ANNUAL REPORT 2025

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BOB

BANK OF BHUTAN

A dhi Company

Registered Office

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Thimphu, Bhutan.

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ANNUAL REPORT

2025

The Year in Review

The year 2025 was a transformational and high-growth year for Bank of Bhutan (BoB), marked by strong financial performance, accelerated digital transformation, strengthened governance, and expanded national and international engagement. Despite operating in a rapidly evolving economic and technological environment, the Bank successfully reinforced its leadership position in Bhutan's banking sector while laying the foundation for long-term sustainable growth.

The year 2025 marked a new phase of economic progress for Bhutan, continued to focus on long-term growth, while preparing for opportunities related to the development of Gelephu Mindfulness City. Growth in tourism, mining, and other service sectors helped strengthen the country's economic recovery. The Bank remained committed to supporting national priorities. The Bank sustained its leadership in deposits and loans while aligning its services to support emerging economic activities. The Bank also continued to strengthen its digital banking services and promote financial inclusion across the country. Through these efforts, the Bank contributed to economic growth and remained a strong partner in Bhutan's development journey.

Key Highlights of 2025

1. Strong Financial Performance

BoB delivered one of its best financial performances in recent years.

- Net Profit After Tax: Nu. 2,046.79 million (Up 32.87% from Nu. 1,540.40 million in 2024)
- Total Assets: Nu. 157.45 billion (Up from Nu. 122.68 billion)
- Customer Deposits: Nu. 137.40 billion (Growth of approximately 30%)
- Loan Portfolio: Nu. 96.25 billion(Growth of 16.73%)
- Capital & Reserves: Nu. 10.78 billion

The strong growth reflected increased lending activities, higher customer confidence, and improved operational performance.

2. Digital Banking Leadership

Digital transformation remained a major success area in 2025. Over 98% of total transactions were conducted digitally. The transaction through mBoB remained the dominant transaction platform.

New features introduced included, biometric login and transaction authorization, virtual debit and credit cards, instant card activation, card ON/OFF controls, real-time credit card statements, digital card renewal and replacement.

The Bank also enhanced the goBoB digital wallet platform to support tourist onboarding through email-based registration.

3. New Products and Services

BoB introduced innovative customer-focused financial products: Temporary Overdraft (TOD) Mortgage Overdraft (MOD). These products provided flexible salary-based financing alternatives for customers.

New service like Corporate Internet Banking introduced a tourism payment feature allowing payments for Sustainable Development Fee, flights, hotels in USD through digital channels.

4. Strategic Partnerships

BoB entered into a landmark partnership with the International Finance Corporation (IFC) of US$20 million investment, first foreign debt investment in Bhutan's banking sector under revised ECB guidelines.

BoB successfully hosted the 41st Asian Bankers Association (ABA) General Meeting in Bhutan and was elected Chair for the 2026–2027 term, enhancing Bhutan's regional banking profile.

5. Cybersecurity and Technology Strengthening

The Bank significantly enhanced its cybersecurity and digital infrastructure including PCI DSS v4.0.1 certification, ISO 27001:2022 certification (upgraded from ISO 27001:2013) for Information Security Management System and ISO 27701:2019 certification for Privacy Information Management System reinforcing its commitment to data protection and privacy.

As part of its commitment to information security and compliance, the Bank reviewed its Policies and Procedures and conducted awareness programs and training for all employees. To maintain alignment with security standards, following security measures were implemented:

- Conducted Vulnerability Assessments and Penetration Testing
- DDoS protection
- Web Application Firewall (WAF)
- ThreatCop platform for phishing simulations

All critical systems are configured in High Availability (HA) architecture to ensure continuous service availability and maintain the targeted uptime of 99.93%.

5. Human Capital Development

The year 2025 ended with a total of 786 employees. BoB continued investing heavily in employee development. During the year, a total of 68 training programs were conducted covering leadership development, digital banking, ESG, risk and compliance, corporate governance, credit and risk assessment, and cybersecurity. Training programs were delivered through ex-country, in-country, in-house and online programs.

6. Financial Inclusion and Outreach

The Bank maintained strong national presence through 37 Branches, 8 Extension Counters, 85 ATMs, 171 Connect agents. BoB continued promoting financial inclusion and digital accessibility across Bhutan.

7. Challenges and Strategic Priorities Going Forward

Despite strong performance, the Bank faced several challenges, increasing cybersecurity risks, talent retention and skill development, growing demand for digital services, geopolitical and economic uncertainties.

The Bank's strategic focus for the coming years includes digital transformation and innovation, operational efficiency, sustainable and inclusive growth, MSME and emerging sector financing, cybersecurity strengthening, talent development and succession planning, participation in Gelephu Mindfulness City opportunities and long-term growth aligned with DHI's 10X Journey.

The year 2025 was a milestone year for Bank of Bhutan. The Bank demonstrated strong financial resilience, accelerated digital transformation, strengthened governance, and enhanced customer-centric innovation while maintaining its role as Bhutan's leading financial institution.

With a strong strategic roadmap, enhanced technological capabilities, and growing public trust, BoB is well-positioned to support Bhutan's evolving economy and sustain long-term institutional growth.

Tshering Tenzin
Chief Executive Officer

The Year **2025**

January 04th

Children from Thimphu visited TMB to chant Lolay to welcome the new year

March 4th

41st ABA planning committee meeting

February 20th

Disaster Mock Drill

March 22nd

The BoB proudly opened BoBFest 25'

May 26th

Branch Manager's meet

July 01st
The BoB - BFF Summer Coaching Camp Concludes Successfully

August 8th
New CEO appointment

September 7th
The BoB joined thousands of volunteers in the GMC Zhabtog program

September 15th–16th
The BoB hosted the 41st Asian Bankers Association (ABA) General Meeting Conference

October 17th
IFC and BoB have partnered on a landmark US$20 million investment

October 23rd - 24th
8th Royal Highland Festival in Laya, BoB promoted goBoB and opened accounts for highland residents

December 27th
BoB welcomes the Chairman and senior leadership of State Bank of India to the Kingdom of Bhutan.

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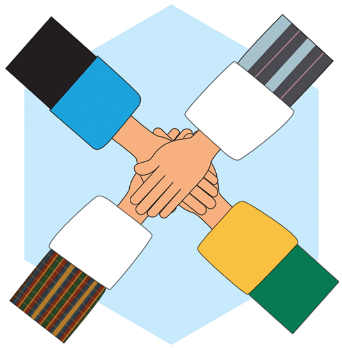
Our **Vision**

To be the leading sustainable, inclusive, and innovative bank in the region, driving shared prosperity and shaping a secure future for our clients.

BOB I-CARE



Integrity & Innovation

We act with integrity and creativity to deliver lasting value.

Excellence, Employee & ESG

We strive for outstanding performance while empowering highly motivated, well-rewarded professionals to lead with integrity and purpose.

Customer Centricity & Collaboration

We put our customers first and work together to deliver exceptional experiences.

Relationships & Respect

We build lasting relationships founded on trust, respect, and shared success.

Accountability & Adaptability

We take ownership of our actions and adapt swiftly to change.

Our **Mission**

To set the standard for responsible banking, leveraging innovation to provide accessible financial services, and fostering sustainable accelerated economic growth.

BANKER
TO THE NATION

SINCE 1968

Our **Values**

The Bank of Bhutan's core values can be represented by the acronym I-CARE, which reflects the Bank's commitment to caring for its stakeholders, including employees,customers, community, shareholders, and the nation as a whole. Each term within I-CARE holds significant meaning, as follows:

I

Integrity & Innovation

"We act with integrity and creativity to deliver lasting value."

C

Customer Centricity & Collaboration

"We put our customers first and work together to deliver exceptional experiences."

A

Accountability & Adaptability

"We take ownership of our actions and adapt swiftly to change."

R

Relationships & Respect

We build lasting relationships founded on trust, respect, and shared success.

E

Excellence, Employee & ESG

"We strive for outstanding performance while empowering highly motivated, well-rewarded professionals to lead with integrity and purpose."

ALWAYS WITH YOU

ANYWHERE, ANYTIME

Extending facilities to serve you with no bank visits!

ATM

mBoB

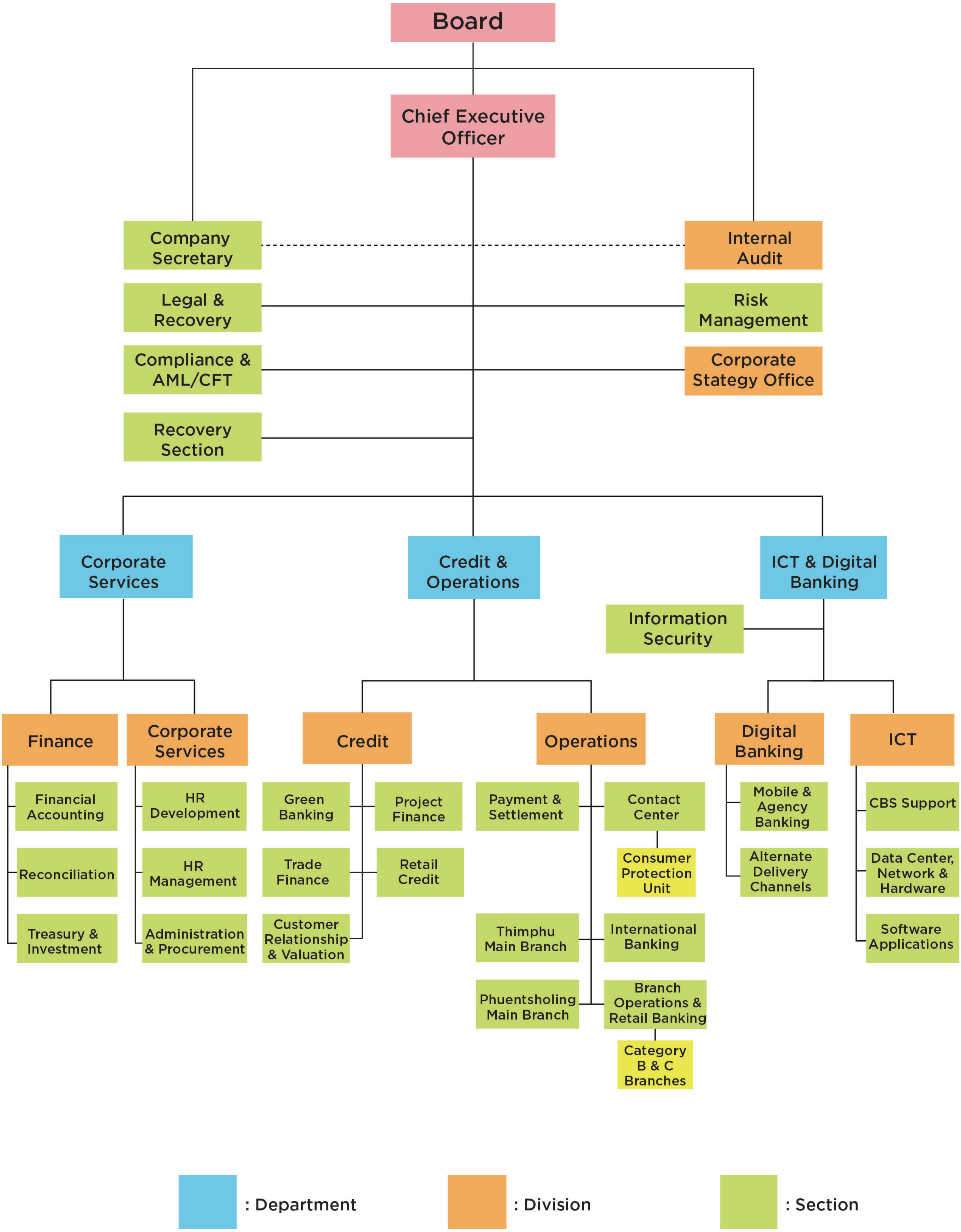
goBoB

Cards

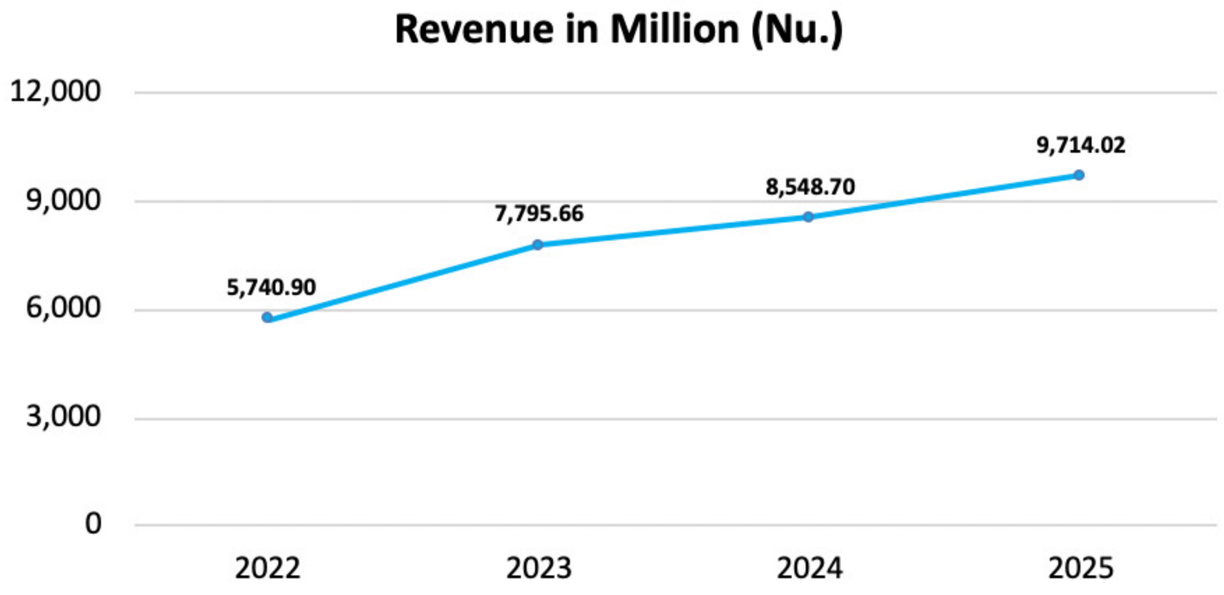
BoBit

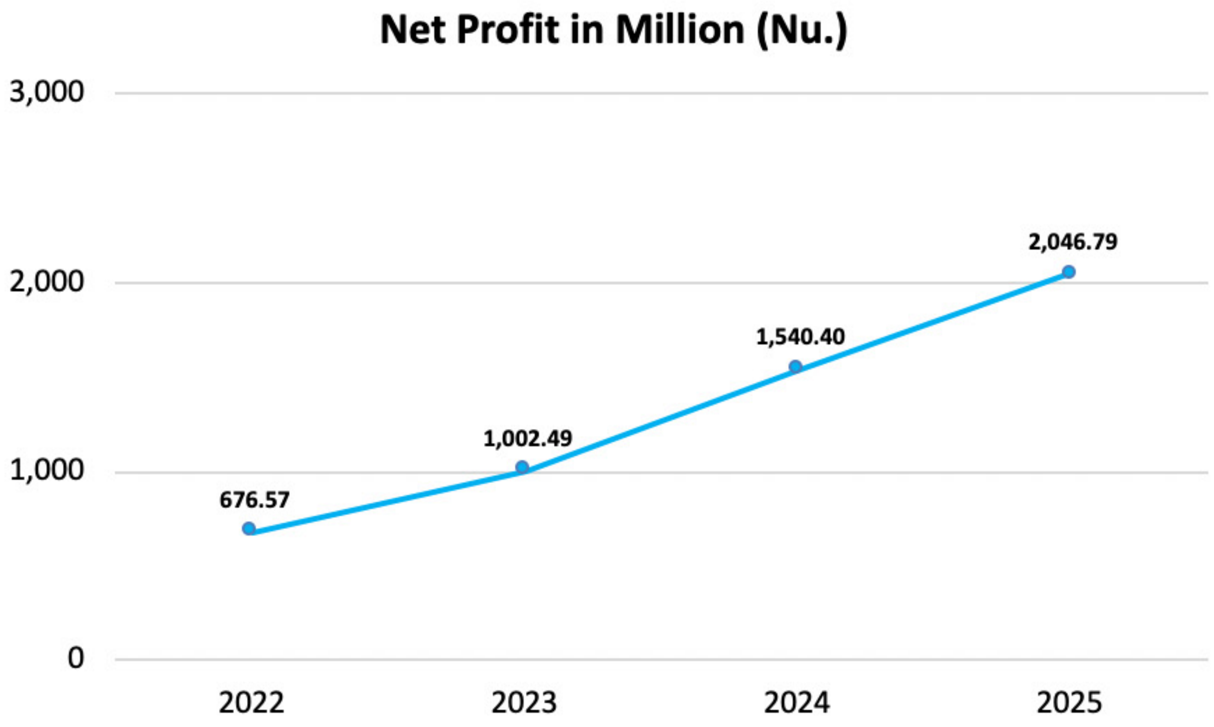
Internet Banking

BoBConnect

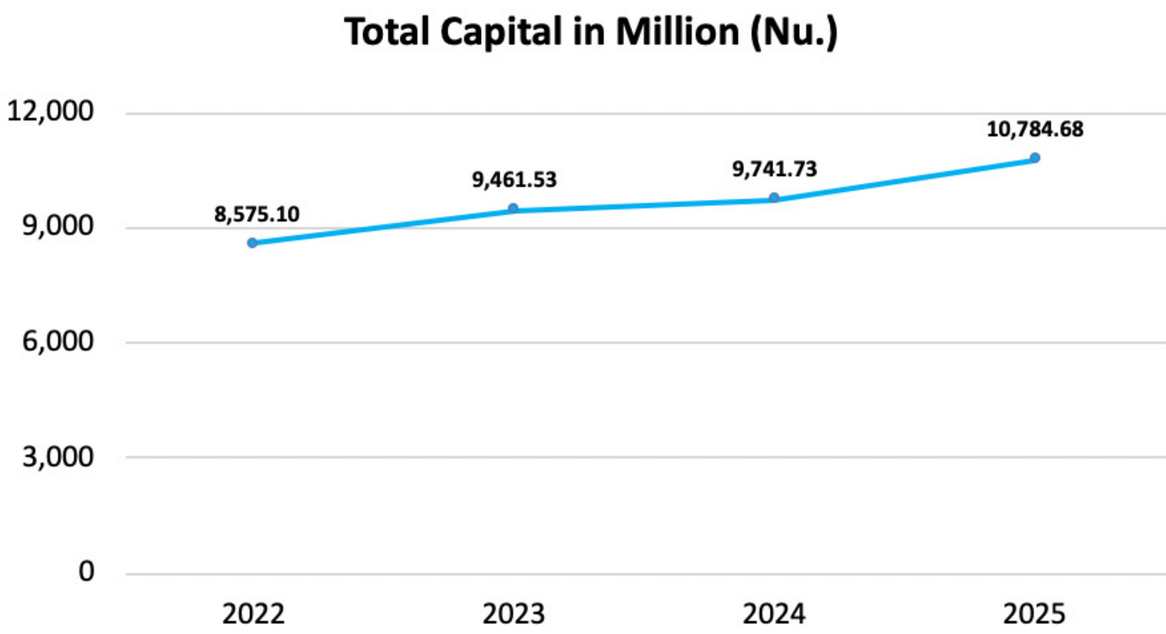

Board
Chief Executive Officer
Company Secretary
Internal Audit
Legal & Recovery
Risk Management
Compliance & AML/CFT
Corporate Stategy Office
Recovery Section
Corporate Services
Credit & Operations
ICT & Digital Banking
Information Security
Finance
Corporate Services
Credit
Operations
Digital Banking
ICT
Financial Accounting
Reconciliation
Treasury & Investment
HR Development
HR Management
Administration & Procurement
Green Banking
Trade Finance
Customer Relationship & Valuation
Project Finance
Retail Credit
Payment & Settlement
Contact Center
Consumer Protection Unit
Thimphu Main Branch
International Banking
Phuentsholing Main Branch
Branch Operations & Retail Banking
Category B & C Branches
Mobile & Agency Banking
Alternate Delivery Channels
CBS Support
Data Center, Network & Hardware
Software Applications
: Department
: Division
: Section

