years	Total
Cash & cash Equivalents	1,021,898,854	-	-	-	-	1,021,898,854
Cash & Balances with Central Bank	1,218,467,024	-	-	-	-	1,218,467,024
Placement with other Banks	510,020,929	1,033,286,281	-	-	-	1,543,307,210
Loans & Advances to Customers	965,623,218	1,173,749,369	311,451,029	929,512,785	4,242,445,360	7,622,781,761
Equity Instruments	-	-	-	-	7,750,000	7,750,000
Debt Instruments	-	-	-	-	21,208,042	21,208,042
Other Financial Assets	-	2,183,362	-	-	-	2,183,362
Total Assets	3,716,010,024	2,209,219,012	311,451,029	929,512,785	4,271,403,402	11,437,596,253
Due to Banks	1,376,374,726	1,514,731,961	-	-	-	2,891,106,687
Due to Customers	3,130,722,789	842,143,109	1,943,967,568	605,316,059	598,926,429	7,121,075,954
Debts Issued & Other Borrowed Funds	-	-	-	-	470,000,000	470,000,000
Other Financial Liabilities	60,085,371	60,085,371	-	-	-	120,170,742
Total Liabilities	4,567,182,886	2,416,960,441	1,943,967,568	605,316,059	1,068,926,429	10,602,353,383
Net Financial Assets/(Liabilities)	(851,172,861)	(207,741,429)	(1,632,516,539)	324,196,726	3,202,476,973	835,242,869



37.3 Contractual Maturities of Commitments and Contingencies

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

	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
As at 31 Dec 2020						
Contingencies						
Performance Guarantees	6,555,810.93	77,696,385.08	14,761,019.94			99,013,216
Financial Guarantees	47,403,878.00	63,450,000.00				110,853,878
Import Letter of Credits	183,222,787.76	33,440,160.00				216,662,948
Total Contingencies						426,530,042

	Less than 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
As at 31 Dec 2019						
Contingencies						
Performance Guarantees	15,500,420	46,037,242	10,347,866			71,885,528
Financial Guarantees	15,363,369	10,970,504	966,112			27,299,984
Import Letter of Credits	147,626,428	121,355,879				268,982,308
Total Contingencies	178,490,217	178,363,625	11,313,978	-	-	368,167,819

37.4 Market Risk - Interest Rate Risk

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

31st December 2020	Upto 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Non-Interest Bearing	Total
Placement with other Banks	489,529,767	513,000,000	-	-	-	-	1,002,529,767
Loans & Advances to Customers	465,303,481	1,416,342,661	374,933,069	1,097,061,168	4,664,424,450	-	8,018,064,828
Debt Instruments	-	-	-	19,764,633	335,064,895	-	354,829,528
Total Assets	954,833,248	1,929,342,661	374,933,069	1,116,825,800	4,999,489,345	-	9,375,424,123
Due to Banks	1,994,349,917	411,779,732	-	-	-	-	2,406,129,649
Due to Customers	2,304,513,355	1,639,544,148	1,747,812,310	922,648,481	1,393,198,016	-	8,007,716,309
Debts Issued & Other Borrowed Funds	-	-	-	150,000,000	320,000,000	-	470,000,000
Total Liabilities	4,298,863,272	2,051,323,880	1,747,812,310	1,072,648,481	1,713,198,016	-	10,883,845,958
Interest Rate sensitivity Gap	(3,344,030,024)	(121,981,219)	(1,372,879,241)	44,177,320	3,286,291,329	-	(1,508,421,836)



NOTES TO FINANCIAL STATEMENTS

31st December 2019	Upto 3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Non-Interest Bearing	Total
Placement with other Banks	510,020,929	1,033,286,281	-	-	-	-	1,543,307,210
Loans & Advances to Customers	965,623,218	1,173,749,369	311,451,029	929,512,785	4,242,445,360	-	7,622,781,761
Debt Instruments	-	-	-	-	21,208,042	-	21,208,042
Total Assets	1,475,644,147	2,207,035,650	311,451,029	929,512,785	4,263,653,402	-	9,187,297,013
Due to Banks	1,376,374,726	1,514,731,961	-	-	-	-	2,891,106,687
Due to Customers	3,130,722,789	842,143,109	1,943,967,568	605,316,059	598,926,429	-	7,121,075,954
Debts Issued & Other Borrowed Funds	-	-	-	-	470,000,000	-	470,000,000
Total Liabilities	4,507,097,515	2,356,875,070	1,943,967,568	605,316,059	1,068,926,429	-	10,482,182,641
Interest Rate sensitivity Gap	(3,031,453,368)	(149,839,420)	(1,632,516,539)	324,196,726	3,194,726,973	-	(1,294,885,629)

37.4.1 Market Risk

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

37.4.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank's policy is to continuously monitor positions on a daily basis and various strategies are used to ensure positions are maintained within prudential levels. The following tables demonstrate the sensitivity of the Bank's Statement of Comprehensive Income as at 31st December 2019 and 31st December 2020 to a reasonable possible change in interest rates, with all other variables held constant.

