



# Bank of Bhutan

Quarterly Newsletter

September 2009

## From the Chief Executive Officer

Volume 1 Issue 1



Dear Employees,

I am extremely happy to inform you of the considerable progress in Bank of Bhutan. And this is good news especially when competition is heating up in the market. I on behalf of management would like to thank all the employees working in 26 branches for their consistent effort.

Bank of Bhutan has successfully launched Internet banking and SMS Banking coinciding with the bank's 41<sup>st</sup> Foundation Day. The first of its kind in the nation, Internet Banking will provide our customers with banking facilities from the comforts of their homes and offices.

As of September 2009, Bank of Bhutan also successfully connected eight branches on Core Banking Solution technology. The bank also signed membership agreement with International Financial Corporation, which is expected to expand Bhutan's trade opportunities.

The bank recruited 25 graduates including 3 MBAs and 4 engineers from College of Science and Technology.

### Employee Care

Employees are the important asset to the bank and it is very important to look at the needs of our employees, so that they will work hard and improve the level of productivity. Realizing this, the bank is taking a lot of initiatives geared at improving employee-satisfaction.

The following are some of them:

- a. 60 BoB Employee Scholarships over

the next 10 years

- b. Conducive working environment - all branches in the southern zone to have air conditioning.
- c. The bank has successfully revised BOB Service Rules, incorporating many aspects of employee conditions that call for happy and highly honest employees.
- d. DHI has approved 35% allowance with the approval of the Board with directives from MoF.

### Customer Care

Customers are the most important external assets to any organization and in order to have customer focus, Nu. 2000/- per branch has been allocated as customer care entertainment expense and to concentrate on giving personalized services.

- 1. CBS roll out to be taken as an ownership

Branch managers and employees should take the ownership of CBS and must inform the Head Office when they are ready for the roll out. Everyone must be responsible.

- 2. Full commitment, Integrity and Sincerity

As a premier financial institution in the kingdom, Bank of Bhutan should display a high level of commitment, integrity, honesty and sincerity. This requires each of one of you to uphold these values and practice them.

Therefore, in this inaugural issue of Bank of Bhutan's Quarterly newsletter, it is my pleasure to congratulate all our employees and convey our gratitude to all our valued customers.

Thank you!

Tashi Delek.

## In this issue!

From Chief Executive Officer....	1
Editorial Note .....	2
Financial Highlight.....	2
Employee Matters.....	3
Board News .....	4
Did you know....	4
BOB Quiz .....	4



(CBS Roll out in Thimphu Main Branch)



### IMPORTANT EVENTS!

170<sup>th</sup> Board Meeting - October 1  
 BOB Recruitment - October 10  
 Descending Day of Lord Buddha - November 9

RMA Onsite Inspection - October 5 - November 1  
 Coronation Day of His Majesty King Khesar - November 6  
 Birth Anniversary of HM the Fourth Druk Gyalpo - November 11

## Financial Highlight of Second Quarter, 2009

During the 2nd Quarter, 2009 the bank earned a total income of Nu.617.565 million as against Nu.446.692 million in the corresponding quarter of the previous year, thereby registering a growth of Nu.170.873 million (38.25%).

The big increase in the profit margin during the current quarter is attributed to the following reasons:

Growth in interest income of Nu.104.408 million due to increase in loan and advances in the second half of 2008 and first half of 2009.

Growth in other income by Nu.66.465 million, mainly factored by increase in Commission & Exchange charges by Nu.15.028 million and write-back of excess loan provision of Nu.45.385 million in 20<sup>th</sup> June, 2009.

However, if we provide provisioning for bad and doubtful debt and taxes, the profit for 2<sup>nd</sup> quarter will be much lower than the one estimated in the above table on profit and loss statement.

If we provide a provisioning of Nu.150 million, then the profit before taxes would be Nu. 238.25 million. On adjusting 30 percent corporate taxes, the net profit during the first half of 2009 will be Nu.167 million, which is almost equal to the entire net profit for the

year 2008. This is an indication that the bank is increasing its efficiency and profitability. Provisioning of Nu.150 million is not based on the actual default categories but a very liberal estimation considering the market outlook for the steel industries and the 2 major court cases that are likely to drag on.

Bank of Bhutan's half yearly performance (as of 30<sup>th</sup> June, 2009) both in financials and operating areas were satisfactory. The Q2 operating profit was Nu.388.00 million as compared to Nu. 154.556 million of the same quarter in 2008. Even after allowing for adjustments in future provisioning and expenses for CBS project the profit growth was substantial.

Of very special significance was the fact that there were only about 7 branches making profit in 2008 and now there are over 20 branches making profits, defying the earlier convention that all the *dzongkhag* branches are just liability instead of profit centers. This was possible mainly due to delegation of loan sanctioning powers at the retail level to the branches and also setting and monitoring performance targets on a consistent basis.