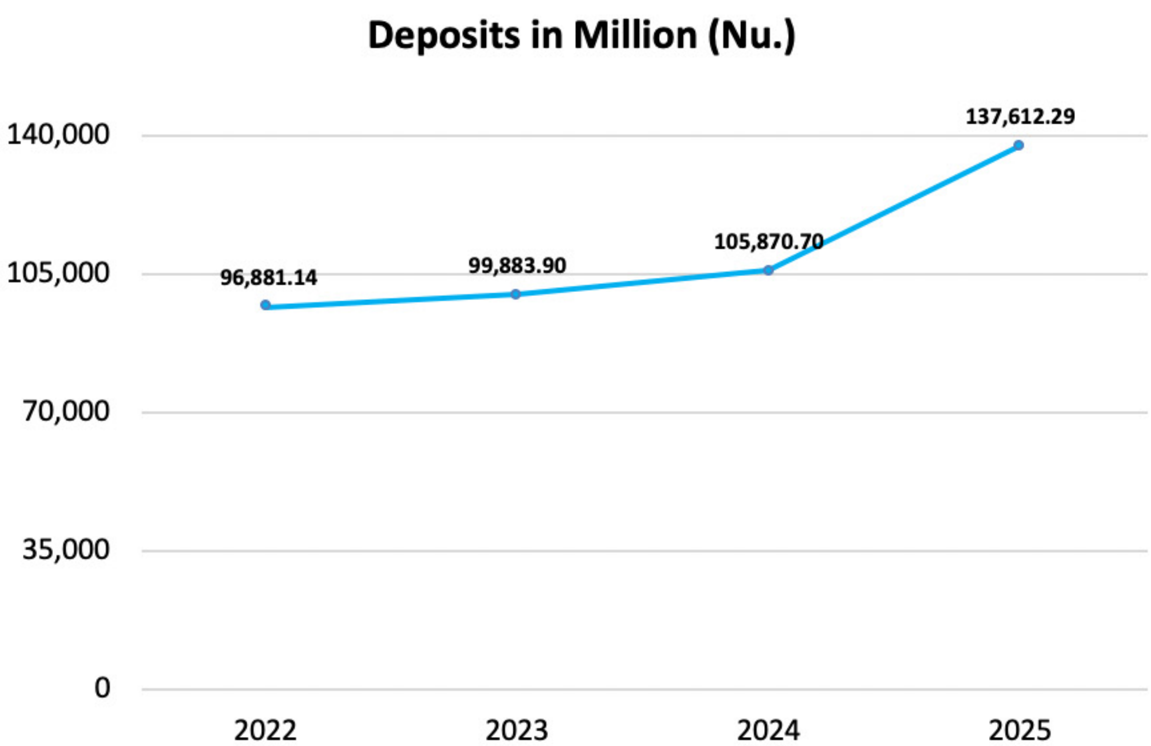
Performance **2025**





Performance **2025**





Board Directors

Mr. Thinley Namgyel, *Chairman*

Mr. Thinley Namgyel holds a Master of Business Administration from the University of Canberra, Australia, and a Bachelor of Commerce from Sherubtse College, Bhutan. With over three decades of distinguished public service, he has served in senior leadership roles. He currently serves as the Secretary, Ministry of Agriculture and Livestock.He has extensive experience in public finance, economic planning, and development cooperation, having served in key positions in the Ministry of Finance involving budget review, financial oversight, aid coordination, and donor-funded programme management. He also served as a Short-Term Consultant with the World Bank, Washington DC. He also serves as the Director on the Board of RENEW.

Mr. Biranch Narayan Rath

Mr. Biranchi Narayan Rath is the General Manager (IB Domestic, Retail & Subsidiaries) in the International Banking Group at State Bank of India (SBI), bringing over 34 years of extensive experience in banking and financial services. He holds a Postgraduate Degree in Physics from Utkal University, Odisha, India. He is a Certified Associate of the Indian Institute of Bankers, and holds diplomas in Management from the Institute of Management Technology (IMT), Ghaziabad, as well as in International Banking & Finance and Treasury Investment and Risk Management. Throughout his career,
Mr. Rath has played a key role in the formulation and execution of strategic business initiatives, business development, credit operations, and driving operational efficiency across SBI's international network. He has also been instrumental in advancing technological integration in areas such as Trade Finance and Trade Remittances, while ensuring compliance with FEMA guidelines. The International Banking Group at SBI oversees a global network of 240 offices across 29 countries, managing a business portfolio of nearly USD 100 billion and a workforce of over 3,000 employees.
Mr. Rath's responsibilities span the oversight of these operations, with a strong focus on international banking, credit, corporate and retail banking, including his tenure in SBI's Mauritius operations. He currently serves as a Director on the boards of several Overseas Banking Subsidiaries and Joint Ventures of SBI, as well as on the Board of SWIFT India Services Private Limited.

Ms. Choni Ome

Ms. Choni Ome is the Managing Director of Bhutan Jasmine Tours, bringing with her a diverse background in business development, project execution, and investment across both domestic and international markets, with over 15 years of professional experience. Prior to her current role, she served as the Associate Director of the Investment Abroad Division under the Department of Investment at Druk Holding and Investments Limited (DHI), where she was actively involved in managing and promoting Bhutan's overseas investments. Ms. Choni Ome holds a Bachelor of Arts in Economics and Pre-Medical Studies from Wellesley College, Massachusetts, USA, and earned her Master of Business Administration from ESSEC Business School in Paris, France. She has previously served as a Board Director for both the Natural Resources Development Corporation Limited (NRDCL) and Dungsum Polymers Limited (DPL). She currently sits on the Board of Gerab Nyed-Yon Limited, contributing her strategic insights to the company's governance and growth.

Ms. Dechen Peldon

Ms. Dechen Peldon is the Chief Financial Officer of Druk Holding and Investment Limited (DHI). She brings over 21 years of progressive experience in corporate finance, treasury, budgeting, and capital management across Bhutan's energy and aviation sectors. With over two decades of experience corporate finance and accounting, she brings a wealth of expertise to her role in managing the financial strategies of Bhutan's premier investment arm.Prior to joining DHI, she led the Finance and Corporate Services Division of Drukair Corporation Limited, overseeing Finance, Human Resources, Procurement, and Information & Technology functions to ensure integrated support for Drukair's strategic and operational goals. She holds a Bachelor of Commerce (Honors) from St. Joseph's College, North Point, India, and a Master of Business Administration (Finance & Accounts) from Maastricht School of Management, Netherlands. She serves as an Non-Executive Commissioner of Bhutan Electricity Regulatory Authority and Non-Executive Board Member of Farm Machinery Corporation Limited.

Mr. Dawa Sonam

Mr. Dawa Sonam holds an MSc in Information Technology from Murdoch University, Australia, and a Bachelor of Electrical and Electronics Engineering from Madras University. With over 21 years of experience in information technology and innovation, including 9 years in executive leadership roles, he has served as Executive Director of NGN Technologies, General Manager at Bhutan Telecom, and IT Head of Druk Holding and Investments (DHI). He has extensive experience in digital transformation, enterprise systems, cloud and data centre services, ICT governance, and technology-driven innovation, having led key initiatives in blockchain applications, mobile wallet services, e-procurement systems, document management systems, ERP, and enterprise architecture. He also serves as a Board Director of Bhutan Livestock Development Corporation and previously served as a Board Director of Thimphu TechPark Ltd., bringing additional experience in corporate governance and strategic oversight.

Mr. Sonam Thinley

Mr. Sonam Thinley currently serves as the Deputy Chamberlain to His Majesty the King and plays a key leadership role as both the Executive Director and Steering Committee Member of the De-suung Skilling Program. Previously, he served as the Chief Administrative Officer in the Office of the Prime Minister, Royal Government of Bhutan, where he played a pivotal role in supporting governance and public administration at the highest level.He holds a Bachelor of Arts in Politics, Philosophy & Economics from Rangsit University, Thailand, and has completed a Master of Arts as well as a Postgraduate Diploma in Development Studies from the University of Auckland, New Zealand.In addition to his current roles, Mr. Sonam Thinley also serves as the Chairperson of the Athletes Commission of Bhutan under the Bhutan Olympic Committee, contributing to the promotion and representation of athletes in the country and also as the Board Director for De-suung Skilling Program-Solar Initiatives (DSP-SI).

Mr. Tshering Tenzin

Mr. Tshering Tenzin is the Chief Executive Officer of Bank of Bhutan, bringing over 26 years of diverse experience spanning the Royal Government of Bhutan and the corporate sector, with core expertise in finance and accounting. He holds a Bachelor of Commerce (Honors) from Sherubtse College, Bhutan, a Bachelor of Business from South Australia, and is a CPA Australia–accredited professional. He previously served as Chief Executive Officer at Hiraoka Ventures Pvt. Ltd., Senior Program Coordinator at the Ministry of Finance, and General Manager (Commercial) at Dungsam Cement Corporation Limited (DCCL). He also served as an Independent Director on the Board of Bank of Bhutan before assuming the role of Director, Corporate Services in 2023. He currently serves as a Board Director of Bhutan Carbide and Chemicals Limited, Food Corporation of Bhutan Limited, and as the President of the Financial Institutions Association of Bhutan, where he plays a pivotal role in advancing the country's financial sector.

Management Team

Mr. Tshering Tenzin, *Chief Executive Officer*

Mr. Tshering holds a Bachelor of Commerce (Honors) from Sherubtse College, a Bachelor of Business from South Australia, and a CPA accreditation from CPA Australia. With over 24 years of diverse work experience spanning the RGoB and corporate sector, his expertise lies primarily in Finance and Accounting. He previously held roles such as Chief Executive Officer at Hiraoka Ventures Pvt. Ltd., Senior Program Coordinator at the Ministry of Finance, and General Manager (Commercial) at Dungsam Cement Corporation Limited (DCCL). After serving as an Independent Director, he took on the position of Director of Corporate Affairs before assuming the role of Director, Corporate Services in 2023.

Mr. Prem Bdr. Moktan, *Director, Credit & Operations Department*

Mr. Prem holds an MBA in Banking & Finance from the University of Canberra, Australia, and a Bachelor of Commerce (Honors) from Sherubtse College. He is a Certified Trade Finance Professional (CTFP) accredited by the International Chamber of Commerce (ICC) Academy and holds an Advanced Certified Banking and Credit Analyst (CBCA™) certification from CPA Canada. He is also an Environmental Social & Governance (ESG) specialist with over 20 years of experience in diverse business functions at the Bank of Bhutan, he served as Chief Financial Officer and Director of Credit before assuming the role of Director, Credit & Operations.

Mr. Tsewang Dorji, *Director, ICT & Digital Banking Department*

Mr. Tsewang holds an MBA from the University of Thai Chamber of Commerce in Bangkok, Thailand, and a Bachelor of Computer Applications from Sherubtse College. He brings a wealth of experience from diverse roles across financial institutions, spanning both business and IT functions. In December 2021, he was appointed as the Director of ICT & Innovation before assuming the role of Director, ICT & Digital Banking.

Mr. Pasang Dorji, ***Chief, Corporate Services Division***

Mr. Pasang has a Master's in Project Management from Curtin University, Western Australia, and a Bachelor of Technology (Civil Engineering) from the Indian Institute of Technology (IIT), Roorkee, India. He had worked for 21 years in the Ministry of Education. He joined the Bank in 2011 as Head, Real Estate Division and headed both Real Estate, Administration and Procurement Division of the Bank from 2017 until he was appointed as Chief, Corporate Services Division.

Ms. Lhakey Choden Tshering, ***Chief, Banking Operations Division***

Ms. Lhakey holds a Masters of Business Administration from Southern Cross University, Australia. She joined the Bank in 2005 as a Banking Officer and has worked for 18-plus years in various business functions of the Bank. She was the Head of Branch Operations & Retail Banking until she was appointed as Chief, Banking Operations in January 2023.

Mr. Dasang Namgay, ***Chief, Finance Division***

Mr. Dasang holds a Bachelor's degree in Business Administration from Gaeddu College of Business Studies, specializing in Finance, and a Post Graduate Diploma in Banking from the Institute of Finance, Banking, and Insurance in Kolkata, India. He commenced his career in 2010 as a Credit Officer at a bank, advancing to the position of Head of Financial Accounting and MIS Division before assuming the role of Chief Financial Officer in 2023.

Ms. Sonam Lhakey, ***Chief, Credit Division***

Ms. Sonam has a Masters of Business Administration with a minor in Finance and Graduate Certificate from The Australian National University, Canberra, Australia, Post Diploma in Banking from the Institute of Finance, Banking and Insurance, Kolkata, India and Bachelor of Business Administration from Gaeddu College of Business Studies (GCBS), Bhutan. She joined the Bank in 2010 as a Credit Officer and worked as Head, Project Finance and Head, Credit Operations until she was appointed as Chief, Credit Division in January 2023.

Mr. Sangum Chhetri, *Chief, ICT Division*

Mr. Sangum holds a Bachelor's degree in Computer Applications (BCA) from Bangalore University, India. He began his career at the Bank of Bhutan in 2008 as an IT Officer, where he gained extensive experience in information technology and network systems. Over the years, he progressed through various roles, including Manager, Network and Hardware, demonstrating strong technical expertise and leadership in managing the bank's IT infrastructure. In January 2023, he was appointed as Chief of the ICT Division, where he now oversees the bank's information and communication technology operations, driving strategic initiatives to enhance security, digital banking services, and operational efficiency.

Ms. Upahar Subedi, *Chief, Corporate Strategy Office*

Ms. Upahar holds an MBA from Symbiosis International University, India, and a Bachelor of Science (Honors) in Computer Science from Sherubtse College. She is a certified Balanced Scorecard Professional, having completed her certification from The Balanced Scorecard Institute (in conjunction with The George Washington University). She began her tenure at the Bank in 2008 as a Research Analyst. She has since taken on roles such as Head of Planning & Monitoring and Chief of the Research & Policy Department before her appointment as Chief of the Corporate Strategy Office in March 2023.

Mr. Karma Jambayyang, *Chief, Internal Audit*

Mr. Karma has a Master of Professional Accounting – Master of Business Administration (MPA-MBA) from James Cook University, Australia. He is a member of CPA, Australia. He joined the Bank in April 2024. Before joining the Bank, he had worked with the Royal Audit Authority (RAA) for 22 years in various capacities.

Mr. Raju Tamang, *Chief, Digital Banking Division*

Mr. Raju holds dual degrees in Commerce and Computer Applications from India. Since joining Bank of Bhutan in 2008, he has taken on progressive leadership roles in IT and infrastructure, including Head of the Data Center Division and Manager of the Data Center & Network Section. He is certified in Oracle Database Administration (OCA) and trained in Oracle Cloud and Systems, enhancing his technical leadership. Appointed as Chief of the Digital Banking Division in 2024, Mr. Tamang now leads the Bank's digital transformation journey, bringing over 17 years of experience in IT infrastructure, data center operations, and digital innovation.

Director's Report

On behalf of the Board of Directors and the management of Bank of Bhutan Limited, I have the honor to present the Directors' Report for the year 2025.

Operational Highlights

In 2025, the economy continued its recovery momentum, supported by the steady revival of the tourism sector and sustained growth in key industries such as mining, construction, and services. Against this improving economic backdrop, the Bank remained committed to supporting national economic development and strengthening financial inclusion. Bank of Bhutan maintained its position as the market leader in both deposits and loans while further advancing its digital banking services. Continued improvements in digital platforms and streamlined processes enhanced customer experience and expanded access to banking services across the country.

The Bank of Bhutan Limited entered into a landmark partnership with the International Finance Corporation (IFC) for US$20 million investment to expand financing for micro and small enterprises across the country. This investment represents the first foreign debt investment in Bhutan's banking sector under the revised External Commercial Borrowing (ECB) guidelines, marking an important milestone in strengthening access to finance for small businesses.

In 2025, the Bank of Bhutan had the honor of hosting the 41st Asian Bankers Association (ABA) Meeting in Paro, welcoming distinguished banking leaders, regulators, and financial sector experts from across the region. The event provided an important platform for exchanging perspectives on emerging trends in banking, financial innovation, and sustainable finance. The successful hosting of this prestigious international gathering further enhanced the Bank's standing within the regional banking community and showcased Bhutan's ability to convene meaningful dialogue on the future of finance. On this note, the Bank of Bhutan Limited was elected as Chair of the ABA for 2026-2027 term.

During the year, digital banking channels continued to dominate customer transactions, with digital transactions accounting for more than 98% of the Bank's total transaction volume. This reflects the continued shift of customers toward convenient and secure electronic banking platforms and highlights the Bank's ongoing efforts to strengthen its digital banking ecosystem.

Among the digital channels, mBoB mobile banking remained the primary transaction channel, contributing 79.83% of total transactions, followed by card-based transactions at 12.36%, and the goBoB digital wallet at 5.31%. Other channels, including e-payment services, ATM cardless withdrawals, and agency banking transactions, accounted for a smaller share of overall transactions, while traditional channels such as Over-the-Counter and ATM services together accounted for less than 2% of total transactions, reflecting the continued migration of customers toward digital banking services.

During 2025, the Bank introduced several improvements to the mBoB mobile banking platform to enhance customer experience, transparency, and security. Biometric authentication has been introduced for both login and transaction authorization, strengthening security while providing customers with faster and more seamless access to digital banking services.

Customers can now view detailed credit card information, including overall limits, ATM/POS limits, utilized amounts, and available balances, along with real-time access to mini and full credit card statements. The platform also enables customers to generate virtual debit and credit cards, securely view card details within the application, and activate newly issued cards instantly for immediate use, particularly for online transactions.

Enhanced card control features allow customers to switch their cards ON or OFF for ATM, online, and POS transactions, while card renewal and replacement requests can now be submitted directly through mBoB, reducing the need for branch visits. The Bank also introduced contactless (Tap-and-Pay) debit cards supporting both domestic and international transactions, enabling faster and more convenient payments.

Further, the goBoB digital wallet has been enhanced to support email-based registration for tourist customers, enabling visitors to conveniently register from their home country prior to arrival and seamlessly use digital payment services during their stay in Bhutan.

The Bank has undertaken several initiatives to enhance the security, performance, and reliability of the bank's digital infrastructure. Critical systems including ATM, Core Banking System (CBS), mBoB, and goBoB are maintained at ≥99.9% availability to ensure uninterrupted banking services. To strengthen cybersecurity, the bank has deployed Distributed Denial of Service (DDoS) protection and implemented a Web Application Firewall (WAF) to safeguard digital banking platforms against malicious traffic, application-layer attacks, and unauthorized access attempts. In addition, an integrated application monitoring dashboard has been introduced to provide centralized visibility of system performance and enable proactive detection and resolution of issues.

The Bank has also enabled digital customer onboarding using the NDI platform, allowing customers to conveniently open Customer Information Files (CIF) and bank accounts digitally, improving customer experience while maintaining secure identity verification.