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

	2020	2019
Rate Sensitive Assets (RSA)*	9,375,424,123	9,187,297,013
Rate Sensitive Liabilities (RSL)*	10,883,845,958	10,482,182,641
GAP (RSA - RSL)	(1,508,421,836)	(1,294,885,628)

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

Interest Rate Shock	2020	2019
0.50%	(7,542,109)	(6,474,428)
1.00%	(15,084,218)	(12,948,856)
-0.50%	7,542,109	6,474,428
-1.00%	15,084,218	12,948,856



37.5 Currency Risk

The table below indicates the currencies to which the bank had significant exposure as at 31 December 2020. The analysis calculates the effect of a reasonable possible movement of the currencies against the Ngultrum (Nu).

2020			2019		
Change in currency rate in %	Effect on profit before tax	Effect on Equity	Change in currency rate in %	Effect on profit before tax	Effect on Equity
USD 4.75%	56,173,811	39,321,667.49	9.67%	24,409,412.57	17,086,588.80

37.6 Operational Risk

Operational risk is the risk of losses arising from failed internal processes, systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. Reputational Risks are not covered in Operational Risk. Operational Risks of the Bank are mitigated and managed through a Board approved Operational Risk Management Policy control framework which consists of monitoring and responding to potential risks.

37.7 Maturity Gap Analysis

As at 31 Dec 2020	Within 12 Months	After 12 Months	Total
Assets			
Cash & cash Equivalents	1,014,176,237	-	1,014,176,237
Cash & Balances with Central Bank	1,449,189,826	-	1,449,189,826
Placement with other Banks	1,002,529,767	-	1,002,529,767
Loans & Advances to Customers	1,881,646,142	6,136,418,686	8,018,064,828
Equity Instruments	-	7,750,000	7,750,000
Debt Instruments	-	354,829,528	354,829,528
Defined Benefit Assets	-	(601,929)	(601,929)
Other Financial Assets	1,222,268	-	1,222,268
Other Assets	84,606,442	-	84,606,442
Property, Plant & Equipment	-	97,385,699	97,385,699
Intangible Assets	-	45,661,282	45,661,282
	-	-	-
Total Assets	5,433,370,682	6,641,443,266	12,074,813,948



NOTES TO FINANCIAL STATEMENTS

Liabilities			
Due to Customers	3,944,057,503	4,063,658,807	8,007,716,309
Due to Banks	2,406,129,649	-	2,406,129,649
Debt issued and Other Borrowed Funds	-	470,000,000	470,000,000
Current Tax Liabilities	38,359,049	-	38,359,049
Differed Tax Liability	-	-	-
Other Liabilities	129,564,847	129,564,847	259,129,694
Total Liabilities	6,518,111,048	4,663,223,655	11,181,334,703
Maturity Gap	(1,084,740,366)	1,978,219,611	893,479,245
Cumulative Gap	(1,084,740,366)	893,479,245	
As at 31 Dec 2019	Within 12 Months	After 12 Months	Total
Assets			
Cash & cash Equivalents	1,021,898,854	-	1,021,898,854
Cash & Balances with Central Bank	1,218,467,024	-	1,218,467,024
Placement with other Banks	1,543,307,210	-	1,543,307,210
Loans & Advances to Customers	2,139,372,588	5,483,409,174	7,622,781,761
Equity Instruments	-	7,750,000	7,750,000
Debt Instruments	-	21,208,042	21,208,042
Defined Benefit Assets	-	(4,672,272)	4,672,272
Other Financial Assets	2,183,362	-	2,183,362
Other Assets	102,140,422	-	102,140,422
Property, Plant & Equipment	-	58,260,697	58,260,697
Intangible Assets	-	29,811,139	29,811,139
Total Assets	6,027,369,459	5,595,766,780	11,623,136,239
Liabilities			
Due to Customers	3,972,865,898	3,148,210,056	7,121,075,954
Due to Banks	2,891,106,687	-	2,891,106,687
Debt issued and Other Borrowed Funds	-	470,000,000	470,000,000
Current Tax Liabilities	64,733,499	-	64,733,499
Deferred Tax Liability	-	5,366,989	5,366,989
Other Liabilities	93,333,077	93,333,077	186,666,155
Total Liabilities	7,022,039,161	3,716,910,122	10,738,949,283
Maturity Gap	(994,669,702)	1,878,856,657	884,186,955
Cumulative Gap	(994,669,702)	884,186,955	