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### Financial Performance Q 2 Summary (Nu. In millions)

Profit & Loss Statement	30.06.09	30.06.08	Growth	
			Absolute	%
<b>INCOME</b>				
Interest earned	441.566	337.159	104.408	30.97%
Other Income	175.999	109.533	66.465	60.68%
<b>Total Income</b>	<b>617.565</b>	<b>446.692</b>	<b>170.873</b>	<b>38.25%</b>
<b>EXPENDITURE</b>				
Interest Expended	144.700	145.939	- 1.239	-0.85%
Operating Expenses	84.613	72.351	12.262	16.95%
Provision for Income Tax	67.867	46.367	21.501	46.37%
Provision and Contingencies	162.028	73.847	88.181	119.41%
<b>Total Expenditure</b>	<b>459.208</b>	<b>338.503</b>	<b>120.705</b>	<b>35.66%</b>
<b>Profit for Quarter 2</b>	<b>158.357</b>	<b>108.189</b>	<b>50.168</b>	<b>46.37%</b>

## Editorial Note

Dear Readers,

We are happy to inform you that Bank of Bhutan is now bringing out its newsletter *BOB Quarterly*. In fact it is the resurrection of the Bank's earlier publication *Ngulkhang Netshuel*, discontinued since March 2007.

Keeping in view the earlier publications, the newsletter will continue to inform and create awareness of issues pertaining to the nation in general and the bank in particular. We also seek to furnish our customers with information as to where we stand in the market. But the primary objective is to inform and entertain our fellow employees. But unlike in the past, we are planning to outsource the printing works to private printing firms. And that sounds exciting.

Working in a busy atmosphere and having to deal with a multitude of customers everyday is tiring and cumbersome. But the management acknowledges your hard work and dedication. In fact this newsletter is a tribute to all the employees stationed in 26 branches across the country. Keep up the good work.

Our customers have right to know and especially when competition gets tougher in the market; we need to demonstrate our solidarity, honesty and integrity as the premier financial institution in the country.

With best regards,

Happy Reading!

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Coordinators:

Upahar Subedi  
Ngawang Phuntsho

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*We request all our employees to contribute articles for the future issues in various forms related to anything. Since this is our first attempt, we solicit your comments and feedback.*

Please send them to:  
[nawang@bobltd.com.bt](mailto:nawang@bobltd.com.bt)

"When you get into a tight place and everything goes against you, till it seems as though you could not hang on a minute longer, never give up then, for that is just the place and time that the tide will turn."

--- Harriet Beecher Stowe

# Our Employees: All that Matter

## Promotion Meeting

A meeting was convened to discuss on the results and outcome of the promotion interview of the officers whose promotions were due January, 2009. The interview was conducted in three batches as follows:

### Thimphu Batch

The Promotion Interview in Thimphu was conducted on 10<sup>th</sup> August, 2009 at 6 PM in CEO's Office. The following Officers were interviewed:

Tashi Yangzom, OGII, Thimphu Main Branch

Dechen Tshomo, OGII Thimphu Main Branch

Sushmita Ghalley, OGII, Thimphu Main Branch

Sonam Choden, OGII, Thimphu Main Branch

The employees shared their views on the operations, their experience and also contributions they had made.

### Phuentsholing Batch

The following Officers in Phuentsholing were interviewed on 12<sup>th</sup> August, 2009 in the CEO's chamber:

Bishnu Gurung, OGII, Main Branch P/Lling

Dorji Dukpa, OGII, Head Office

Choizang Lhamo, OGII, Bazaar Branch

### Tele-Conference Batch

Tshering Duba, OGII, Zhemgang

Tashi Dhendup, OGII, Trashigang

Yegay Tshering, OGII, Samdrupjongkhar

Sonam Tobgay, OGII, Dampfu

Sangay Zangmo, OGII, Gedu

Chimmi Zangmo, OGII, Gedu

### Observation/Feedback from employees

The management is of the opinion that the interviewees have contributed a lot to the bank. Tsirang Branch has increased the profit by 150% and reduced its losses by 2.3 million to Nu. 0.60 Million in 2008.

The employees are keen on taking up any responsibilities bestowed upon them. The willingness in them was impressive.

The CEO said the employees are cooperative and ready to take in the new system (CBS). The employees emphasized on its importance and were ready to work hard in making CBS roll-outs successful.

Trashigang Branch Manager has been transferred 5 times in the last 5 years, all along willing to take up any assignment. He has shown flexibility in following management directives.

Chimmi Zangmo of Gedu Branch has worked even when she was on leave because of staff shortage. That was encouraging and inspiring, worth sharing with other employees.

Better Employee Care services should be provided for the employees.

### Suggestions by the interviewees

The employees pointed out the following areas for the bank to concentrate:

1. Increase the Market area and attract more customers
2. Branch Ambience for better and friendly working space
3. Customer Care Services to be improved
4. Training for the employees
5. Improved communication system

CEO congratulated all the employees on their dedicated service and promotion to the next grade and said that the future of the bank rests in their hands.