The Bank continued to provide accessible and inclusive banking services nationwide through 37 branches, 8 extension counters, 85 ATMs, and 171 active agents. And it facilitated seamless remittance services processing transactions amounting from Nu. 5,167.16 million in 2024 to Nu. 15,009.30 million in 2025.

In terms of customer service, the Bank achieved a customer satisfaction index of 4.17, a slightly higher index as compared to 3.96 in 2024.

The Human Resources Development Section in 2025 implemented a comprehensive learning and development strategy to strengthen employee capabilities and support retention. During the reporting period (2025), a total of 67 training programs were conducted, benefiting 896 employees across the Bank. This included 13 ex-country trainings in India for 91 employees, 16 ex-country trainings in third countries for 57 employees, 17 in-country trainings for 280 employees, 16 in-house training programs for 454 employees, and 5 online trainings for 14 employees. These initiatives aimed to enhance technical competencies, operational effectiveness, and professional development across various functions of the Bank.

Financial Position and Key Financial Performance Highlights

The financial statements for 2025 have been prepared as per the Bhutan Accounting Standards (BAS). In terms of financial performance, the year 2025 showed a better performance as compared to the year 2024. The Bank registered a Net Profit of Nu. 2,047 million in the year 2025, against a Net Profit of Nu. 1,540 million in 2024. This reflected an increase of 33% in Net Profit compared to 2024. This achievement was made possible due to increase in the loan portfolio from Nu. 82,454 million in 2024 to Nu. 96,251 million resulting in 17% increase in Financial Year 2025. The interest income has increased from Nu. 7,713 million in 2024 to Nu. 8,628 million to 2025.

Deposits from customers continued to grow and has increased from Nu. 105,692 million in 2024 to 137,400 million in 2025, resulting in 30% increase. This confirms the people's continued confidence and trust in the Bank. There is an increase in interest expenses from Nu. 3,894 million in 2024 to Nu.4,543 million in 2025.

The total capital and reserves of the Bank increased to Nu. 10,785 million in 2025 from Nu. 9,742 in 2024, before dividend.

Net Interest Income (NII) for 2025 increased to Nu. 4,085 million from Nu. 3,819 million in 2024, which is an increase by Nu. 266 million. Even though NII grew, overall NIM decreased from 3.95% to 3.80%.However, loan NIM improved from 4.64% to 4.80%.

Corporate Governance

The Bank operates in full compliance with the Financial Services Act 2011, the Companies Act of Bhutan 2016, RMA's Corporate Governance Rules & Regulations, and the DHI Corporate Governance Code. The Bank has implemented all directives issued by the Board.

The Board committees — namely the Board Audit Committee, Board Credit Committee, Board Risk Management Committee, Board Governance Committee and Board Project Steering Committee conducted the required minimum number of meetings in accordance with their respective rules of procedure. The Bank's Internal Service Rules and Regulations are also aligned with the provisions of the Labour and Employment Act of Bhutan.

Human resource matters are addressed through the Management Human Resources Committee (HRC), the Board Governance Committee, and the Board, in line with the approved delegation of authority. A formal grievance redressal mechanism is in place to allow employees to raise concerns or complaints regarding colleagues, supervisors, or management in a fair and structured manner.

The management also holds regular meetings to monitor the timely implementation of departmental activities in line with the annual compacts and directives issued by management and the Board. In addition, the Bank is compliant with all regulatory requirements set by the Corporate Regulatory Authority under the Ministry of Industry, Commerce and Employment.

Corporate Social Responsibility

The Bank continued to uphold its commitment to social responsibility by supporting a range of initiatives that positively impacted communities across the country. In line with the CSR policy for DHI-owned companies, the Bank contributed to activities across multiple sectors. These included support for Lhakhang renovations, the Bhutan Bird Festival, the Royal Civil Service Commission's Civil Service Wellness Day, and programs organized by the Blind Music Centre and Research during the World Disability Day live concert.

The Bank also partnered with RENEW to support essential services for women and children at the Gawaling Happy Home Shelter and to raise awareness on teenage pregnancy. Additional contributions were made to the Ministry of Education and Skills Development for the observance of Menstrual Hygiene Day, and to the GovTech Agency for activities marking Cybersecurity Awareness Month 2025.

Beyond these initiatives, the Bank contributed Nu. 300,000 towards the celebration of the 70th Birth Anniversary of His Majesty the Fourth Druk Gyalpo and Nu. 100,000 to the Royal University of Bhutan to support the organization of Gyalyong Kherig Droedur – Season 2.

Statutory Audit

Span & Associates, a firm based in India, was appointed to audit the books of accounts of Bank of Bhutan Limited (BoBL) for the Financial Year 2025 by the Royal Audit Authority.

Board's Recommendation on Dividend

BoBL has been adopting a consistent dividend policy of balancing the twin objectives of providing good returns to its shareholders and retaining sufficient capital to maintain a healthy capital adequacy ratio to support future business growth. Considering this, a dividend of 35% which amounts to Nu.693 million is proposed from the PAT of 2025.

Challenges and Way Forward

The Bank recently completed the migration to a new TCS BaNCS Global Banking Platform (GBP), which represents an important step toward strengthening its digital infrastructure and supporting future growth. As with most large-scale system transitions, the stabilization of the new system will require some time as processes are fine-tuned and users adapt to the new environment. During this transition period, certain operational adjustments and temporary challenges may arise before the system reaches full stability.

Geopolitical tensions and global conflicts may indirectly affect Bhutan's financial institutions by slowing economic activity, increasing business costs, and creating supply chain disruptions that could lead to higher loan defaults and pressure on bank liquidity.

Aligned to DHI's 10X Journey, Bank of Bhutan has finalized Corporate Strategic Plan (2026-2035). The ambitious plan targets to enhance Bank of Bhutan's operation by tenfold. This ambitious goal will be pursued with emphasizes on innovation, efficiency, and long-term value creation. Priority will be placed on system stabilization, staff capacity development, process optimization, and strengthening customer service delivery. Bank of Bhutan will partake in investment opportunities offered by Gelephu Mindfulness City and government's ambitious plans in development of hydropower projects.

In order to strengthen its institutional capabilities and address emerging operational and technological challenges, the Board and management of the Bank visited the State Bank of India Corporate Office in Mumbai. The engagement provided valuable insights into global best practices in digital banking, payments, risk management, and sustainable finance. The Bank looks forward to leveraging this collaboration to enhance its technological capabilities, strengthen operational resilience, and build institutional capacity, thereby enabling the Bank to effectively address current challenges and support its long-term strategic transformation and growth.

Acknowledgements

The Board of Directors, Management, and employees of the Bank of Bhutan would like to express their sincere appreciation to the Royal Government of Bhutan, Druk Holding and Investments, State Bank of India, the Royal Monetary Authority, the Royal Audit Authority, the statutory auditors, regulatory authorities, partner agencies, and correspondent banks for their continued guidance and support.

The Board also extends its heartfelt gratitude to the Bank's shareholders, clients, investors, and wellwishers or their continued trust, goodwill, and patronage.

The Bank of Bhutan remains committed to working together with all stakeholders to contribute to the development of an inclusive and resilient economy.

The Board further conveys its sincere appreciation to the Bank's management for its leadership throughout the year and to all employees for their dedication, hard work, and commitment to the Bank.

The Board of Directors reaffirms its pledge to continue working with diligence and responsibility towards the sustained growth and development of the Bank and looks forward to the continued support and cooperation of all stakeholders in the years ahead.

Tashi Delek!

Mr. Thinley Namgyel
For and on behalf of the Board

Report on **Corporate Governance**

Corporate Governance (CG) is a set of systems and procedures that enable and ensure that companies are being managed in the most accountable, transparent, and fair manner while meeting the expectations of shareholders and other stakeholders. Sound CG practices are critical for effective use of company resources with the highest ethical standards.

The Bank of Bhutan Limited (BoB) aims to achieve high standards of CG and ensures compliance with legislation, regulation and the CG codes to ensure sustainability of the business.

BoB is compliant with the provisions of the Royal Monetary Authority (RMA) Corporate Governance Rules and Regulations 2024, the Corporate Governance Code and the Ownership Policy developed by the Druk Holding and Investments Limited (DHI), The Companies Act of Bhutan 2016, The Financial Services Act of Bhutan 2011 and other statutory requirements for the Financial Year 2025.

Board of Directors

The Board of Directors is entrusted with the ultimate responsibility for guiding the strategic direction and performance of BoB to achieve the targets. All appointments made was submitted to the BoB's Annual General Meeting for endorsement. The BoB Board consists of seven Directors, including the Chairman and the Chief Executive Officer (CEO). A detailed information is as given below:

Composition of the Board and attendance in 2025

Name of Director	Category	Address	Date of Appointment/ Retirement (Present Term)	Current Term of the Board Director	No. of BM attended in 2025	No. of Directorship on other DHI Owned/ Controlled companies
					7	
Mr. Thinley Namgyel	Chairman Independent Non-Executive	Ministry of Agriculture and Livestock	Appointed on 3rd June 2025	1st Term	4	None
Mr. Sonam Thinley	Board Director Independent Non-Executive	Office of Gyelpoi Zimpon, HM's Secretariat	Appointed on 26th June 2024	1st Term	6	None
Mr. Biranchi Narayan Rath	Board Director Non-Independent Non-Executive	International Banking Group, State Bank of India (SBI)	Appointed on 28th November 2022	1st Term	6	None
Ms. Dechen Peldon	Board Director Non-Independent Non-Executive	Chief Financial Officer, DHI	Appointed on 10th November 2025	1st Term	1	None
Ms. Choni Ome	Board Director Non-Independent Non-Executive	Bhutan Jasmine Tours	Re-appointed on 26th June 2024	2nd Term	7	None
Mr. Dawa Sonam	Board Director Independent Non-Executive	55 Ventures Pvt. Ltd.	Appointed on 1st September 2025	1st Term	2	None
Mr. Tshering Tenzin	Board Director/ CEO Executive Non-Independent	Bank of Bhutan Ltd.	Appointed on 1st August 2025	1st Term	3	None

Dasho Karma Yonten	Chairman **(Retired with effect from 21st March 2025)**	Office of Performance Management, HM's Secretariate	Re-appointed on 26th June 2024	2nd Term	3	None
Mr. Tshering Norbu	Board Director Independent Non-Executive **(Retired with effect from 21st March 2025)**	NANO Bhutan Pvt. Ltd.	Appointed on 03rd June 2022	1st Term	2	1
Ms. Tashi Lhamo	Board Director Independent Non-Executive **(Retired with effect from 10th October 2025)**	Director, Finance Department, DHI	Appointed on 14th November 2024	1st Term	5	1
Mr. Dorji Kadin	Board Director/ CEO Executive Non-Independent **(Retired with effect from 30th June 2025)**	CEO, Bank of Bhutan Ltd.	Appointed on 1st April 2019	2nd Term	4	None

Board Meetings

A total of seven Board Meetings were held in 2025. The meetings were held as frequently as required and the gap between any two meetings never exceeded three months as required by "The Companies Act of Bhutan 2016". The details of the Board attendance are as follows:

Board Meeting No.	Dates	Members Present	Leave of Absence
298th	9th January 2025	1. Dasho Karma Yonten 2. Mr. Sonam Thinley 3. Mr. Tshering Norbu 4. Mr. Biranchi Narayan Rath 5. Ms. Choni Ome 6. Ms. Tashi Lhamo 7. Mr. Dorji Kadin	None
299th	3rd March 2025	1. Dasho Karma Yonten 2. Mr. Tshering Norbu 3. Mr. Biranchi Narayan Rath 4. Ms, Tashi Lhamo 5. Ms. Choni Ome 6. Mr. Dorji Kadin	Mr. Sonam Thinley
300th	18th March 2025	1. Dasho Karma Yonten 2. Mr. Sonam Thinley 3. Mr. Biranchi Narayan Rath 4. Ms. Choni Ome 5. Ms. Tashi Lhamo 6. Mr. Dorji Kadin	Mr. Tshering Norbu
301st	16th June 2025	1. Mr. Thinley Namgyel 2. Mr. Sonam Thinley 3. Ms. Tashi Lhamo 4. Ms. Choni Ome 5. Mr. Dorji Kadin	Mr. Biranchi Narayan Rath

302nd	5th August 2025	1. Mr. Thinley Namgyel 2. Mr. Sonam Thinley 3. Mr. Biranchi Narayan Rath 4. Ms. Tashi Lhamo 5. Ms. Choni Ome 6. Mr. Tshering Tenzin	None
303rd	22nd September 2025	1. Mr. Thinley Namgyel 2. Mr. Sonam Thinley 3. Mr. Biranchi Narayan Rath 4. Mr. Dawa Sonam 5. Ms. Choni Ome 6. Mr. Tshering Tenzin	Ms. Tashi Lhamo
304th	26th November 2025	1. Mr. Thinley Namgyel 2. Mr. Sonam Thinley 3. Mr. Biranchi Narayan Rath 4. Mr. Dawa Sonam 5. Ms. Choni Ome 6. Ms. Dechen Peldon 7. Mr. Tshering Tenzin	None

Board Committee Meetings and Procedures

Board Governance Committee (BGC)

The Board Governance Committee was established to make decisions on HR related issues which are beyond the authority of the management.

The Board Governance Committee was reconstituted during the 301st Board meeting held on 16th June 2025 with the appointment of a new Board Director. Four Board Governance Committee meetings were held in 2025.

Details of the BGC held in 2025 are as follows:

Name of Director	Category	No. of BGC Attended
Ms. Choni Ome	Chairperson	4
Mr. Sonam Thinley	Board Director	2
Ms. Dechen Peldon	Board Director	2
Mr. Tshering Tenzin	Board Director/ CEO	3

BGC No.	Dates	Members Present	Leave of Absence
61st	10th November 2025	1. Ms. Choni Ome 2. Mr. Sonam Thinley 3. Mr. Tshering Tenzin	None
62nd	15th December 2025	1. Ms. Choni Ome 2. Ms. Dechen Peldon 3. Mr. Tshering Tenzin	Mr. Sonam Thinley
63rd	18th December 2025	1. Ms. Choni Ome 2. Ms. Dechen Peldon 3. Mr. Tshering Tenzin	Mr. Sonam Thinley
64th	25th December 2025	1. Ms. Choni Ome 2. Mr. Sonam Thinley 3. Mr. Prem Bdr. Moktan	Ms. Dechen Peldon

Board Credit Committee (BCC)

The Board Credit Committee was established to make decisions on credit related issues which are beyond the authority of the management.

The Board Credit Committee was reconstituted during the 301st Board meeting held on 16th June 2025 with the appointment of a new Board Director. A total of two Board Credit Committee meeting was held in 2025.

Details of the BCC held in 2025 are as follows:

Name of Director	Category	No. of BCC attended
Mr. Thinley Namgyel	Chairman	2
Ms. Choni Ome	Board Director	2
Mr. Tshering Tenzin	Board Director/ CEO	2

BCC No.	Dates	Members Present	Leave of Absence
47th	18th July 2025	1. Mr. Thinley Namgyel 2. Ms. Choni Ome 3. Mr. Tshering Tenzin	None
48th	13th November 2025	1. Mr. Thinley Namgyel 2. Ms. Choni Ome 3. Mr. Tshering Tenzin	None

Board Risk Management Committee (BRMC)

The Board Risk Management Committee was established to monitor the key risk indicators of the Bank besides making decisions on risk related issues and activities.

The Board Risk Management Committee was reconstituted during the 301st Board meeting held on 16th June 2025 with the appointment of a new Board Director. A total of four Board Risk Management Committee meetings were held in 2025.

Details of the BRMC held in 2025 are as follows:

Name of Director	Category	No. of BRMC attended
Ms. Dechen Peldon	Board Director – Chairperson	None
Ms. Choni Ome	Board Director	4
Mr. Dawa Sonam	Board Director	1
Mr. Tshering Tenzin	Board Director/CEO	1
Ms. Tashi Lhamo	Board Director **(Retired with effect from 10th October 2025)**	3
Mr. Tshering Norbu	Board Director-Chairperson **(Retired with effect from 21st March 2025)**	1

BRMC No.	Dates	Members Present	Leave of Absence
35th	14th January 2025	1. Mr. Tshering Norbu 2. Ms. Tashi Lhamo 3. Ms. Choni Ome	None
36th	1st May 2025	1. Ms. Tashi Lhamo 2. Ms. Choni Ome	Ms. Tashi Lhamo
37th	31st July 2025	1. Ms. Tashi Lhamo 2. Ms. Choni Ome	None
38th	31st October 2025	1. Ms. Choni Ome 2. Mr. Dawa Sonam 3. Mr. Tshering Tenzin	None

Board Audit Committee (BAC)

The Board Audit Committee was established to monitor the internal control systems and internal audit activities of the Bank.

The Board Audit Committee was reconstituted during the 301st Board meeting held on 16th June 2025 with the appointment of new Board Directors. A total of six Board Audit Committee meetings were conducted in 2025.

Details of the BAC held in 2025 are as follows:

Name of Director	Category	No. of BAC attended
Mr. Sonam Thinley	Chairperson (Independent)	6
Ms. Choni Ome	Board Director	4
Mr. Tshering Norbu	Board Director (Independent)	2
Ms. Tashi Lhamo	Board Director **(Retired with effect from 10th October 2025)**	1
Ms. Dechen Peldon	Board Director	None

BAC No.	Dates	Members Present	Leave of Absence
85th	24th January 2025	1. Mr. Sonam Thinley 2. Mr. Tshering Norbu	Ms. Choni Ome
86th	5th February 2025	1. Mr. Sonam Thinley 2. Mr. Tshering Norbu	Ms. Choni Ome
87th	17th March 2025	1. Mr. Sonam Thinley 2. Ms. Choni Ome	Mr. Tshering Norbu
88th	25th April 2025	1. Mr. Sonam Thinley 2. Ms. Choni Ome	None
89th	30th July 2025	1. Mr. Sonam Thinley 2. Ms. Choni Ome 3. Ms. Tashi Lhamo	None
90th	28th October 2025	1. Mr. Sonam Thinley 2. Ms. Choni Ome	None

Board Project Steering Committee (BPSC)

The Board Project Steering Committee was established to oversee the migration of Bank's Core Banking Solution (CBS) from current Tata Consultancy Services (TCS) BaNCS to TCS BaNCS Global Banking Platform (GBP) project due to its highly complex nature and extensive resource requirements.

The Board Project Steering Committee was constituted during the 301st Board meeting held on 16th June 2025. A total of three Board Project Steering Committee meetings were conducted in 2025.

Details of the BPSC held in 2024 are as follows:

Name of Director	Category	No. of BAC attended
Mr. Tshering Norbu	Chairperson **(Retired with effect from 21st March 2025)**	1
Ms. Tashi Lhamo	Board Director **(Retired with effect from 10th October 2025)**	2
Mr. Dorji Kadin	Board Director/CEO	1
Mr. Dawa Sonam	Chairperson	2
Ms. Dechen Peldon	Board Director	None
Mr. Tshering Tenzin	Board Director/CEO	2

BAC No.	Dates	Members Present	Leave of Absence
3rd	14th March 2025	1. Mr. Tshering Norbu 2. Ms. Tashi Lhamo 3. Mr. Dorji Kadin	None
4th	11th September 2025	1. Mr. Dawa Sonam 2. Ms. Tashi Lhamo 3. Mr. Tshering Tenzin	None
5th	10th November 2025	1. Mr. Dawa Sonam 2. Mr. Tshering Tenzin	None

Board Remuneration:

The following table contains the details of the remuneration paid to the Chief Executive Officer, Directors and the Board Directors during the year 2025:

Sl. No.	Particulars	31st December 2025
a.	**Remuneration, allowances, etc. paid to Chief Executive Officer:**	
i.	Salary, Allowances, Bonus and Encashment of Leave	4,181,662.79
ii.	Contribution to Provident Fund	194,142.00
iii.	Siting Fee	140,000.00
	Total	**4,515,804.79**
b.	**Executive Directors**	
i.	Salary, Allowances, Bonus and Encashment of Leave	
ii.	Contribution to Provident Fund	
iii.	Siting Fee	
	Total	**9,469,365.51**
c.	**Non-Executive Directors**	
i.	Sitting Fee paid to other Directors	668,500.00
	Total	**668,500.00**

Annual General Meeting:

The 58th Annual General Meeting (AGM) was held on 26th March 2026 and the AGM was attended by the shareholders, Board Directors and the key members of the management team.