38 Management of Capital

The Bank's main objectives of managing capital are:

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



NOTES TO FINANCIAL STATEMENTS

Prudential Regulations 2017 issued by Royal Monetary Authority of Bhutan of at least 10%.

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

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

	2020 (Nu.)	2019 (Nu.)
Tier 1 Capital		
Paid-up Share Capital	600,252,230	600,252,230
General Reserve	288,631,641	249,046,789
Share premium	3,424	3,424
Retained Earnings		
Total	888,887,295	849,302,443
Tier 2 Capital		
Foreign Exchange Fluctuation Reserve	31,218,171	18,457,824
General Provision as per RMA Prudential Norms	84,228,409	81,000,775
Subordinate debt	444,443,647	424,651,221
Total	559,890,227	524,109,819
Total Capital	1,448,777,522	1,373,412,261

(Above figures are based on local GAAP in compliance with RMA Prudential Regulations 2017)

The Bank complied with all the RMA Prudential Regulations 2017 requirements during 2020.

39. Segment Information

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



NOTES TO FINANCIAL STATEMENTS

31-Dec-20	Thimphu	Phuentsholing	Others	Total
Interest & Similar Income	511,288,072	81,725,515	179,080,694	772,094,280
Interest & Similar Expense	398,371,629	8,993,694	133,359,665	610,724,988
Net interest income	112,916,443	2,731,821	45,721,028	161,369,292
Fee and commission income	31,922,604	6,894,972	31,365,413	70,182,988
Fee and commission expenses	-	-	-	-
Net fee and commission income	31,922,604	6,894,972	31,365,413	70,182,988
Other Operating Income	124,775,493	(918,679)	1,428,843	125,285,657
Total operating income	269,614,539	8,708,114	78,515,284	356,837,937
Personnel Expenses	78,466,404	11,378,370	44,759,605	134,604,379
Depreciation on Property Plant & Equipment	12,928,746	410,041	3,605,413	16,944,200
Amortization of Intangible Assets	7,973,372	-	1,723,116	9,696,488
Other Operating Expenses	60,733,881	5,584,401	13,024,653	79,342,935
Impairment (charges)/reversal for loans and other losses	35,327,045		25,698,863	61,025,908
Total Operating Expenses	195,429,448	17,372,812	88,811,650	301,613,910
Segment Profits	74,185,091	(8,664,698)	(10,296,366)	55,224,027
Total Assets	9,480,447,398	782,216,639	1,823,186,339	12,085,850,376
Total Liabilities	9,776,685,438	790,881,338	1,518,283,600	12,085,850,376

31 December 2019

	Thimphu	Phuentsholing	Others	Total
Interest & Similar Income	544,239,885	67,648,305	148,956,444	760,844,634
Interest & Similar Expense	343,875,177	33,871,624	54,501,964	432,248,766
Net interest income	200,364,707	33,776,681	94,454,479	328,595,868
Fee and commission income	37,025,561	13,820,919	8,453,812	59,300,292
Fee and commission expenses	-	-	-	-
Net fee and commission income	37,025,561	13,820,919	8,453,812	59,300,292
Other Operating Income	90,009,671	(254,727)	1,222,436	90,977,379
Total operating income	327,399,940	47,342,872	104,130,728	478,873,539
Personnel Expenses	59,163,685	8,716,779	23,652,471	91,532,935



NOTES TO FINANCIAL STATEMENTS

Depreciation on Property Plant & Equipment	6,838,000	334,439	3,361,591	10,534,030
Amortization of Intangible Assets	5,083,156		1,428,948	6,512,104
Other Operating Expenses	63,120,866	3,516,751	13,578,787	80,216,404
Impairment (charges)/reversal for loans and other losses	53,073,714			53,073,714
Total Operating Expenses	187,279,422	12,567,969	42,021,797	241,869,188
Segment Profits	140,120,518	34,774,902	62,108,931	237,004,351
Total Assets	9,010,222,376	796,842,257	1,820,743,878	11,627,808,511
Total Liabilities	8,990,403,788	816,280,306	1,821,124,417	11,627,808,511