*All January 2009 promotions for officers recommended by the HR Committee and interviewed by the CEO are approved.*

*All January 2009 promotion for assistants recommended by the HR committee is approved subject to telephonic interview with HRD.*

*The above promotions are to be put to the Board for kind information.*

**We take this moment to congratulate all the officers for their well deserved promotions. We hope you will continue to serve the bank with utmost dedication, honesty and sincerity.**

**A big round of Tashi Delek from the coordinators!**

## Probation Interview

In February 2009, Bank of Bhutan recruited 3 MBA graduates, 16 graduates and 2 assistants. The recruits joined the bank in March 2009. They were involved in assisting the bank during the CBS roll out in Phuentsholing and Thimphu Main branches.

On September 4, 2009, exactly after 6 months, the management sat down to listen to graduates sharing their experience and demonstrate what the bank has taught them over the past six months. The committee found them all exceptionally good and impressive.

Accordingly, they were placed in various departments and BOB branches.

On behalf of the management, we would like to congratulate you on the successful completion of your probation period. We hope you will continue to excel and demonstrate your potentials to the fullest. Wish you all the best with your career with Bank of Bhutan.

Tashi Delek to you all!



(Branch Managers attending Effective Branch Management Training at the Head Office - September 18 - 21, 2009)



(Mr. Tharpo Drukpa, Thimphu Branch Manager receiving certificate from the trainer)

“The final test of a leader is that he leaves behind him in other men the conviction and the will to carry on.”

--- Walter Lippmann

## BOB Board News

The 169<sup>th</sup> Board Meeting of BOBL held August 3, 2009, approves the following:

1. BOB Employee Scholarship Program (60 scholarships by 2018)

*Candidates to serve at least for 3 years before being eligible for the program*

*The candidates to serve the bank for at least 5 years or 3 times the program duration whichever is more after they return from the program*

2. Mr. Dutta to be recruited as the Chief Finance Officer at the Salary Package that has been notified.
3. BOB Mortgage Loan Proposal, but shall be limited to municipality areas except for Thimphu, Phuentsholing and Paro.
4. Proposal to open a branch office in Nganglam. The launching of the new bank shall be carried out either on 17<sup>th</sup> December, 2009 or on February 21<sup>st</sup>, 2010 on His Majesty's birthday.

5. BOB is to donate old computers to some remote schools, *dratshangs* and town library once the branch computers are replaced by new ones.
6. A revised delegation of administrative power
7. Recruitment of 4 engineers from CST and 3 candidates from RIM
8. Budget of Nu.5.00 million for purchase of air conditioners, cubicles for head office and improvement of Bank ambience.
9. Mrs. Kinley Yangzom resigns from BOBL Board after her appointment as the Commissioner in Royal Civil Service Commission.

### What is Men's Underwear Index?

Yes that's a theory in economics which says that the number of underwear bought and sold at a market is an indication of how an economy is doing. This theory (sounds crazy to me) contends that there is a higher probability of men buying more underwear when the economy is healthy and conversely they are more likely to resist the urge when the economic condition is bleak. Sounds true though, right? Since these items are basic necessity some economists must have been tempted to base their theory on the underwear. Now spare you laughter for the economists.

How many underwear did you buy this month or this year? Come on now, I am just curious as to know how Bhutanese economy is doing. I don't buy the fact that when it comes to underwear men are crazy and it is like they have to buy it by any means. I believe women are crazier when it comes to undies. Some go to the extent of skipping meals so that they save enough to buy new and colorful items. Well, that's an exaggeration by the way. I am just kidding. But you must accept the fact it is not only men alone who go crazy.

How true is it for you? Ideally how many underwear should a man or a woman possess at one point in time? Obviously it is not a luxury, I know. And there are people who utilize the ones they are wearing to the last thread until they buy replacements - because that's the least visible portion of men's feature.

But on the serious note, I am truly surprised how a man can teach other men in the simplest terms some of the complex economic situations. The world economy is said to be fast improving, but the recent economic recession seemed to have taught us ample lessons. Hopefully, the world makes the best out of it. But for the undies - make constant effort to change them before they stink. That's all for now folks. Keep your ears open.

(Neawang Phuntsho)

### Test Your BOB IQ

Answer the following questions and win attractive prizes:

1. Who was the BOB's first MD?
2. Which branch was first to be connected to Data Centre in Phuentsholing?
3. Who was the first BOB Chairman?

Please email your answers to:

[dept.research@gmail.com](mailto:dept.research@gmail.com)

In case of multiple correct entries, the winning entry will be selected through lucky draws.

(That we shall be better informed)

### Did you know?

#### Board of Directors

Mr. Karma Penjor  
Chairman

Mr. Pema Nadik  
Board Director

Mr. OmBhandari  
Board Director

Mrs. Shyamala Sami  
Board Director

Mr. Kanti Das  
Board Director

Mr. Kinga Tsheing  
Member Secretary

(Mrs. Kinley Yangzom resigned in 169<sup>th</sup> Board Meeting)

(A new Director to be inducted)

1. Do you think BOB is concentrating on Customer Care?  
Yes/ No
2. How happy are you with BOB Employee Care?
  - a. Very happy
  - b. Happy
  - c. Unhappy
3. What do you think about this newsletter?

Please kindly send your answers and comments to:

Research, Planning and Monitoring Division, Head Office, Phuentsholing

Or email us at:

[dept.research@gmail.com](mailto:dept.research@gmail.com)

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