Risk Management Systems:

The Risk Management Framework of BoB continues to seek to put in place a comprehensive monitoring, management and reporting framework that allows risk to be identified, managed and overseen in a timely and efficient manner. The framework also seeks to set up systems and procedures to actively mitigate associated risks and optimize resources not only to protect the Bank but also to provide a return commensurate with the risk profiles adopted through its Risk Register. The Risk Register is an evolving document that is being reviewed and updated on an annual basis.

This is further administered through various risk management policies, activities and exercises, which are updated to the management and board periodically.

Board and CEO Evaluation:

The Druk Holding and Investments Limited (DHI) conducts an annual online questionnaire-based evaluation whereby feedback is collected from the Chairman, Board Directors and CEO on the performance of the individual board directors in the DHI Owned Companies. The key issues covered include the board directors' dedication and preparedness for the meeting, professional and ethical attributes, team work and their contribution in the meeting.

The annual performance evaluation of the CEOs of DHI Owned Companies is based on the achievement of the annual compact performance which accounts for 80% weight and 20% leadership assessment. The CEO's leadership assessment is also administered online by DHI which is undertaken by the Chairman and all the Board directors. This is also considered during the renewal of contracts of the CEO.

Independent Auditor's Report

Report on the Audit of the Financial Statements

To the Members of the Bank of Bhutan Limited:

Opinion

We have audited the financial statements of Bank of Bhutan Limited (the Bank), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and the 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical requirements in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we, depending on the facts and circumstances of the Bank and the Audit, have not identified areas of specified risk and accordingly have not communicated any key audit matters.

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

The Management of the Bank is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this audit report.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the 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 independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional scepticism throughout the audit. Our responsibilities are to:

i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness ofthe Bank's internal control;

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a Going concern; and

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

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

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

We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We have audited 6 branches along with Corporate Banking and Head office and those account for 78.37 percent of Bank's total Loans and Advances. We have not audited the financial statements and financial information of the rest of the Branches and units included in the financial statement of the Bank.

During this Financial Year 2025, a fraud incident occurred at the Paro Airport Extension Branch for an amount of Nu. 7,276,255. The Bank instituted legal action and Nu. 5,000,000 was recovered as on the date of audit.

As per the assessment reports for the income years 2023 and 2024, the bank has made payment of additional tax assessed Nu. 10,957,208.46, excluding penal interest Nu. 1,477,413.40. A request for waiver of the penal interest has been submitted to the Ministry of Finance.

Refer clause 7.9.f on Fixed Equated Instalment Facility (FEIF), the receivables are initially recognized at the present value of future cash flows discounted using a market-based Effective Interest Rate (EIR), which the bank has determined based on its applicable product rate.

Refer clause 4.15 of the Significant Accounting Policies on Investment in Associates and Joint Ventures (BAS 28), the Bank, in line with the DHI Group Accounting policy and BAS 27 – Separate Financial Statement, has changed its Accounting Policy in recording its Investment in Associates from "Fair Market Value" to "at cost" in the Financial Year 2025.

The Bank is operating under Core Banking Solution, ERP Next for accounting transactions, Fixed Assets Management, etc., and BFRS 9 ECL computation for determining impairment and provisioning of Loans and Advances.

Our opinion is not modified in respect of these above said matters.

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as a separate section, "Report on Minimum Audit Examination Requirements"

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Kolkata
Chartered Accountants

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

a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

c. The Bank's Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS and are in agreement with the books of accounts; and

d. Based on the information, explanations and management representations received during the course of our audit, the Bank has complied with other legal and regulatory requirements to the extent applicable to the Bank.

For S P A N & Associates
Chartered Accountants
Firm Registration No: 302192E

Amlan Kusum Mandal
Digitally signed by Amlan Kusum Mandal
Date: 2026.03.19 13:49:15 +05'30'

(Amlan Kusum Mandal)
Partner
Membership No. 064631
UDIN: 26064631EYWZDR7867
Date: 19-03-2026

Place: Thimphu, Bhutan

SPAN & ASSOCIATES ★ Chartered Accountants ★ Kolkata

REPORT ON

MINIMUM AUDIT EXAMINATION REQUIREMENTS

ANNEXURE AS REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE

MINIMUM AUDIT REPORTING REQUIREMENTS

As required under the "Minimum Audit Examination and Reporting Requirements" referred to in Section 266 of The Companies Act of Bhutan, 2016 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:

a. During the course of audit, we have not come across any instance of violation by the Company of the Corporate Governance Guidelines and Regulation

b. The governing board/authority pursue a prudent and sound financial management practice in managing the affairs of the Company.

c. The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB) subject to exceptions as detailed in the Independent Auditors' Report.

d. Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.

e. Records as specified under Section 228 of the Companies Act of Bhutan 2016 have been duly maintained by the Company.

f. We have not come across any non-compliance of mandatory obligations social or otherwise, that have been entrusted to the Company.

g. Amount of tax has been computed correctly and reflected in the financial statements for the FY 2025.

1. The Company has been maintaining proper records showing particulars including quantitative details and situation of the fixed assets. As explained to us, all the fixed assets have been physically verified. Physical verification of fixed assets conducted by the Management did not reveal any material discrepancies.

2. The fixed assets of the Company have not been revalued during the year.

3. Being a Bank, the Company is a finance company and not coming under the category of manufacturing, mining or processing company. Hence, physical verification of finished goods, stores, spares parts and raw materials at reasonable intervals is not applicable.

4. According to information and explanation given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. According to the information and explanations given to us, no discrepancy was noticed on physical verification of inventory as compared to the book records.

6. Being a Bank, the Company is a finance company. Hence, reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs is not applicable for this Company.

7. According to the information and explanations given to us, the Company prepares quantitative reconciliation at the end of accounting year in respect of all major items of inventories. The Company does not have any finished products and therefore, quantitative reconciliation is not required to be carried out in respect of finished products.

8. According to the information and explanations given to us, obsolete, damaged, slow-moving, and surplus goods/inventories has been determined and if the value is significant, adequate provisions are made. However, the company does not have obsolete, damaged, slow-moving, and surplus goods/inventories as of December 31, 2025.

9. According to the information and explanations given to us, obsolete and surplus inventories are disposed-off and proceeds from such disposals are accounted for appropriately.

10. According to the information and explanations given to us, the Company has a system of obtaining approval of the Board/ appropriate authority for writing off amounts due to material loss/ discrepancies in physical/book balances of inventories. However, being a finance company, inventories of stores and spares are not being held and the Company does not have obsolete, damaged, slow-moving, and surplus goods/inventories as of December 31, 2025.

11. On the basis of examination of valuation of stocks and the information and explanations given we are of the opinion that the valuation is fair and proper in accordance with the normally accepted accounting principles. The basis of valuation of inventory is the same as in the preceding year.

12. The Company has not availed any loan.

13. The Company has not granted any loan to other parties which are ultra-vires to the Articles of Incorporation and other relevant Acts and Regulations.

14. Loans/advances granted to officers/staff are in keeping with the provisions of service rules and no excessive/frequent advances are granted and there is no case of accumulation of large advances against a particular individual.

15. According to information and explanation given to us during the course of our audit, in our opinion internal control systems of the Company requires further improvement in order to be commensurate with its size and the volume of business to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/regulations, systems and procedures.

16. There is a reasonable system of authorization at proper levels in respect of issue of stores and allocation of materials and labour to jobs wherever applicable. As the Company is engaged in providing services, it has no requirement of raw materials.

17. In our opinion and according to the information and explanations given to us, having regard to the exception that some of the items of special nature, there is an adequate system of competitive bidding, commensurate with the size of the Company and the nature of its business, for the purchase of goods and services including stores, plant and machinery, equipment and other assets. As the Company is engaged in providing services, it has no requirement of raw materials.

18. (a) On the basis of checking of books of account and relevant records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not entered into any transaction for purchases and sale of goods and service made in pursuance of contracts or arrangements entered into with the director(s) or any other party(ies) related to the director(s) or with the Company or firms in which the director(s) are directly or indirectly interested except DHI & its subsidiaries, the details of which is duly disclosed in the Related party transactions in notes to accounts to the financial statements. Please refer to Note 7.2 Related Party Transaction "Key Management Personnel" Section of this Report. The company has provided Loans to Directors and the same is as per RMA directives as per section 2.4.1 of Prudential Regulations and the company's SOP of Staff Incentive Loan.

    (b) The examination of records does not reveal any transaction entered into by the Company which is prejudicial to the interest of the Company wherein directors are directly or indirectly interested.

19. According to the information and explanations given to us, and on the basis of our checking of the accounts and other books and records, to the best of our knowledge, no personal expenses have been debited to the Statement of Comprehensive Income other than those payable under contractual obligations/service rules.

20. As explained to us, there are no unserviceable or damaged stores, which have not been provided for in the books of account. The Company being a finance sector company, does not have any raw materials or finished goods.

21. The Company being a finance sector company, this Section/Clause is not applicable for the Company.

22. The Company being a finance sector company, this Section/Clause is not applicable for the Company.

23. The Company being a finance sector company, this Section/Clause is not applicable for the Company.

24. The Company is generally regular in depositing statutory dues.

25. As per the records made available to us, there was no undisputed amount payable in respect of rates, taxes, provident funds and other statutory dues, which are outstanding as on the last day of the financial year.

26. The Company being a finance sector company, this Section/Clause is not applicable for the Company.

27. Not applicable.

28. The Company being a finance sector company, this Section/Clause is not applicable for the Company.

29. Credit sales policy is not applicable for the Company.

30. The system of screening commission agents found to be adequate where sales are made through commission agents. We have been informed that the agency commission and other terms and conditions with agents have been fixed by the Management after considering Industry Norms and Market Conditions. The company has a system of evaluating performance of each agent on a periodic basis.

31. The Company has reasonable system of continuous follow-up with debtors and other parties for recovery of outstanding amounts. Also, age-wise analysis is carried out for management information and follow-up action.

32. We noted that the management of liquid resources during the year under audit particularly cash/bank and short-term deposits etc. have been adequate considering the present suitability.

33. In our opinion and to the extent our examination reveals, the business activities carried out by the Company are lawful and intra-vires to its Articles of Incorporation of the Company.

34. In our opinion and according to the information and explanations given to us, the Company has a system of approval of the Board for all capital investment decisions.

35. The Company has an effective budgetary control system.

36. Being a company under the finance sector, this clause is not applicable for the Company.

37. The Company has reasonable system of continuous follow-up with debtors and other parties for recovery of outstanding amounts. Also, age-wise analysis is carried out for management information and follow-up action. The details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or any of their relatives (including spouse(s) and child/ children), if any, by the Company directly or indirectly are disclosed in the accounts. Please refer to the note 7.2 Related Party Transaction "Key Management Personnel" Section of this Report.

38. According to the information and explanation provided to us, we have not come across any instance of the directives of the Board that has not been complied with.

39. According to the information and explanation provided to us, the officials of the Company have not transmitted any price-sensitive information which are not made publicly available, unauthorised to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves. We have however, relied on the Management assertion of the same and cannot independently verify the same.

40. Necessary records are being maintained for inter-unit transactions/services and arrangements for services made with other agencies engaged in similar activities.

41. According to the information and explanation provided to us, proper agreements are executed and that the terms and conditions of leases are reasonable, and the same are applied if machinery/equipment's are acquired on lease or leased out to others.

In the case of Finance and Investment Company

1. All matters as may be relevant and applicable for Financing and Investment company has been specified above.

2. Our observations on adequate documents and records are maintained for loans and advances granted by the Company and Agreement for the same has been furnished separately in the Management Report.

3. Proper records of the transactions and contracts have been maintained and timely entries have been made therein by the company for dealing or trading in shares, securities and other investments subject to our observation as furnished in the Management Report.

4. Reasonable records have been maintained for deposits of customers and interest payment thereof.

5. Provisions are made for permanent diminution, if any, in the value of investment (shares).

6. Requirements of Financial Services Act of Bhutan 2011 and any other applicable laws, rules and regulations and guidelines including prudential regulations issued by the Royal Monetary Authority of Bhutan (RMA), have been duly complied with by the Company, subject to our observations as furnished in the Management Report.

7. Our observations on the requirements relating to provisioning for the non-performing assets including loans and advances have been complied with subject to our observations as furnished in the Management Report.

8. Not applicable.

9. For observations on hypothecation of assets against loans and advances and physical verification, valuation, mortgage deed execution and creation of charges etc. of such assets, please refer to our observations as furnished in the Management Report.

10. Our observations on the 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 have been enclosed in the Management Report.

11. Disposal of assets taken over for repayment defaults etc., is made through open/sealed bids.

12. Rescheduling of loans is carried out in accordance with the provisions of Prudential Regulations 2016.

13. Necessary system is in place to ensure that additional loans are not granted to those who have defaulted payments of previous loans.

14. The total amount of loans charged off during the year was Nu. 2,106,058,580.85.

COMPUTERIZED ACCOUNTING ENVIRONMENT:

1. Organizational and system development controls and other internal controls are adequate relative to the size and nature of computer installations.

2. According to the information and explanation given to us, the Bank has adequate safeguard measures and backup facilities.

3. Based on the information and explanations given to us, the Bank has set up an off-site facility with Bhutan Telecom to store and back up files as a disaster recovery measure.

4. The operational controls are adequate to ensure the correctness and validity of input data and output information.

5. Measures to prevent unauthorised access to the computer installation and files are adequate.

6. As per the information and explanation provided to us, data migration during change over to new system to ensure completeness and integrity of data, as well as smooth operation of the system is in force. However, certification by the auditor for successful completion of system audit was not available for verification.

GENERAL

1. Going Concern:

The Company's present operational and financial data indicates that the Company is financially healthy and we have no reason to believe that the Company is not a going concern entity. Accordingly, the financial statements have been prepared on the going concern assumption.

2. Ratio analysis:

Relevant ratio analysis has been carried out, and the details are under the section "Ratio Analysis."

3. Compliance with the Companies Act of Bhutan, 2016

As confirmed by the Management and as verified from accounts and information provided, we are of the opinion that the Company has complied with the provisions of The Companies Act of Bhutan 2016.

4. Adherence to Laws, Rules and Regulations:

The audit of the Company is governed by the Companies Act of Bhutan, 2016, the Bhutanese Accounting Standards and the Prudential Rules & Regulations, 2025, and the scope of audit is limited to examination and review of the financial statement as produced to us by the Management, and the same has been covered by us based on the risk assessment. Accordingly, instances of non-compliance have been reported through the Management Report.

For S P A N & ASSOCIATES
Chartered Accountants
(FRN - 302192E)

Amlan Kusum Mandal

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Date: 2026.03.19 13:50:44 +05'30'

(Amlan Kusum Mandal)
Partner
(Membership No. 064631)

SPAN & ASSOCIATES
Kolkata
Chartered Accountants

Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

(Amount in Nu.)

Particulars	Note No.	December 31, 2025	January 01, 2025 Restate	December 31, 2024
Cash and Cash Equivalents	5.1	5,446,732,418.06	2,994,532,794.68	2,994,532,794.68
Balances with Central Bank	5.2	34,957,403,217.51	19,424,508,364.53	19,424,508,364.53
Placements with other Banks	5.3	4,373,324,309.95	2,960,064,309.95	2,960,064,309.95
Loans & Advances to Customers	5.4	93,327,988,357.59	79,846,695,478.95	79,846,695,478.95
Financial Investments				
- Measured at FVTPL	5.5	15,831,927,601.03	13,252,095,066.60	13,252,095,066.60
- Measured at FVOCI	5.6	362,883,861.64	448,028,675.20	448,028,675.20
Investments in Associates	5.7	34,200,000.00	34,200,000.00	49,753,800.00
Other Financial Assets	5.8	804,730,670.30	1,387,309,507.70	1,387,309,507.70
Other Assets	5.9	80,377,622.96	80,010,205.93	80,010,205.93
Property, Plant & Equipment	5.10	1,715,179,006.83	1,648,930,691.46	1,648,930,691.46
Right of Use Assets/Leasehold Properties	5.11	28,382,730.13	21,629,245.13	21,629,245.13
Intangible Assets	5.12	358,207,568.08	351,899,816.25	351,899,816.25
Capital Work-in-Progress	5.13	128,038,834.48	215,292,421.27	215,292,421.27
TOTAL ASSETS		**157,449,376,198.56**	**122,665,196,577.65**	**122,680,750,375.85**
LIABILITIES				
Due to Banks	5.14	17,738.51	398,085.32	398,085.32
Due to Customers	5.15	139,270,949,669.99	107,210,117,250.85	107,210,117,250.85
Subordinated Debt	5.16	4,280,150,000.00	2,780,150,000.00	2,780,150,000.00
Current Tax Liabilities	5.17	505,169,395.29	418,237,555.52	418,237,555.52
Other Financial Liabilities	5.18	237,582,710.43	210,623,915.24	210,623,915.24
Provision for Liabilities & Charges	5.19	10,586,491.79	8,341,736.79	8,341,736.79
Retirement Benefit Obligations	5.20	262,781,877.07	254,911,482.00	254,911,482.00
Other LiabiliWties	5.21	1,944,671,679.60	1,907,717,903.75	1,907,717,903.75
Deferred Tax Liabilities	5.22	121,398,977.59	124,306,812.59	124,306,812.59
Lease Liability	5.23	31,388,028.71	24,218,009.71	24,218,009.71
TOTAL LIABILITIES		**146,664,696,568.98**	**112,939,022,751.76**	**112,939,022,751.76**
EQUITY				
Share Capital	5.24	3,000,000,000.00	3,000,000,000.00	3,000,000,000.00
Reserve Fund	5.25	3,686,439,048.09	3,174,741,215.08	3,174,741,215.08
Exchange Fluctuation Reserve	5.25	439,694,530.02	370,801,786.46	370,801,786.46
Fixed Assets Revaluation Reserve	5.25	322,593,730.98	322,593,730.98	322,593,730.98
Retained Earnings	5.25	3,335,952,321.34	2,858,037,094.32	2,873,590,894.53
TOTAL EQUITY		**10,784,679,629.58**	**9,726,173,825.89**	**9,741,727,627.06**
TOTAL LIABILITIES & EQUITY		**157,449,376,198.56**	**122,665,196,577.65**	**122,680,750,375.85**

*** The December 2024 figures have been restated following a change in accounting policy.

Contingent liabilities	5.26	5,026,937,567.72	2,930,267,477.21	2,930,267,477.21
Bills for Collection	5.27	-	-	
Significant Accounting Policies	1-4			
Notes to Accounts	7.1-7.9			
Macro Prudential Disclosures	7.10			

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

For SPAN & Associates:

Amlan Kusum Mandal Digitally signed by Amlan Kusum Mandal Date: 2026.03.19 13:56:49 +05'30'

Amlan Kusum Mandal
Audit Partner
Frim Registration No. FRN:302192E
Membership No:064631
Date:
Place: Thimphu, Bhutan

For Bank of Bhutan Limited:

Dasho Tshering Namgyel
Chairman, BOBL

Dasho Sonam Thinley
Chairman, Board Audit Committee, BOBL

Mr. Tshering Tenzin
Chief Executive Officer & Director, BOBL

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

(Amount in Nu.)