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

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

	2020	2019	2018	2017
Individual Impairment				
Overdrafts		3,441,446	30,689,154	34,291,320
Term Loans (Other + Service-Tourism Loans)		-	-	400,066
Total (A)	-	3,441,446	30,689,154	34,691,386
Collective Impairment				
Term Loans (Other + Service-Tourism Loans)	174,409,472	131,105,142	70,468,470	69,437,441
Personal Loans	14,075,886	17,417,920	16,510,087	17,827,501
Loans Against Shares	17,589,107	4,921,671	3,109,159	613,334
Overdrafts	121,654,622	97,422,613	102,616,344	84,091,304
Housing Loans	52,171,739	66,093,115	36,660,257	28,446,605
Loans on Litigation	-	-	10,074,294	4,465,704
Total (B)	379,900,827	316,960,461	239,438,611	204,881,889
Total (A+B)	379,900,827	320,401,906	270,127,765	239,573,275



OUR BRANCHES



THIMPHU BRANCH

TCC Complex Building, Opposite to Hotel Taj Tashi,
Samten Lam, Thimphu : Bhutan
Post Box No: 631
PABX. +97577103077/77199199; +975-2-337283
Fax No:+975-2-336236
Email ID: info@tbank.bt

PHUENTSHOLING BRANCH

TCC Complex Building, near Zangdopelri.
Samdrup Lam, Phuentsholing : Bhutan
Post Box No:118
PABX. +975 77190210/77190211; +975-5-253156
Fax No: +975-5-253157

PARO BRANCH

Tshongdue Town, Paro : Bhutan
Post Box No:1318
PABX. +975 7792077/7719177
Fax No: +975-8-272077

MONGAR BRANCH

1st Floor, Tshering Yangzom Building,
Below Trashigang-Mongar Highway, Mongar : Bhutan
Post Box No: 149
PABX. +975-77192031/+975-4-641256
Fax No: +975-5-4-641255

WANGDUE BRANCH

Opposite to Druk PNB and RICBL Office,
Bajotown, Wangdue : Bhutan
Post Box No: 1269
PABX. +975 77191215/+97577191216
Fax No: +975-2-481733

SAMDRUP JONGKHAR BRANCH

1st Floor, Namgayling House,
Samdrup Jongkhar : Bhutan
Post Box No:116
PABX. +975-77192032/+975-7-251652
Fax No: +975-7-251651

GELEPHU BRANCH

Opposite TashiInfocomm Ltd. Office,
Gaden Lam, Gelephu, Sarpang : Bhutan
Post Box No: 212
PABX. +975 77190088/77190099
Fax No: +975-6-252274

TRASHIGANG BRANCH

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

SAMTSE BRANCH

Phuntshok Building,
Samtse : Bhutan
Post Box No:349
PABX. +975 77192232/77192233

TRONGSA BRANCH

Ground Floor, Sangay Tenzin Building,
Trongsa : Bhutan
Post Box No: 556
PABX. +975-77192030