Particulars	Note No.	December 31, 2025	December 31, 2024
Interest Income	6.1	8,627,637,871.07	7,713,222,349.67
Interest Expenses	6.2	(4,542,546,433.56)	(3,894,435,255.41)
Net Interest Income		**4,085,091,437.51**	**3,818,787,094.26**
Fees & Commission Income	6.3	619,733,213.17	643,662,364.80
Fees & Commission Expenses	6.4	(203,238,752.26)	(270,855,710.71)
Net Gains from Trading of Foreign Exchange	6.5	275,570,974.44	68,075,763.90
Other Operating Income	6.6	191,082,706.77	123,735,986.28
Net Non-interest Income		**883,148,142.12**	**564,618,404.27**
Total Operating Income		**4,968,239,579.63**	**4,383,405,498.53**
Staff Costs	6.7	(732,930,947.23)	(745,771,809.59)
Premises Costs	6.8	(53,003,237.47)	(48,203,284.29)
General Administrative Expenses	6.9	(360,462,513.24)	(300,713,290.45)
Depreciation on Property, plant & equipment	6.10	(203,817,448.58)	(164,048,901.76)
Amortization of Intangible Assets	6.11	(81,655,728.12)	(64,318,548.73)
Impairment Charge/ (reversal) on loans and advances	5.4 & 6.14	(593,353,859.05)	(833,448,061.32)
Total Operating Expenses/(Loss)		**(2,025,223,733.68)**	**(2,156,503,896.14)**
Profit before Taxation		**2,943,015,845.95**	**2,226,901,602.39**
Tax Expenses	6.12		
- Current tax		(888,175,140.23)	(681,148,761.00)
- Current tax - earlier year's		(10,957,208.46)	(8,704,514.91)
- Deferred tax		2,907,835.00	3,349,600.00
Net Profit for the year		**2,046,791,331.94**	**1,540,397,926.48**
Other Comprehensive Income - Items that will not be reclassified to P&L (BAS 1.82a)			
Actuarial Gains/(Losses) on Retirement Benefits		21,819,607.10	5,429,762.00
Net Gains/(Losses) from Financial Instruments designated at Fair Value through OCI		(85,144,813.56)	(71,952,665.92)
Changes in revaluation surplus/(deficit)		-	-
Total Other Comprehensive Income		**(63,325,206.46)**	**(66,522,903.92)**
Total Comprehensive Income for the year		**1,983,466,125.48**	**1,473,875,022.56**
Basic & Diluted Earnings Per Share	6.13	68.23	51.35

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

For SPAN & Associates:

Amlan Kusum Mandal — Digitally signed by Amlan Kusum Mandal Date: 2026.03.19 13:52:38 +05'30'

Amlan Kusum Mandal
Audit Partner
Frim Registration No. FRN:302192E
Membership No:064631
Date:
Place: Thimphu, Bhutan

SPAN & ASSOCIATES Chartered Accountants Kolkata

BANK OF BHUTAN A dhi Company Head Office

For Bank of Bhutan Limited:

Dasho Thinley Namgyel
Chairman, BOBL

Dasho Sonam Thinley
Chairman, Board Audit Committee,BOBL

Mr. Tshering Tenzin
Chief Executive Officer & Director, BOBL

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

(Amount in Nu.)

Particulars	December 31, 2025	December 31, 2024
Cash flows from operating activities		
Profit before taxation	2,943,015,845.95	2,226,901,602.39
Add: Depreciation on Property, Plant & Equipment	192,969,317.58	154,182,705.76
Add: Amortization of Intangible Assets	81,655,728.12	64,318,548.73
Add: Depreciation on Right of Use Assets	10,848,131.00	9,866,196.00
Add: Interest Expense on Lease Liability	2,739,118.00	2,358,949.00
Operating profit before changes in operating assets & liabilities	**3,231,228,140.65**	**2,457,628,001.88**
(Increase)/Decrease in operating assets		
Balance with RMA in CRR Account	(1,762,780,887.79)	(614,556,835.15)
Loans & Advances to Customers	(13,481,292,878.64)	(3,308,067,635.67)
Other Financial Assets	582,578,837.40	(58,529,507.72)
Other Assets	(367,417.03)	(13,241,505.75)
Sub Total (Operating Assets)	**(14,661,862,346.06)**	**(3,994,395,484.29)**
Increase/(Decrease) in operating liabilities		
Due to Banks	(380,346.81)	(736,103.00)
Due to Customers	32,060,832,419.14	7,326,218,790.76
Other Financial Liabilities	1,526,958,795.19	1,314,438,194.75
Other Liabilities	148,694,547.80	662,537,299.00
Sub Total (Operating Assets)	**33,736,105,415.32**	**9,302,458,181.51**
Net cash (used in)/generated from operating activities before income tax	**22,305,471,209.91**	**7,765,690,699.10**
Income taxes paid	(896,224,513.79)	(686,503,675.90)
Net cash (used in)/generated from operating activities	**21,409,246,696.13**	**7,079,187,023.20**
Cash Inflows from investing activities		
Investments	(2,479,133,920.87)	167,126,599.32
Purchase of PPE (Excl. ROU Asset)	(259,927,526.11)	(439,437,366.75)
Acquisition of PPE-ROU Asset	(17,601,616.00)	(12,811,295.00)
Net cash generated from/(used in) investing activities	**(2,756,663,062.98)**	**(285,122,062.43)**
Cash Outflows from financing activities		
Dividend Paid	(167,332,969.41)	(191,665,560.07)
Other Adjustments from Retained Earnings	(836,506,358.94)	(1,068,534,851.93)
Payments of Lease Liability	(10,431,597.00)	(9,733,424.00)
Cash payment for interest portion of Lease Liability	(2,739,118.00)	(2,358,949.00)
Net cash used in financing activities	**(1,017,010,043.35)**	**(1,272,292,785.00)**
Net Cash generated/(used) during the year	**17,635,573,589.79**	**5,521,772,175.77**
Cash and cash equivalents at the beginning of the year	17,115,481,245.56	11,593,709,072.11
Cash and cash equivalents at the end of the year	**34,751,054,835.36**	**17,115,481,245.56**
Cash and cash equivalents at the end of the year		
Cash and Cash Equivalents	5,446,732,418.06	2,994,532,794.68
Balances with Central Bank	24,930,998,107.35	11,160,884,140.93
Placements with other Banks	4,373,324,309.95	2,960,064,309.95
Total Cash & cash equivalents at the end of the year	**34,751,054,835.36**	**17,115,481,245.56**

For SPAN & Associates:

Amlan Kusum Mandal

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Date: 2026.03.19 13:56:49 +05'30'

Amlan Kusum Mandal
Audit Partner
Frim Registration No. FRN:302192E
Membership No:064631
Date:
Place: Thimphu, Bhutan

For Bank of Bhutan Limited:

Dasho Thinley Namgyel
Chairman, BOBL

Dasho Sonam Thinley
Chairman, Board Audit Committee, BOBL

Mr. Tshering Tenzin
Chief Executive Officer & Director, BOBL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2025

(Amount in Nu.)

Particulars	Share Capital	Reserve Fund	Exchange Fluctuation Reserve	Retained Earnings	Fixed Asset Revaluation Reserve	Total
As at January 01, 2024	**3,000,000,000.00**	**2,789,641,733.46**	**353,782,845.48**	**2,995,511,801.81**	**322,593,730.98**	**9,461,530,111.74**
Transfer to Reserve Fund	-	385,099,481.62	-	(385,099,481.62)	-	-
Dividend transferred to Reserve Fund	-	-	-	-	-	-
Transfer to Exchange Fluctuation Reserve	-	-	17,018,940.98	(17,018,940.98)	-	-
Prior Period Adjustments to Retained Earnings	-	-	-	(1,193,677,507.25)	-	**(1,193,677,507.25)**
Other Comprehensive Income	-	-	-	(66,522,903.92)	-	**(66,522,903.92)**
Profit for the year	-	-	-	1,540,397,926.49	-	**1,540,397,926.49**
As at December 31, 2024	**3,000,000,000.00**	**3,174,741,215.08**	**370,801,786.46**	**2,873,590,894.54**	**322,593,730.98**	**9,741,727,627.06**
Investment in Associate measured at cost				(15,553,800.32)		**(15,553,800.32)**
As at December 31, 2024	3,000,000,000.00	3,174,741,215.08	370,801,786.46	2,858,037,094.22	322,593,730.98	**9,726,173,826.74**
Transfer to Reserve Fund	-	511,697,832.99		(511,697,832.99)	-	-
Dividend transferred to Reserve Fund	-	-	-	-	-	-
Transfer to Exchange Fluctuation Reserve	-	-	68,892,743.61	(68,892,743.61)	-	-
Trf to provision against FEIF	-	-	-	(79,512,223.06)	-	**(79,512,223.06)**
Dividend Paid for FY 2024				**(167,332,969.41)**		**(167,332,969.41)**
Movement in Retained Earnings				7,799,614.68		**7,799,614.68**
Other Comprehensive Income	-	-	-	(63,325,206.46)	-	**(63,325,206.46)**
FEIF FV impact as of 2024				(685,914,743.97)		
Profit for the year	-		-	2,046,791,331.94	-	**2,046,791,331.94**
As at December 31, 2025	**3,000,000,000.00**	**3,686,439,048.07**	**439,694,530.07**	**3,335,952,321.35**	**322,593,730.98**	**10,784,679,629.58**

For SPAN & Associates:

Amlan Kusum Mandal
Digitally signed by Amlan Kusum Mandal
Date: 2026.03.19 13:53:55 +05'30'

Amlan Kusum Mandal
Audit Partner
Frim Registration No. FRN:302192E
Membership No:064631
Date:
Place: Thimphu, Bhutan

SPAN & ASSOCIATES * Chartered Accountants * Kolkata

BOB BANK OF BHUTAN A dhi Company Head Office

For Bank of Bhutan Limited:

Dasho Thinley Namgyel
Chairman, BOBL

Dasho Sonam Thinley
Chairman, Board Audit Committee, BOBL

Mr. Tshering Tenzin
Chief Executive Officer & Director, BOBL

ACCOUNTING POLICIES &
NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

1. Corporate Information:

Bank of Bhutan Limited ("the Bank") was established under the Royal Charter in May 1968 and it was the only banking institute in the country until 1997. It acted as the Central Bank of Bhutan till the Royal Monetary Authority of Bhutan was set up in 1982. The registered office of the Bank is located at Norzin Lam, PO Box No. 102, Thimphu, Bhutan.

The Bank is a subsidiary of Druk Holding & Investments. The Bank has been incorporated and registered under the Companies Act of Bhutan, 2016 with limited liability.

The Bank is governed by the Companies Act of Bhutan 2016. Financial Services Act of Bhutan 2011 and other applicable laws, rules and regulations and guidelines including Prudential Regulations issued by the Royal Monetary Authority of Bhutan (RMA).

The Bank of Bhutan is the largest commercial bank in Bhutan and has its presence in every Dzongkhag, and major towns through a network of 37 branch offices including 9 extension offices. The banking operations were fully automated in 2009 when the Bank rolled out its first Flex-cube Core Banking Solution (CBS). c. Subsequently, the Bank migrated to TCS BaNCS CBS on the 1st April 2009. This paved a way for customers to use the cutting-edge technologies for banking services.

The financial statements of the Bank for the year ended 31st December 2025 were approved during the 306th Board meeting held on 9th March 2026.

2. Basis of Preparation:

The financial statements have been prepared in accordance with the BAS issued by Accounting and Auditing Standard Board of Bhutan, Ministry of Finance of Royal Government of Bhutan.

The Bank prepared its financial statements in accordance with BFRS/BAS as issued by the AASBB, the Companies Act of the Kingdom of Bhutan 2016, Financial Services Act of Bhutan 2011, and the RMA Prudential Regulations 2024.

The AASBB decided to adopt IFRS and IAS in phased manner with minor changes. These standards are referred to as BAS. The prescribed standard for Phase I was adopted from 1st January 2014, and applicable standards for Phase II was adopted from January 2016. The final phase, phase III was adopted in 2018 with the exception to Expected Credit Loss (ECL) modelling under BFRS 9. However, the AASBB mandated full adoption of ECL under BFRS 9 from January 2022. The following applicable standards were adopted:

BAS Phase I (Effecwtive Date: January 1, 2014)	BAS Phase II (Effective Date: January 1, 2016)
BAS 1 - Presentation of Financial Statements	BAS 17 - Leases
BAS 7 - Statement of Cash Flows	BAS 19 - Employee Benefits
BAS 8 - Accounting Policies, changes in Accounting Estimates & Errors.	BAS 26 - Accounting and Reporting by Retirement Benefit Plans
BAS 10 - Events after Reporting Period	BAS 36 - Impairment of Assets
BAS 12 – Income Taxes	BAS 38 - Intangible Assets
BAS 16 – Property, Plant & Equipment	
BAS 18 – Revenue	
BAS 21 – The effects of changes in Foreign Exchange Rates.	
BAS 23 — Borrowing Costs	
BAS 24 – The Related Party Disclosures	
BAS 32 – Financial Instruments: Presentation	
BAS 33 – Earning Per Share	
BAS 37 – Provisions, Contingent Liabilities and Contingent Assets	
BFRS 5 — Non-current Assets Held for Sale and Discontinued Operations	
BFRS 8 – Operating Segments	
BFRS 10 – Consolidated Financial Statement	
BFRS 15 – Revenue from contract with customers	
BAS Phase III (Effective Date: January 1, 2018)	**As Per BAS 2020 Amendment**
BAS 32 – Financial Instruments: Presentation	BAS 27 - Separate Financial Statements
BAS 39 – Financial Instruments: Recognition and Measurement	BAS 28 - Investments in Associates and Joint Ventures
BFRS 1 – First-time adoption of Bhutanese Financial Reporting Standards	BFRS 9 - Financial Instruments
BFRS 7 – Financial Instruments: Disclosures	BFRS 16 -Leases
BFRS 13 – Fair value Measurement	

2.1 Presentation of Financial Statement

As prescribed by the BAS accounting standard (BAS-1), the basis for presentation of general-purpose financial statements is presented to provide financial information about the Bank which is useful to existing and potential investors and other users and to ensure comparability both with the Bank’s financial statements of previous periods and with the financial statements of other banks.

Items in the Statement of Financial Position of the Bank are classified by nature of such item and presented broadly in order of their relative liquidity and maturity pattern. An analysis regarding long-term or short term that are either payable or receivable within 12 months after the Reporting date (current) and more than 12 months after the Reporting date (non-current) is presented in Note 7.9.

2.2 Foreign currency translation

Functional and presentation currency is Bhutanese Ngultrum (BTN).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

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2.3 Going Concern

Statements prepared on a going concern basis, reflecting management's assumption that the Bank will continue its operations for the foreseeable future.

2.4 Accrual basis of accounting

The Bank prepared its financial statements, except for cash flow information, using the accrual basis of accounting. It recognizes items such as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the framework.

2.5 Materiality and aggregation

In compliance with BAS 1 – "Presentation of Financial Statements", each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or functions. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements.

2.6 Offsetting

All the items that are recorded in the financial statements are reported gross except for loans and advances which is net off impairment charges. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation and as specifically disclosed in the accounting policies of the Bank.

2.7 Frequency of reporting

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

2.8 Comparative information

The previous year's figures have been regrouped/rearranged wherever considered necessary, to conform to the current year's presentation. As a minimum, the Bank has reported statements of financial position, statements of profit or loss and OCI, statements of cash flows, statements of changes in equity and notes for the current and prior periods.

2.9 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. The Bank operates in single segment of commercial banking. Further, it is applicable only to listed company as per BFRS8.

2.10 Historical Cost and Fair Value Convention

Historical cost is the default measurement basis. Exceptions include financial instruments (fair value), land (revaluation), and defined benefit assets (actuarial).

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2.11 Use of Estimates

Judgments and reasonable estimates are applied in impairment, revenue recognition, asset lives, employee benefits, and taxes. Actual results may differ from the estimates used in applying accounting policies.

3. Significant Accounting Policies:

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

a. Fair Value measurement of Financial Instruments
The Bank measures the fair value of financial assets and liabilities at the reporting date as the price at which they could be exchanged in an arm's length transaction under current market conditions. Where available, quoted market prices in active, transparent markets are used as the most objective measure of fair value. For instruments without active market prices, the Bank applies valuation techniques, such as the Adjusted Net Asset Method, using observable market inputs where possible and judgment where necessary. Market conditions, economic factors, and any restrictions on sale or transfer are considered in determining fair value.

b. Impairment of Financial assets
At each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition, using reasonable and supportable information. Financial instruments with low credit risk at the reporting date are presumed not to have increased significantly. Impairment provisions are measured based on the Expected Credit Loss (ECL) model under BFRS 9, considering historical experience, current conditions, and forward-looking information. The ECL reflects the probability of default over the maximum contractual period of exposure, even if the likelihood of a credit loss is low.

c. Impairment of non-financial assets
The Bank reviews assets at each reporting date for indications of impairment. If an indication exists or annual testing is required, the recoverable amount of the individual asset is estimated, defined as the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting estimated future cash flows at a pre-tax rate reflecting current market conditions and asset-specific risks. Fair value less costs of disposal is based on recent market transactions or, if unavailable, appropriate valuation models, supported by market multiples or other indicators. Assets are written down to their recoverable amount when their carrying amount exceeds it.

d. Property, Plant and Equipment
The Property, Plant and Equipment are depreciated on a pro-rate basis on straight line method over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 4.5 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised and could have an impact on the profit in future years.

e. Revaluation of Land
Revaluation model is applied on the entire class of freehold land. The revaluation is done as per the Group Accounting Policies. The market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use are taken into account in measuring the fair value of the freehold land. The detailed revaluation of freehold land is also disclosed as required by the standard.

f. Retirement benefit obligations

The costs of retirement benefits and present value of the retirement benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Discount Rate Risk:** The present value of the defined benefit obligation is highly sensitive to the discount rate; a small decrease increases the liability, while an increase reduces it.

- **Salary Growth Risk:** As a final-pay scheme, the plan cost depends on salary growth. Higher-than-expected growth raises the liability, while slower growth lowers it.

- **Employee Turnover Risk:** Variations in employee turnover affect plan design and overall cost. Differences between actual and assumed turnover will change the liability.

- **Demographic Risk:** Mortality assumptions are based on IALM 2012-14 data. Any deviation in actual experience from these assumptions affects plan cost.

- **Regulatory Risk:** The valuation is based on current regulations; changes in rules may alter the defined benefit obligation.

g. Changes in Accounting Policies, Estimates and Errors - BAS 8

This standard provides guidance on how the Bank selects and applies accounting policies, handles changes in estimates, and corrects prior period errors.

Accounting policies are the principles used to prepare financial statements, and changes are allowed if they improve relevance and reliability, applied retrospectively unless impractical.

Changes in estimates result from new information or developments and are applied prospectively, affecting current and future periods. Prior period errors, such as mistakes or omissions, must be corrected retrospectively with appropriate disclosure. The standard ensures transparency by requiring disclosure of the nature and effects of changes or errors.

a. Investment in Associate (BAS 28): During the year 2025, the Bank changed its accounting policy for measuring investments in associates in its separate financial statements.

Previously, investments in associates were measured at fair value in accordance with BFRS 9 / BFRS 13. With effect from 2025, the Bank has adopted the cost model for measuring investments in associates, in line with the DHI Group Accounting Policy, which requires that investments in associates and joint ventures be recognized at cost in the separate financial statements. Refer note 5.7

Particulars	No of shares	Face value	At cost -2025	Fair value Amt- 2024	OCI impact
FITI	1,800,000.00	10	18,000,000.00	15,426,000.00	(2,574,000.00)
RSEBL	1,620,000.00	10	16,200,000.00	34,327,800.00	18,127,800.00

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4. Summary of Significant Accounting Policies

4.1 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. The Bank operates in single segment of commercial banking. Further, it is applicable only to listed company as per BFRS8.

4.2 Property, plant and equipment (PPE)

The cost of an item of PPE is recognized as an asset only if, it is probable that future economic benefits associated with the item will flow to the Bank and the cost can be measured reliably.

PPE is initially recognized at cost, the initial cost of PPE comprises its net purchase price after deducting any trade discount and rebates, including import duties and non-refundable purchase taxes, and directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent cost is included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

4.3 Depreciation and amortisation methods, estimated useful lives and residual value on other tangible assets

i. Depreciation is provided on pro rata basis on the straight-line method to allocate the cost, net of residual value over the estimated useful lives of the assets.

ii. Where a significant component (in terms of cost) of an asset has an estimated economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.

iii. As per BAS 16 Para 55 - Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Bank depreciate at the commencement date.

iv. Useful life of assets is determined by the management based on the internal technical assessments as follows:

Asset	Useful life (No. of years)
Buildings and civil structures (built on owned land only)	30
Plant and machinery and other equipment	7
Furniture and fixtures	7
Office equipment	7
Vehicles	10
Leasehold property improvements	Over the lease term
Desktops, Servers,Card embossing machine	5
Laptops, printers, scanners, routers, switches, modems, UPS	3

The useful life, residual value and depreciation method are reviewed, and adjusted appropriately, at least at each Statement of Financial Position date to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits.
Change in the estimated useful life, residual value and/or depreciation method, if any, is depreciated prospectively over the asset's remaining revised useful life.

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The cost and the accumulated depreciation for PPEsold, scrapped, retired or otherwise disposed of are eliminated from the financial statements and the resulting gains and losses are included in the Statement of Comprehensive Income.

4.4 Intangible assets
Intangible asset (including capitalized software costs) is recognized at cost less accumulated amortisation and impairment. Subsequent costs are capitalized only if they reliably generate future economic benefits. Internally generated intangibles are recognized only when identifiable, measurable, and probable to generate benefits; otherwise, costs are expensed. Amortisation is on a straight-line basis over the estimated useful life, reviewed annually, and begins when the *asset is available for use (per BAS 38).*

An intangible asset is derecognized when disposed of or when no future benefits are expected to arise from the continued use of the asset. The gains and losses are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of Comprehensive Income.

As per BAS 38 para 97 "The depreciable amount of an intangible asset with a finite useful life is **amortised on a systematic basis over its useful life,** beginning when the asset is **available for use** and ceasing on **classification as held for sale or de-recognition"**.

Assets	Useful life (No. of years)
Software	7

4.5 Cash and Cash Equivalents
In the Statement of Cash Flows, "cash and cash equivalents" includes cash in hand and deposits held at call with other banks.

4.6 Customer Deposits
Customer deposits include all customer accounts where the Bank owes money to customers (including balances owed to other banks and central banks). Credit balances in cardholder accounts are also treated as customer deposits.

4.7 Income Tax
The BAS prescribes the accounting treatment for current and deferred tax to ensure proper recognition of tax consequences in financial statements.
Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income Tax Authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

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

Deferred income tax liabilities and assets are recognized for all taxable temporary differences except when the deferred income tax liability or asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Bank intends to settle its current tax assets and liabilities on a net basis. Management evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation.

The income tax liabilities are recognized when, despite the Bank's belief that its income tax return positions are supportable, the Bank believes, it is more likely than not, based on the technical merits, that certain positions may not be fully sustained upon review by income tax authorities.

Benefits from tax positions are measured at the single best estimate of the most likely outcome. At each statement of financial position date, the tax positions are reviewed, and to the extent that new information becomes available which causes the Bank to change its judgment regarding the adequacy of existing income tax liabilities, such changes to income tax liabilities are duly recognized in income tax expense in the year in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax charge for the year in which the assessment is completed.

4.8 Employee benefits

a. Short-Term Employee Benefits
All Employee benefits payable within twelve months of rendering the services are classified as short-term benefits. Such benefits include salaries and allowances, and performance-based variable pay out, leave encashment etc., and the same are in the statement of comprehensive income in the period in which the employee renders the related services.

b. Long-Term Employee Benefit
The long-term liabilities including retirement benefit and separation cost of the employees retiring are provided based on actuarial valuation as at the reporting period.

c. Defined contribution plan
An employer's obligation is limited to paying fixed contributions. Expenses are recognized when contributions are due. Contribution to provident fund administered by the Bank is a defined contribution scheme and is recognized in the statement of comprehensive income as and when they fall due.

d. Defined Benefit Plans
The Bank's employees are entitled to post-retirement benefits of gratuity, travel allowance and separation grant. These liabilities are provided for based on actuarial valuation as at the statement of financial position date. The liabilities are discounted to present value applying the pre-tax rate of return on Government bonds of similar tenure and currency. Increase in the liability due to passage of time is recognized as interest expense. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

e. Measurement
The liability is discounted to present value applying the pre-tax rate of return on Government bonds of similar tenure and currency. Increase in the liability due to passage of time is recognized as interest expense.

f. Recognition
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

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g. Disclosures
Detailed information about the plan, assumptions, risks, and amounts recognized in the financial statements are comprehensively disclosed in the annual report.

4.9 Provisions, Contingent Liabilities and Contingent Assets
The Bank creates a provision when there is a present obligation arising as a result of a past event that probably requires an outflow of resources, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balance sheet date and are not discounted to its present value.
A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made
Currently, the Bank computes provisions for contingent liabilities such as Letters of Credit and Bank Guarantees using the ECL method in accordance with the RMA's SOP on the implementation of BFRS 9 and BFRS 9.

4.10 Revenue recognition
Revenue recognition under BFRS 9 require use effective interest method. However, RMA has allowed income recognition up to 90 days past due which is in consistent with the Prudential Regulation. Income beyond 90 days past due will not be considered for income recognition purposes unless the FSPs is equipped with a system which has the ability to accommodate the Net Income Recognition for Stage 3 Loans. Fees and commissions are recognised under BFRS 15 either at a point in time (e.g., transaction fees) or over time (e.g., account services). Trading and other investment income are recognised when the right to receive is established.

4.11 Mandatory Cash Reserve with RMA
Mandatory Cash Reserve with RMA are carried at historical cost and represent mandatory reserve deposits with Royal Monetary Authority of Bhutan, which are not available to finance the Bank's Day to day operations and hence are not considered as part of cash and cash equivalent for the purposes of the statement of cash flows.

4.12 Financial Instruments
The standard covers the recognition, classification, measurement, impairment and de-recognition of financial assets and financial liabilities.

The Bank adheres to these requirements in alignment with the *RMA's Standard Operating Procedure (SOP) for the implementation of BFRS 9,* ensuring consistency with regulatory requirements and sound financial reporting practices.

Classification: Amortized Cost, FVTOCI or FVTPL.
Impairment: Expected Credit Loss (ECL) model.
Liabilities measured at amortized cost.
De-recognition when contractual rights expire or obligations settle.

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

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4.12.1 Financial Instrument Measured at Amortized Cost

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

- **Business Model Test:** The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and
- **Cash Flow Characteristics Test:** 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.

After initial measurement, these financial instruments are measured at amortized cost using the effective interest rate.
Effective interest rate discounts estimated future cash flows over the asset's expected life to its gross carrying amount, excluding expected credit losses. Impairment losses are recognized in the Statement of Comprehensive Income.
This applies to term deposits, bonds, treasury bills, loans, advances, and similar assets.

4.12.2 financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial instrument shall be measured at fair value through other comprehensive income if both of the SPPI test and business model test is met.

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

This category generally applies to investment in equity shares where the shareholding is less than 20% will be required to be measured at fair value at each balance sheet date and the subsequent changes in the fair value to be designated through the Profit or Loss account or Other Comprehensive Income (as per DHI group accounting policy).

4.12.3 Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in the FVTPL category are measured initially as well as at each reporting period at fair value.

Fair value movements i.e. gain or loss and interest income are recorded in the statement of comprehensive income.

4.12.4 Impairment of Financial Assets

The bank recognizes an allowance for expected credit loss (ECL) on all financial instruments except those classified as fair value through profit or loss (FVTPL).

All loans and advances are assessed for impairment either individually or collectively, based on the nature and risk profile of the exposures. This ensures timely recognition of credit losses and accurate reflection of the asset's credit risk in the financial statements.

The ECL model involves a three-stage process based on the change in credit quality since initial recognition. Credit losses are measured as either 12-month ECL (for Stage 1) or lifetime ECL (for Stages 2 and 3), with interest revenue calculation differing between stages.

4.12.5 De-recognition of financial assets

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

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

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

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

4.12.6 Financial Liabilities

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

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. - Bank don't have

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

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Borrowings and Deposits -Fair value through EIR

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

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

De-recognition

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

Off-setting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.12.7 Impairment of Non-Financial Assets

The Bank assesses at each reporting date, using external and internal sources, whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Bank determines the recoverable amount and impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The recoverable amount is determined:

- In the case of an individual asset, at the higher of the asset's fair value less cost of sell and value in use; and

- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that effects current market assessments of the time value of money and the risks specific to that asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss for an asset is reversed, if the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss being recognized for the asset in prior years.

4.13 Leases Accounting (BFRS 16)

ROU assets and lease liabilities recognized for all leases except (short-term, low-value). ROU assets measured at cost less depreciation, lease liabilities at amortized cost.

The Bank recognizes all office and ATM premises rentals as Long Term and High Value leases under BFRS 16. Lease terms comprise non-cancellable periods and periods for which the Bank is reasonably certain to exercise extension options, and exclude periods where termination is reasonably certain, in accordance with BFRS 16 requirements for measuring lease liabilities and right-of-use assets.

Right of Use Asset (ROU)

A ROU asset represents the Bank's right to use an underlying asset over the lease term. Initially, it is measured at cost, comprising the lease liability, any initial direct costs, and lease payments made at or before commencement.

Subsequently, it is measured at cost less accumulated depreciation. The asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is presented within property and equipment or disclosed separately in the financial statements.

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Lease Liability

The Bank recognizes a lease liability at the commencement date of the lease, measured at the present value of the lease payments that are expected to be made over the lease term.

Under BFRS 16, lease liabilities are initially measured at the present value of lease payments over the lease term. These payments include fixed payments (net of lease incentives), variable payments linked to an index or rate (using the rate at commencement), residual value guarantees, purchase option prices if exercisable, and lease termination penalties if applicable. The discount rate used is the Bank's incremental borrowing rate of 10%.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method and are re-measured when lease terms, purchase option assessments, residual value guarantees, or indexed payments change. Any re-measurement adjusts the related right-of-use asset to keep the asset and liability aligned as required by BFRS 16.

4.14 Separate Financial Statement - BAS 27

As per the DHI accounting policy under BFRS 10, "where a parent of the subsidiary produces consolidated financial statement the entity that is parent (have subsidiary/subsidiaries) does not have to prepare the consolidated financial statement. Based on this the bank prepares separate financial statement and this standard provides guidance on how bank should prepare separate financial statements.

The standard allows the investment in subsidiaries, JV and associated to be recorded at:

- Cost
- Fair value as per BFRS 9
- Equity Method

However, as per the DHI Group Accounting policy, the investments in associates and JV are to be recognised at cost in Separate Financial Statement.

Accordingly, the Bank measures its investments in associates, FITI and RSEBL, at cost. Currently, the Bank does not have any joint ventures or subsidiaries.

4.15 Investment in Associates and Joint Ventures (BAS 28)

An associate is an entity over which the investor has significant influence, and a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The standard allows the bank to measure its investments in associates and joint ventures using the equity method, while only investing entities are allowed to use the fair value method. *However, in line with the DHI Group Accounting Policy and BAS 27 – Separate Financial Statements, the Bank records its investments in associates, FIT and RSEBL, at cost.*

4.16 Consolidated Financial Statements (BFRS 10)

The objective of this BFRS 10 is to establish principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities.

As per BFRS 10 para 4 (a) "**A parent entity must present consolidated financial statements,** except when all the following conditions are met:

I. It is a wholly-owned or partially-owned subsidiary, and all other owners are informed and do not object.

II. Its debt or equity instruments are not publicly traded.

III.It has not filed and is not filing financial statements with a securities commission for issuing instruments in a public market.

IV. Its ultimate or intermediate parent produces publicly available financial statements that comply with BFRS, where subsidiaries are consolidated or measured at fair value through profit or loss.

Although the Bank's debt and bond instruments are publicly traded, as per standard bank require to prepare consolidated financial statement. However, in accordance with the DHI group accounting policy - BAS 27 & BFRS 10, "where a parent of subsidiary produces consolidated financial statement, the entity that is parent (have subsidiary/subsidiaries) does not have to prepare and produce consolidated financial statement. Therefore, since DHI, as the parent entity, prepares consolidated financial statements, the Bank is not required to prepare consolidated financial statements for its subsidiary.

4.17 Events After Balance Sheet Date (BAS 10)

The standard outlines the treatment of events occurring between the end of the reporting period and the date when the financial statements are authorized for issue.

Adjusting events, which provide evidence of conditions that existed at the reporting date; and **Non-adjusting events**, which are indicative of conditions that arose after the reporting date. Adjusting events require adjustments to the financial statements, while non-adjusting events are disclosed if material but are not recognized in the financials.

4.17.1 Dividend Distribution

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

4.18 Earnings Per Share

The Bank presents the basic and diluted EPS data for its ordinary shares. Basic and diluted EPS are computed by dividing the profit after tax for the year attributable to the ordinary shareholders of the Bank by the number of ordinary shares outstanding during the year.

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Notes Forming Part of the Statement of Financial Position as at December 31,2025

NOTE 5.1- CASH AND CASH EQUIVALENTS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
i. Cash in Hand		
- Foreign Currency	1,390,187,183.44	213,163,204.99
- Local Currency	1,723,036,129.87	1,147,468,297.53
ii. Balances in Current Accounts		
- Local Banks	201,000.00	200,000.00
- Foreign Banks	2,333,308,104.75	1,633,701,292.16
TOTAL	**5,446,732,418.06**	**2,994,532,794.68**

NOTE 5.2 - BALANCES WITH CENTRAL BANK

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Balances with Royal Monetary Authority (RMA)		
- Cash Reserve	10,026,405,110.16	8,263,624,221.44
- Current Account	24,930,998,107.35	11,160,884,143.09
TOTAL	**34,957,403,217.51**	**19,424,508,364.53**

NOTE 5.3 - PLACEMENTS WITH OTHER BANKS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
On Deposit Accounts		
- Local Banks	3,900,000,000.00	2,500,000,000.00
- Foreign Banks (Refer note 7.4)	473,324,309.95	460,064,309.95
TOTAL	**4,373,324,309.95**	**2,960,064,309.95**

NOTE 5.4 - LOANS & ADVANCES TO CUSTOMERS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Gross Loans & Advances	**96,251,380,522.10**	**82,438,283,025.79**
Less: Interest in Suspense	(202,282,911.20)	(191,781,920.16)
Gross Loans & Advances after adjustment	**96,049,097,610.90**	**82,246,501,105.63**
Less: Allowance for Impairment Loss		
- Individually assessed	520,561,213.94	371,342,594.06
- Collectively assessed	2,102,558,621.99	2,043,971,532.62
- Provision Against FIEF	97,989,417.38	
Total Allowance for Impairment Loss	**2,721,109,253.31**	**2,415,314,126.68**
Net Loans & Advances	**93,327,988,357.59**	**79,831,186,978.95**
Bills discounted & purchased	-	15,508,500.00
TOTAL	**93,327,988,357.59**	**79,846,695,478.95**

**Provision against FEIF related to the FEIF whose primary account was NPL.

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Particulars	December 31, 2025	December 31, 2024
a. Current portion	10,458,746,423.89	7,864,717,261.60
b. Non-Current portion	82,869,241,933.70	71,981,978,217.35
TOTAL	**93,327,988,357.59**	**79,846,695,478.95**
PARTICULARS OF ADVANCES		
i. Debts considered good in respect of which Bank is fully secured	96,127,442,528.99	73,159,029,043.46
ii. Debts considered good for which Bank holds no other security than the Debtor's personal security	10,666,694.24	6,649,604.01
iii. Debts considered good, secured by the personal liability of one or more parties in addition to the personal security of the Debtors	113,271,298.87	9,272,604,378.32
TOTAL	**96,251,380,522.10**	**82,438,283,025.79**
iv. Debts due by directors, managers or officers of Bank or any of them either severally or jointly with any other person	1,252,966,331.11	1,019,999,040.49
Maximum amount of advances, including temporary advances made at any time during the year to directors, managers or officers of Bank or any of them either severally or jointly with any other person	415,307,485.56	284,935,747.57
v. Debts due by companies, firms in which the directors of Bank are interested as directors, partners or members	160,000,000.00	160,000,000.00
Maximum amount of advances, including temporary advances outstanding during the year to the companies or firms in which directors of Bank are interested as directors, partners or members	-	-

NOTE 5.5 - FINANCIAL INVESTMENTS - MEASURED AT FVTPL

Amount in Nu.

Particulars	December 31, 2025	January 1, 2025	December 31, 2024
Bonds - Fully paid up - Listed			
9,928,000 (Previous Year: 115,332) Bonds of Dungsam Cement Corporation Limited of Face Value of Nu. 1,000 each	1,356,016,000.00	-	-
2,798,300,000 Bonds of Bhutan Power Corporation Limited of Face Value of Nu. 1,000 each	2,798,300,000.00	-	-
400,000 (Previous Year: 400,000) Bonds of Tashi Air Limited of Face Value of Nu. 1,000 each	400,000,000.00	400,000,000.00	400,000,000.00
Bonds & Treasury Bills - Fully paid up - Unlisted			
DHI Seed Fund			
RGoB Bond	11,137,817,000.00	12,282,817,000.00	12,282,817,000.00
Royal Monetary Authority (RMA) Treasury Bill	-	425,415,600.00	425,415,600.00
Commercial Papers <=90 Days	-	95,341,916.60	95,341,916.60
Commercial Papers >90 Days	139,794,601.03	48,520,550.00	48,520,550.00
TOTAL	**15,831,927,601.03**	**13,252,095,066.60**	**13,252,095,066.60**

NOTE 5.6 - FINANCIAL INVESTMENTS - MEASURED AT FVOCI

Amount in Nu.