LIST OF EVENTS 2020

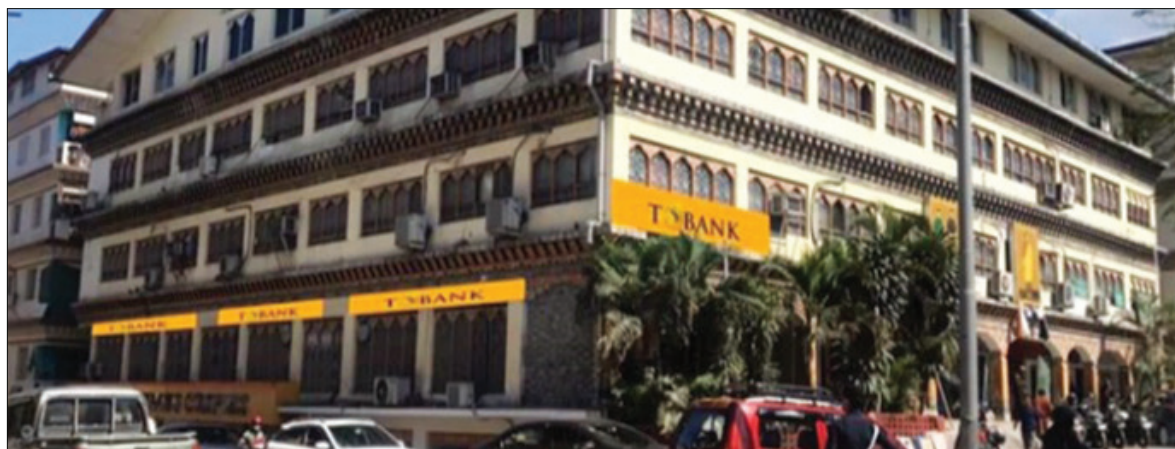
Date: 17-19 February, 2020

The Bank's Annual Performance Review Meeting at River Guides of Panbang, Zhemgang



Date: 09.03.2020

To facilitate better and convenient banking services to the valued customers the branch office at Phuntsholing was shifted from RICBL Building to TCC Complex Building near Zangdopelri, which is located at the core of the town.



LIST OF EVENTS 2020

Date: 02.04.2020

The employees of the bank, to show solidarity in times of need to the Tsa-Wa-Sum, contributed one month pay amounting to Nu. 3.86 million to the His Majesty's Kidu Fund and Prime Minister's Fund to fight against the COVID-19 pandemic. The CEO handed over the contribution.



Date: 02.05.2020

Installation of ATM terminals at Changzamtok, Thimphu above Flyover Bridge.



LIST OF EVENTS 2020

Date: 15.05.2020

Installation of ATM terminal in Samdrup Jongkhar town.



Date: 10.07.2020

The management of the bank pose to thank His Majesty the King for bestowing the bank with royal signature and books. The Management of T Bank, on behalf of its Board, Shareholders and Employees solemnly thanks His Majesty the King for the Solera. The management also expressed their gratitude to His Majesty the King for his tireless efforts and gracious initiatives in steering the nation through the current challenging times of the COVID-19 pandemic.



LIST OF EVENTS 2020

Date: 11th August to 5th September 2020

To provide uninterrupted banking services during the national lockdowns two COVID-19 Task Force Team were formed to working from the office in a self-containment mode.



a) COVID-19 Task Force getting tested on RT-PCR



b) COVID-19 Task Force delivering banking Services during nationwide lockdown

Date: 11th August to 5th September 2020

To make banking facilities accessible to customers the bank provided door-to-door primary banking services during lockdowns.



Distribution and placement of QR Codes in Taxis to promote digital banking services.



LIST OF EVENTS 2020

Distribution and placements of Placed QR Codes in various shops across the country to promote digital banking services.



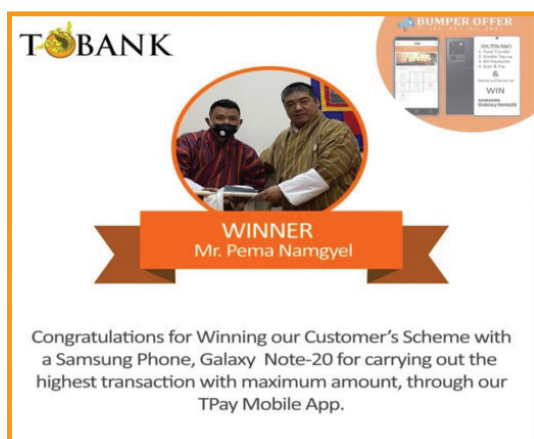
Awards for various promotional schemes for the year 2020



a) The bank awarded Samsung Galaxy Note 20 as the Merchant Winner Award (token of appreciation) for making maximum transactions using banks QR Code.





b) Customer Winner Award for referring maximum friends to register with TPay App





c) Customer awarded with Samsung Phone Galaxy Note 20 for carrying out the highest transactions with maximum amount using TPay app.

TPayRemit

**FOR CONVENIENCE OF
ALL BHUTANESE IN AUSTRALIA**

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Register

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Send money family and friends in minutes

All fields marked with (*) are mandatory

Country*
Australia*


Email*
Enter your email


TPIN*
Enter TPIN

*TPIN should have 6 digit number

Login

[Forgot your TPIN?](#)








T Bank ATM Services


1. Cash Withdrawal
2. Mini Statment
3. Balance Inquiry
4. Fast Cash
5. Green PIN Generation
6. PIN Change

T Bank Card Facilities


1. Debit Card
2. Fuel Card

We Accept Cards From



Simple, Reliable, Convenient and Efficient



Revamped and upgraded TPay mobile application for simple, convenient and efficient banking services for the customers

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