Particulars	December 31, 2025	January 1, 2025	December 31, 2024
Equity Shares - Fully Paid Up - Listed			
1,724,000 (Previous Year: 1,724,000) Equity Shares of Bhutan Board Products Limited of Face Value of Nu. 10 each	41,376,000.00	41,548,400.00	41,548,400.00
1,584,500 (Previous Year: 1,584,500) Equity Shares of Bhutan Carbide & Chemicals Limited of Face Value of Nu. 10 each	68,767,300.00	77,909,865.00	77,909,865.00
503,800 (Previous Year: 503,800) Equity Shares of Bhutan Ferro Alloys Limited of Face Value of Nu. 10 each	54,506,122.00	80,073,972.00	80,073,972.00
41,745 (Previous Year: 41,745) Equity Shares of Penden Cement Authority Limited of Face Value of Nu. 10 each	1,168,860.00	1,586,310.00	1,586,310.00
1,111,757 (Previous Year: 1,111,757) Equity Shares of Druk Ferro Alloys Limited of Face Value of Nu. 10 each	88,406,916.64	120,069,756.00	120,069,756.00
1,905,660 (Previous Year: 1,270,440) Equity Shares of State Trading Corpn. of Bhutan Limited of Face Value of Nu. 10 each	75,273,570.00	95,797,528.20	95,797,528.20
Equity Shares - Fully Paid Up -Unlisted			
1,272,600 (Previous Year: 1,272,600) Equity Shares of Bhutan Development Bank Limited of Face Value of Nu. 10 each	25,999,218.00	24,421,194.00	24,421,194.00
17,500 (Previous Year: 17,500) Equity Shares of Credit Information Bureau of Face Value of Nu. 100 each	7,385,875.00	6,621,650.00	6,621,650.00
TOTAL	**362,883,861.64**	**448,028,675.20**	**448,028,675.20**

NOTE 5.7 - INVESTMENTS IN ASSOCIATES

Amount in Nu.

Particulars	December 31, 2025	January 1, 2025	December 31, 2024
Equity Shares - Fully Paid Up - Unlisted			
1,620,000 (Previous Year: 1,620,000) Equity Shares of Royal Securities Exchange of Bhutan Ltd. of Face Value of Nu. 10 each	16,200,000.00	16,200,000.00	34,327,800.00
1,800,000 (Previous Year: 1,800,000) Equity Shares of Financial Training Institution of Face Value of Nu. 10 each	18,000,000.00	18,000,000.00	15,426,000.00
TOTAL	**34,200,000.00**	**34,200,000.00**	**49,753,800.00**

*** Investments in Associates is measured at cost.

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Notes Forming Part of the Statement of Financial Position as at December 31, 2025

NOTE 5.8 - OTHER FINANCIAL ASSETS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Accrued Interest on Investments and Deposits	548,938,136.69	442,172,184.60
Balances relating to Visa/Mastercard/BFS etc.	185,746,514.21	879,175,334.44
Stamps, Sundry Deposits and Amounts Recoverable	70,046,019.40	74,828,191.22
CP-Interest Receivable	-	(8,866,202.56)
TOTAL	**804,730,670.30**	**1,387,309,507.70**

NOTE 5.9 - OTHER ASSETS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Prepaid Expenses	29,571,744.36	25,725,289.99
Stationery	28,042,678.02	36,873,455.49
Advances to Suppliers & Others	22,763,200.58	17,411,460.45
TOTAL	**80,377,622.96**	**80,010,205.93**

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Notes Forming Part of the Statement of Financial Position as at December 31, 2025

NOTE 5.10· PROPERTY}PLANTAND EQUIPMENT

As at December 31st, 2025 **Amount in Nu.**

Particulars	Freehold Land	Buildings & Civil Structures	Furniture & Fixtures	Office Equipment & Machineries	Vehicle	Computer & IT Equipment	Total (as at December 31, 2025)	Total (as at December 31, 2024)
Gross Block								
Balance as at January 1, 2025	**504,830,456.33**	**629,570,570.44**	**88,598,627.30**	**855,863,643.22**	**49,734,865.34**	**358,158,860.65**	**2,486,757,023.28**	**2,257,471,003.76**
Additions/Revaluation	13,592,602.24	96,171,192.69	10,072,031.40	54,840,364.00	-	85,978,936.45	260,655,126.78	254,365,015.01
Deletions/Adjustments/Reclassification	-	-	(2,642,204.91)	(7,216,435.39)		(13,893,001.87)	(23,751,642.17)	(25,078,995.49)
Closing Balance as at December 31, 2025	**518,423,058.57**	**725,741,763.13**	**96,028,453.79**	**903,487,571.83**	**49,734,865.34**	**430,244,795.23**	**2,723,660,507.89**	**2,486,757,023.28**
Accumulated Depreciation								
Balance as at January 1, 2025	**-**	**(113,335,077.57)**	**(51,224,899.29)**	**(364,235,856.43)**	**(37,733,984.46)**	**(271,296,514.07)**	**(837,826,331.82)**	**(708,158,202.91)**
Depreciation on deletions/ adjustments/reclassification		-	2,489,921.20	6,734,271.82		13,089,955.32	22,314,148.34	24,514,576.85
Depreciation for the year	-	(23,180,782.66)	(9,560,098.94)	(107,260,951.06)	(3,844,025.92)	(49,123,459.00)	(192,969,317.58)	(154,182,705.76)
Balance as at December 31,2025	**-**	**(136,515,860.23)**	**(58,295,077.03)**	**(464,762,535.67)**	**(41,578,010.38)**	**(307,330,017.75)**	**(1,008,481,501.06)**	**(837,826,331.82)**
Net Book Value as at December 31, 2025	**518,423,058.57**	**589,225,902.90**	**37,733,376.76**	**438,725,036.16**	**8,156,854.96**	**122,914,777.48**	**1,715,179,006.83**	**1,648,930,691.46**

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Notes Forming Part of the Statement of Financial Position as at December 31, 2025

NOTE 5.II - RIGHT OF USE ASSET

Amount in Nu.

Particulars	December 31, 2025
Right of Use Assets/Leasehold Properties	39,230,861.13
Less: Accumulated Depreciation	(10,848,131.00)
Net Book value of right of use assets/leasehold properties	**28,382,730.13**
Gross Block	
Balance as at 1 January, 2025	21,629,245.13
Additions during the year	17,601,616.00
Balance as at 31 December, 2025	**39,230,861.13**
Accumulated Depreciation	
Balance as at 1 January, 2025	
Depreciation during the year	10,848,131.00
Balance as at 31 December, 2025	**10,848,131.00**
Current/Non-Current Portion	
a. Current portion	5,520,759.82
b. Non-Current portion	22,861,970.31
TOTAL	**28,382,730.13**
Particulars	**December 31, 2024**
a. Current portion	1,573,437.71
b. Non-Current portion	20,055,807.42
TOTAL	**21,629,245.13**

NOTE 5.12 - INTANGIBLE ASSETS

Amount in Nu.

Particulars	December 31, 2025
Gross Block	
Balance as at January 1, 2025	**779,781,377.50**
Additions	88,002,189.35
Deletions/Adjustments/Reclassification	-
Closing Balance as at December 31, 2025	**867,783,566.85**
Accumulated Amortization	
Balance as at January 1, 2025	**(427,881,561.25)**
Amortization for the year	(81,662,466.03)
Deletions/Adjustments/Reclassification	(31,971.49)
Balance as at December 31, 2025	**(509,575,998.77)**
Net Book Value as at December 31, 2025	**358,207,568.08**
Gross Block	
Balance as at January 1, 2024	**591,461,445.22**
Additions	188,319,932.28
Deletions/Adjustments/Reclassification	-
Closing Balance as at December 31, 2024	**779,781,377.50**
Accumulated Amortization	
Balance as at January 1, 2024	**(363,563,012.52)**
Amortization for the year	(64,318,548.73)
Deletions/Adjustments/Reclassification	-
Balance as at December 31, 2024	**(427,881,561.25)**
Net Book Value as at December 31, 2024	**351,899,816.25**

NOTE 5.13 - CAPITALWORK IN PROGRESS

Amount in Nu.

Particulars	December 31, 2025
Balance as at January 1, 2025	**215,292,421.27**
Additions	
Adjustments/Capitalization during the year	(87,253,586.79)
Balance as at December 31, 2025	**128,038,834.48**
Balance as at January 1, 2024	**217,975,582.18**
Additions	
Adjustments/Capitalization during the year	(2,683,160.91)
Balance as at December 31, 2024	**215,292,421.27**

NOTE 5.14 - DUE TO BANKS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Current Deposits	17,738.51	398,085.32
TOTAL	**17,738.51**	**398,085.32**

NOTE 5.15 - DUE TO CUSTOMERS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
i. DEMAND DEPOSITS		
Current Accounts	39,981,438,970.46	38,753,555,159.62
Less: Provision for Gratuity	-	(179,447,177.97)
Savings Bank Accounts	39,413,138,102.26	32,850,994,940.40
Interest Accrued on SB	-	-
	79,394,577,072.72	**71,604,550,100.02**
ii. TERM DEPOSITS		
Fixed Deposits (Net)	55,949,583,337.34	32,426,358,063.89
Fixed Deposits	54,299,396,923.11	31,083,510,018.38
Less: Fair Value FD-Staff	(137,157.96)	(173,031.66)
Less: Fair Value FD-Public	(97,512,644.84)	(25,996,791.08)
Interest Accrued on FD	1,747,836,217.03	1,369,017,868.25
Recurring Deposits	3,705,856,223.54	3,003,189,728.45
Interest Accrued on RD	220,933,036.39	176,019,358.49
	59,876,372,597.27	**35,605,567,150.83**
TOTAL	**139,270,949,669.99**	**107,210,117,250.85**
a. Current portion	106,670,057,974.65	48,941,708,027.34
b. Non-Current portion	32,600,891,695.34	58,268,409,223.51
TOTAL	**139,270,949,669.99**	**107,210,117,250.85**

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NOTE 5.16 - Subordinate Debt

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Subordinate Debt		
Current Accounts	4,280,150,000.00	2,780,150,000.00
TOTAL	**4,280,150,000.00**	**2,780,150,000.00**

NOTE 5.17 - CURRENT TAX LIABILITIES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Income Tax Payable	888,175,140.23	681,148,760.99
Less: Advance Tax	(340,574,380.49)	(226,914,636.60)
Tax Deducted at Source (TDS)	(42,431,364.45)	(35,996,568.87)
TOTAL	**505,169,395.29**	**418,237,555.52**

NOTE 5.18 - OTHER FINANCIAL LIABILITIES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Interest Accrued & Due	148,693,636.46	125,462,205.70
Balances relating to Visa/Mastercard	21,222,011.34	14,923,814.99
Unearned Commission Income	67,667,062.63	70,237,894.55
TOTAL	**237,582,710.43**	**210,623,915.24**

NOTE 5.19 - PROVISION FOR LIABILITIES & CHARGES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Provision towards frauds/thefts	10,586,491.79	8,341,736.79
TOTAL	**10,586,491.79**	**8,341,736.79**

NOTE 5.20 - RETIREMENT BENEFIT TO OBLIGATIONS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Provisions for Employee Benefits:		
- Gratuity *	205,959,485.36	199,876,339.00
- Leave Encashment *	-	-
- Separation & Travel Allowance *	56,822,391.71	55,035,143.00
TOTAL	**262,781,877.07**	**254,911,482.00**
a. Current portion	34,632,100.97	36,231,695.00
b. Non-Current portion	228,149,776.10	218,679,787.00
TOTAL	**262,781,877.07**	**254,911,482.00**

Refer note 7.1

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NOTE 5.21- OTHER LIABILITIES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Drafts & Cash Warrants issued & outstanding	286,327,018.46	231,446,352.80
Others (including provisions for operating expenses)	936,998,972.03	1,676,271,550.95
Deferred cost on FEIF	721,345,689.11	
TOTAL	**1,944,671,679.60**	**1,907,717,903.75**

NOTE 5.22 - DEFERRED TAX LIABILITIES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Deferred Tax Liabilities	124,306,812.59	127,656,412.59
Less: DTA	(2,907,835.00)	(3,349,600.00)
TOTAL	**121,398,977.59**	**124,306,812.59**

NOTE 5.23 - Lease Liability

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Balance as at 1 January 2024	24,218,009.71	21,140,138.71
Additions	17,601,616.00	12,811,295.00
Accretion of Interest	2,739,118.00	2,358,949.00
Lease payment during the year	(13,170,715.00)	(12,092,373.00)
TOTAL	**31,388,028.71**	**24,218,009.71**
a. Current portion	5,940,965.99	1,937,727.71
b. Non-Current portion	25,447,062.72	22,280,282.00
TOTAL	**31,388,028.71**	**24,218,009.71**

Notes Forming Part of the Statement of Financial Position as at December 31, 2025

NOTE 5.24 - Share Capital

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
AUTHORISED CAPITAL		
100,000,000 Shares of Nu.100 each	10,000,000,000.00	10,000,000,000.00
ISSUED AND PAID-UP CAPITAL		
30,000,000 Shares of Nu.100 each	3,000,000,000.00	3,000,000,000.00

DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES

Name of equity shareholder	December 31, 2025		December 31, 2024	
	No. of Shares held	% holding in that class of shares	No. of Shares held	% holding in that class of shares
Druk Holding & Investment Limited, Bhutan	24,000,000	80.00%	24,000,000	80.00%
State Bank of India, India	6,000,000	20.00%	6,000,000	20.00%
TOTAL	**30,000,000**	**100.00%**	**30,000,000**	**100.00%**

RECONCILIATION OF EQUITY SHARE OUTSTANDING

Amount in Nu.

Name of equity shareholder	December 31, 2025		December 31, 2024	
	No. of Shares held	Amount	No. of Shares held	Amount
At the beginning of the year	30,000,000	3,000,000,000.00	30,000,000	3,000,000,000.00
At the end of the year	**30,000,000**	**3,000,000,000.00**	**30,000,000**	**3,000,000,000.00**

NOTE 5.25 - RESERVES & SURPLUS

Amount in Nu.

Particulars	December 31, 2025	January 1, 2025	December 31, 2024
Reserve Fund			
Opening Balance	3,174,741,215.08	2,789,641,733.46	2,789,641,733.46
Add: Transfer from P & L	511,697,832.99	385,099,481.62	385,099,481.62
	3,686,439,048.09	**3,174,741,215.08**	**3,174,741,215.08**
Exchange Fluctuation Reserve			
Opening Balance	370,801,786.46	353,782,845.48	353,782,845.48
Add: Transfer from P & L	68,892,743.61	17,018,940.98	17,018,940.98
	439,694,530.02	**370,801,786.46**	**370,801,786.46**
Retained Earnings			
Opening Balance	2,858,037,094.22	2,873,590,894.53	2,995,511,801.81
Less: Transfer to Reserve Fund	(511,697,832.99)	-	(385,099,481.62)
Less: Dividend transferred to Reserve Fund	-	-	-
Less: Transfer to Exchange Fluctuation Reserve	(68,892,743.61)	-	(17,018,940.98)
Less: Transfer to provision against FEIF	(79,512,223.06)	-	-
Less: Movement in Retained Earnings	7,799,614.68	-	(1,002,011,947.18)
Less: Dividend paid for FY 2024	(167,332,969.41)	-	(191,665,560.07)
Less:Other Comprehensive Income/(Loss)	(63,325,206.46)	-	(66,522,903.92)
Less: Investment in Associate measured at cost	-	(15,553,800.32)	
Less: FEIF FV impact as of 2024	(685,914,743.97)		
Add: Profit for the year	2,046,791,331.94		1,540,397,926.49
	3,335,952,321.34	**2,858,037,094.22**	**2,873,590,894.53**
Fixed Asset Revaluation Reserve			
Opening Balance	322,593,730.98	322,593,730.98	322,593,730.98
Add: Transfer from P & L	-	-	-
less:Deduction	-	-	-
	322,593,730.98	**322,593,730.98**	**322,593,730.98**
TOTAL	**7,784,679,630.44**	**6,726,173,826.74**	**6,741,727,627.06**

NOTE 5.26 - CONTINGENT LIABILITIES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations	2,922,092,538.46	1,103,451,022.63
Guarantees Issued & Outstanding (Refer Note 7.7)*	2,104,845,029.26	1,826,816,454.58
TOTAL	**5,026,937,567.72**	**2,930,267,477.21**

* The figure reflected here for Bank Guarantee is 50% of net BG

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Notes Forming Part of the Statement of Comprehensive Income as at December 31, 2025

NOTE 6.1 - INTEREST INCOME

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
On Customer Loans (Net of Interest Suspense)*	7,474,346,171.84	6,746,546,158.08
On Bills Discounted & Purchased	615,165.57	221,386.39
On Investments	1,000,702,577.49	832,659,545.84
On Inter-Bank Deposits	151,973,956.17	96,304,551.64
TOTAL	**8,627,637,871.07**	**7,675,731,641.95**

NOTE 6.2 - INTEREST EXPENSES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
On Customer Deposits	4,284,347,627.58	3,726,416,390.71
CP Interest Expenses	-	98,737.78
Interest on CD Special Education	23,776,531.99	21,167,418.99
Interest on Subordinated Debt	234,422,273.99	146,752,707.93
TOTAL	**4,542,546,433.56**	**3,894,435,255.41**

NOTE 6.3 - FEES & COMMISSION INCOME

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Commission	187,316,009.86	167,585,247.98
SB Maintenance Fee	61,986,282.02	59,282,793.69
Exchange - Fund Transfer/Drafts	123,401,712.39	99,079,927.89
Debit Card Issuance & Usage Fees	3,977,177.30	6,145,115.43
Visa/Master Card POS Acquiring Commision	51,859,853.09	41,221,019.20
Visa Debit Card ATM Charges	5,610,660.00	5,723,975.00
BFS ATM Interchange Fee Income	149,484.98	170,935.83
International ATM Access Fees	5,155,800.00	6,435,900.00
Income From Visa Credit Cards	5,687,139.70	6,154,861.72
Prepaid card Load/Reload Fee	-	4,232,300.00
M-BoB Service Charge/Commission	156,898.00	2,648,723.00
Electronic Wallet Transaction Commission	121,460.00	202,750.00
E-Acquiring Commission	12,592,392.06	11,666,210.06
Airtime Top Up Commission-BT	83,383,773.20	157,880,313.04
Airtime Top Up Commission-T-Cell	31,333,582.35	63,538,414.44
AMEX ATM Access Fee Acc	50,135.02	19,200.00
Other miscellaneous income	25,242,206.61	11,659,977.52
Solvency Noc& Credit Line Charges	35,800.00	14,700.00
Visa Mastercard Reimbursement/Markup Fee	16,100,008.97	-
goBoB Topup comm/ FX Fluctuation	4,551,237.62	-
Security Trustee and TRA Fee	1,021,600.00	
TOTAL	**619,733,213.17**	**643,662,364.80**

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NOTE 6.4 - FEES & COMMISSION EXPENSES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
VISA, AMEX & Master Card Fee	180,926,530.25	242,343,632.82
BFS Interchange Fee Expenses	469,589.58	636,461.00
BT Share on Bwallet Commission	24,436.74	18,413,714.60
Securities Trading Fee Expense	110,623.76	229,503.00
Agency Banking Comm. Payout	353,534.43	864,424.05
AMEX Reg Fee Charges Acc	-	2,342,909.95
AMEX POS Reimbursement Ac Dr	-	3,921,031.69
AMEX ATM FCY Loss Acc	-	4,454.47
AMEX POS FCY Loss Acc	-	737,041.13
Securities listing \ Fees	1,760,037.50	1,362,538.00
ECB Fee	19,594,000.00	-
TOTAL	**203,238,752.26**	**270,855,710.71**

NOTE 6.5 - NET GAINS FROM TRADING OF FOREIGN EXCHANGE

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Gains on trading of Foreign Currency (net)	275,570,974.44	68,075,763.90
TOTAL	**275,570,974.44**	**68,075,763.90**

NOTE 6.6- OTHER OPERATING INCOME

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Dividend on Equity Investments	6,141,209.20	6,851,349.15
Rental Income	14,049,300.38	12,310,074.13
Profit on sale of property, plant & equipment	335,112.43	265,142.42
Other Income including recoveries for charges	170,557,084.76	104,309,420.58
TOTAL	**191,082,706.77**	**123,735,986.28**

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Notes Forming Part of the Statement of Comprehensive Income as at December 31, 2025

NOTE 6.7 - STAFF COSTS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Employment Cost-Salaries	267,623,365.38	254,787,714.00
Employment Cost-Allowances	230,040,210.87	215,472,715.00
Employment Cost-PBVA	83,855,448.36	77,697,265.20
Employment Cost-PF-Employer's Contribution	37,963,049.00	35,473,597.00
Employment Cost-Leave Encashment (Refer note 7.1)	19,333,553.12	18,918,207.09
Staff Welfare-Medical Expenses	54,400.00	116,650.00
Employment Cost-Gratuity (Refer note 7.1)	30,091,580.67	29,643,727.00
Employment Cost-Leave Travel Concession (LTC)	10,320,056.00	9,016,242.60
Staff Welfare-Tea Expenses/Pantry	633,065.70	633,146.50
Uniform Expenses	-	53,400.00
HRD-Training Expenses	24,775,690.06	39,077,914.48
Employment Cost-Separation	20,998,463.50	21,623,260.00
Employment Cost-Transfer Grant	1,777,101.00	450,009.00
Recreation & Sports	480,721.80	163,900.00
Staff Welfare-Staff Engagement Costs	1,042,547.45	981,571.00
Staff Welfare-Trendrel Ceremony	-	80,396.00
Staff Welfare-Funeral Expenses(Semso)	129,670.00	81,100.00
Employment Cost-Temporary Staff & Intern Charges	1,091,000.00	1,287,900.00
Employment Cost-Carriage Charges	-	364,129.00
Staff Welfare-Prayer/Ritual Expenses	702,164.00	598,493.00
Staff Welfare-Company Annual Events	2,018,860.32	1,759,765.00
Employment Cost-Fringe Benefits-Staff Loan		37,490,707.72
TOTAL	**732,930,947.23**	**745,771,809.59**

NOTE 6.8 - PREMISES COSTS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Rent	15,002,566.00	14,913,247.61
ATM Rent	3,963,551.48	4,022,544.21
BFRS 16 Lease adjustment	(13,170,715.00)	(12,092,373.00)
Insurance Building	1,099,720.22	1,084,576.18
Equipment & Machineries Insurance	2,060.16	-
Electricity & Lightings	4,352,791.51	4,392,891.41
Rates & Taxes	2,051,960.83	2,072,732.35
Water & Sewerage	243,929.03	285,251.11
Running & Maintenance Cost-Office Building	1,679,718.44	41,225.00
Motor Vehicle-Repair & Maintenance	1,828,917.54	1,259,620.39
Repair & Maintenance Cost-Furniture & Fixtures	126,160.00	3,960.00
Repair & Maintenance Cost-Office Equipment	3,299,452.80	2,083,269.08
ATM Expenses	1,213,386.16	429,695.00
House Keeping Expenses	4,119,114.16	3,755,679.28
Motor Vehicle-Fuel	1,690,857.67	1,695,194.08
Security Services Costs-Outsourced Security Service	21,385,554.14	24,247,606.51
Security Services Costs-Other Security Cost	4,114,212.33	8,165.08
TOTAL	**53,003,237.47**	**48,203,284.29**

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Notes Forming Part of the Statement of Comprehensive Income as at December 31, 2025

NOTE 6.9 - GENERAL ADMINISTRATIVE EXPENSES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Travelling Expenses	8,730,484.41	15,174,411.74
Directors' Sitting Fees	816,734.00	518,000.00
Postage & Stamps	34,922,636.37	34,880,352.80
Audit Fees	387,000.00	275,000.03
Audit Expenses	5,351,600.30	4,580,532.00
Annual Maintenance Charges - Computers, equipment & Machineries & Software	127,030,161.41	113,897,135.08
Stationery, Printing, Advertisement etc	38,146,041.19	25,527,304.96
Charity and Donations	647,713.00	620,000.00
Property, Plant & Equipment written off	1,433,542.26	555,385.06
Brand & management fees	24,679,406.88	17,084,845.90
Other Miscellaneous Expenditure	82,886,248.27	87,600,322.88
Impact on FEIF FV	35,430,945.14	
TOTAL	**360,462,513.24**	**300,713,290.45**

NOTE 6.10 - DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Depreciation on Vehicle	3,844,025.92	3,753,397.13
Depreciation on Furniture & Fixtures	9,560,098.94	9,044,387.60
Depreciation on Office Equipments	107,260,951.06	90,995,371.51
Depreciation on Computer & It's Peripherals	49,123,459.00	30,978,178.29
Depreciation on Buildings	23,180,782.66	19,411,371.23
Depreciation on Right of use Asset	10,848,131.00	9,866,196.00
TOTAL	**203,817,448.58**	**164,048,901.76**

NOTE 6.11 - AMORTIZATION OF INTANGIBLE ASSETS

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
On Software	81,655,728.12	64,318,548.73
TOTAL	**81,655,728.12**	**64,318,548.73**

NOTE 6.12 - TAX EXPENSES

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Current Income Tax		
Current tax	888,175,140.23	681,148,761.00
Current tax - Earlier Year's	10,957,208.46	8,704,514.91
Deferred tax	(2,907,835.00)	(3,349,600.00)
TOTAL	**896,224,513.69**	**686,503,675.91**

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NOTE 6.13 - EARNINGS PER SHARE

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Profit after Tax	2,046,791,331.94	1,540,397,926.48
Weighted average number of Ordinary Shares in issue	29,999,999.00	29,999,999.00
Basic and Diluted Earnings per Share	**68.23**	**51.35**

NOTE 6.14 - OTHER IMPAIRMENT LOSS PROVISION

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Other Impairment loss Provision	-	1,921,767.00
TOTAL	**-**	**1,921,767.00**

7.1 Employee Benefits

a. Disclosures as required under BAS 19 "Employee Benefits" are as under:

i. Change in present value of obligation:

Amount in Nu.

Particulars	Gratuity	
	December 31, 2025	December 31, 2024
Present Value of obligation at the beginning of year	199,876,339.00	189,767,970.00
Interest cost	15,261,307.44	14,093,207.00
Past Service Cost		
Current Service Cost	14,830,273.23	15,550,520.00
Benefit Paid	(18,219,992.00)	(27,205,753.00)
Net actuarial Loss on obligation	(5,788,442.31)	7,670,395.00
Present value of the defined benefit at the end of year	**205,959,485.36**	**199,876,339.00**
Current Liability	29,372,928.73	30,336,330.00
Non-current Liability	176,586,556.63	169,540,009.00

Amount in Nu.

Particulars	Separation Grant		Travel Allowance	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Present Value of obligation at the beginning of year	29,321,103.00	27,716,660.00	15,787,578.00	14,786,022.00
Interest cost	2,278,891.32	2,117,839.00	1,220,599.88	1,126,117.00
Current Service Cost	9,350,351.55	9,161,063.00	4,920,134.63	4,983,453.00
Benefit Paid	(1,669,923.00)	(2,487,344.00)	(1,060,159.00)	(1,419,108.00)
Net actuarial Loss on obligation	(9,043,540.53)	(7,187,115.00)	(4,577,718.97)	(3,688,907.00)
Present value of the defined benefit at the end of year	**30,236,882.34**	**29,321,103.00**	**16,290,434.54**	**15,787,578.00**
Current Liability	3,152,577.57	3,452,235.00	1,541,523.54	1,641,626.00
Non-current Liability	27,084,304.77	25,868,868.00	14,748,911.00	14,145,952.00

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Amount in Nu.

Particulars	Carriage Charges	
	December 31, 2025	December 31, 2024
Present Value of obligation at the beginning of year	9,926,462.00	8,684,814.00
Interest cost	776,118.24	664,025.00
Current Service Cost	2,452,367.88	3,570,763.00
Benefit Paid	(449,968.00)	(769,005.00)
Net actuarial Loss on obligation	(2,409,905.29)	(2,224,135.00)
Present value of the defined benefit at the end of year	**10,295,074.83**	**9,926,462.00**
Current Liability	565,071.13	801,504.00
Non-current Liability	9,730,003.70	9,124,958.00

ii. Expenses recognized in the Statement of Comprehensive Income

Amount in Nu.

Particulars	Gratuity	
	December 31, 2025	December 31, 2024
Interest Cost	15,261,307.44	14,093,207.00
Current Service cost	14,830,273.23	15,550,520.00
Past Service cost	-	-
Net actuarial Loss recognized in the year	(5,788,442.31)	7,670,395.00
Expenses recognized in Statement of Comprehensive Income	30,091,580.67	29,643,727.00

Amount in Nu.

Particulars	Separation Grant		Travel Allowance	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Interest Cost	2,278,891.32	2,117,839.00	1,220,599.88	1,126,117.00
Current Service cost	9,350,351.55	9,161,063.00	4,920,134.63	4,983,453.00
Net actuarial Loss recognized in the year	(9,043,540.53)	(7,187,115.00)	(4,577,718.97)	(3,688,907.00)
Expenses recognized in Statement of Comprehensive Income	11,629,242.87	11,278,902.00	6,140,734.51	6,109,570.00

Amount in Nu.

Particulars	Carriage Charges	
	December 31, 2025	December 31, 2024
Interest Cost	776,118.24	664,025.00
Current Service cost	2,452,367.88	3,570,763.00
Net actuarial Loss recognized in the year	(2,409,905.29)	(2,224,135.00)
Expenses recognized in Statement of Comprehensive Income	3,228,486.12	4,234,788.00

iii. Year-end Expected Benefit Payments

Amount in Nu.

Particulars	Amount in Nu.
December 31, 2026 (Retirement Benefit Obligations)	37,402,669.05
December 31, 2027	31,365,001.45
December 31, 2028	24,679,396.66
December 31, 2029	26,477,124.42
December 31, 2030	20,866,630.74
December 31, 2031 to December 31, 2035	138,772,958.00
December 31, 2036 to December 31, 2045	457,852,331.36

iv. Sensitivity Analysis

a. Gratuity

Particulars	December 31, 2025	December 31, 2024
i) Discount Rate		
Discount Rate as at Year end	8.00%	8.00%
Effect on DBO due to 0.5% increase in Discount Rate	(8,557,546.63)	(8,609,667.00)
Effect on DBO due to 0.5% decrease in Discount Rate	9,292,753.75	9,331,249.00
ii) Salary Escalation Rate		
Salary Escalation Rate as at Year end	6.00%	6.00%
Effect on DBO due to 0.5% increase in Salary Escalation Rate	10,005,314.70	19,661,020.00
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(9,286,174.08)	(17,004,552.00)

b. Separation Grant, Travel Allowance & Carriage Charge

Particulars	December 31, 2025	December 31, 2024
i) Discount Rate		
Discount Rate as at Year end	8.00%	8.00%
Effect on DBO due to 0.5% increase in Discount Rate	(2,086,028.97)	(3,240,671.00)
Effect on DBO due to 0.5% decrease in Discount Rate	2,261,256.63	3,590,979.00
ii) Salary Escalation Rate		
Salary Escalation Rate as at Year end	6.00%	6.00%
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2,463,717.27	7,673,107.00
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(2,273,887.10)	(6,341,196.00)

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7.2 Related Party Transactions

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

Of the 30,000,000 equity shares (Nu.100 each) issued by the Bank as at December 31, 2025, 24,000,000 equity shares (80%) are held by M/s Druk Holding and Investments Limited (DHI). The entire share capital of DHI is held by the Ministry of Finance, RoyalGovernment of Bhutan. The Bank considers that for the purpose of BAS24, Related Party Disclosures, the Royal Government of Bhutan is in a position of control over it, and therefore regards the Royal Government of Bhutan and its controlled companies/corporations as related parties for the purpose of the disclosures required by BAS24.

A summary of the Bank's transactions with the RoyalGovernment of Bhutan and its related entities is included below:

Sl. No.	Name of Primary Party	Relationship	Accts No.	Nature of Transaction with related Party	Amount Outstanding as of December 31, 2025	Transaction during the year
1	Azista Bhutan Healthcare Limited	Fellow Subsidiary Company	202638251	Working Capital Loan	34,924,856.53	Total Debit Nu.166,609,006.38 Total Credit Nu.167,110,425.60
			201965267	Industrial Loan	164,743,830.95	Total Debit Nu.11,416,290.46 Total Credit Nu.16,925,099.85
				Bank Guarantee	Nil	One Bank Guarantee issued for Nu. 313,957.25
2	Bhutan Board Products Limited	Fellow Subsidiary Company	100234140	Working Capital Loan	108,920,321.41	Total Debit Nu.260,463,854.63 Total Credit Nu.188,631,425.16
			219820969	Industrial Loan	15,930,820.11	Total Debit Nu.1,603,669.68 Total Credit Nu.1,881,400.00
			219821099	MFG-CP-19	1,832,082.00	Total Debit Nu.0.00 Total Credit Nu.256,800.00
			219821033	Industrial Loan	26,737,354.72	Total Debit Nu.2,707,026.12 Total Credit Nu.3,462,000.00
				Bank Guarantee	Nil	10 Bank Guarantee issued for Nu. 4,251,016.85
3	Bhutan Carbide and Chemicals Limited	BoBL Shareholding	100234139	Working Capital Loan	143,252,666.73	Total Debit Nu.378,937,242.87 Total Credit Nu.390,039,139.29
				Bank Guarantee	900,000.00	A Bank Guarantee issued for Nu. 900, 000.00
				Letter Of Credit	9,808,020.00	
4	Bhutan Ferro Alloys Limited	Fellow Subsidiary Company	100234173	Working Capital Loan	204,421,742.08	Total Debit Nu.2,446,124,539.56 Total Credit Nu.2,299,919,900.64
				Bank Guarantee	Nil	Three Bank Guarantee issued for Nu.1,097,641.00
				Letter Of Credit	15,590,705.00	A letter of credit issued from corporate for Nu. 17,322,705.00
5	Bhutan Power Corporation Limited	Fellow Subsidiary Company	201983219	Working Capital Loan	-	Total Debit Nu.1,507,672,356.34 Total Credit Nu.1,507,672,606.34
			202615176	Working Capital Loan	-	Total Debit Nu.1,509,327,796.65 Total Credit Nu.1,509,328,069.60
			209901566	Industrial Loan	626,629,524.60	Total Debit Nu.51,509,766.93 Total Credit Nu.73,433,098.92
				Bank Guarantee	Nil	Three Bank Guarantee issued for Nu. 330,585.60

6	Construction Development Corporation Limited	Fellow Subsidiary Company	213750655	Working Capital Loan	35,788,845.62	Total Debit Nu.930,867,034.00 Total Credit Nu.897,097,486.48
				Bank Guarantee	Nil	Nil
7	Druk Air Corporation Limited	Fellow Subsidiary Company	202637100	Working Capital Loan	131,908,009.32	Total Debit Nu.1,664,492,750.02 Total Credit Nu.1,534,879,885.44
			214337034	Service Loan	14,706,805.50	Total Debit Nu.0.00 Total Credit Nu.7,673,115.96
			202977758	SERV-CP-19	116,318,582.35	Total Debit Nu.7,090,836.47 Total Credit Nu.63,505,569.48
			214336369	Service Loan	18,047,225.17	Total Debit Nu.0.00 Total Credit Nu.9,415,943.52
			202537831	SERV-CP-19	116,318,582.35	Total Debit Nu.7,090,836.47 Total Credit Nu.63,505,569.48
				Bank Guarantee	7,000,000.00	Four Bank Guarantee issued for Nu.55,732,408 .00
8	Druk Green Power Corporation Limited	Fellow Subsidiary Company	211366251	Working Capital Loan	-	Nil
			209903212	Service Loan	1,601,560.12	Total Debit Nu.0.00 Total Credit Nu.739,181.64
			200890992	Service Loan	58,922,053.45	Total Debit Nu.4,984,331.63 Total Credit Nu.7,332,822.82
				Letter Of Credit	Nil	A letter of credit issued for Nu. 21,700,000.00
9	Dungsam Cement Corporation Limited	Fellow Subsidiary Company	214992923	Industrial Loan	569,713,245.25	Total Debit Nu.50,622,583.47 Total Credit Nu.99,161,531.68
			202171148	Industrial Loan	409,380,048.23	Total Debit Nu.33,539,372.46 Total Credit Nu.84,794,664.92
			202968052	Industrial Loan	364,159,387.50	Total Debit Nu.29,869,221.50 Total Credit Nu.87,649,514.16
			103076075	Working Capital Loan	16,193,687.23	Total Debit Nu.199,451,509.72 Total Credit Nu.201,791,017.93
				Bank Guarantee	2,550,000.00	Three Bank Guarantee issued for Nu.2,550,000.00
10	Koufuku International Limited	Fellow Subsidiary Company	201551620	Working Capital Loan	100,025.67	Total Debit Nu.70,533,969.79 Total Credit Nu.67,753,626.85
11	Penden Cement Authority Limited	Fellow Subsidiary Company	207880263	Working Capital Loan	47,415,180.74	Total Debit Nu.107,645,356.40 Total Credit Nu.142,850,249.53
				Letter Of Credit	Nil	A letter of credit issued for Nu. 3,296,500.00
				Bank Guarantee	2,493,600.00	Four Bank Guarantee issued for Nu.2,772,396.00
12	Royal Insurance Corporation of Bhutan Limited	Fellow Subsidiary Company	217650498	Working Capital Loan	205,996,008.30	Total Debit Nu.632,264,848.50 Total Credit Nu.547,537,792.74
13	State Trading Corporation of Bhutan Limited	Fellow Subsidiary Company	100233464	Working Capital Loan	13,657,074.03	Total Debit Nu.9,531,231,321.23 Total Credit Nu.9,656,795,441.21
			100016631	Service Loan	46,525,793.24	Total Debit Nu.4,006,850.98 Total Credit Nu.13,258,962.36
			227207656	Working Capital Loan	41,118.85	Total Debit Nu.100,408,067.44 Total Credit Nu.100,366,948.59
				Bank Guarantee	Nil	One Bank Guarantee issued for Nu.100,000.00
14	Burgangchhu Hydropower Project	Fellow Subsidiary Company	218342052	Industrial Loan	644,728,963.34	Total Debit Nu.68,129,896.45 Total Credit Nu.0.00

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15	Yungichhu Hydropower Project	Fellow Subsidiary Company	218341808	Industrial Loan	659,836,264.58	Total Debit Nu.66,776,652.59 Total Credit Nu.0.00
16	Suchhu Hydropower Project	Fellow Subsidiary Company	218342347	Industrial Loan	380,349,184.87	Total Debit Nu.34,472,549.19 Total Credit Nu.0.00
17	Dawa Sonam	Non Independent Board of Director	219553049	Home Loan (Self)	9,599,312.36	Total Debit Nu.8,560,769.90 Total Credit Nu.993,000.00
18	55 Venture	Relative of Directors	220194517	Working Capital Loan (Joined Account Of Mr. Dawa Sonam)	-	Total Debit Nu.72,248,645.24 Total Credit Nu.73,360,131.15
19	Kesang Wangchuk	Relative of Directors	205047527	Consumer Loan (Mr. Dawa Sonam Is a Guarantor)	121,673.76	Total Debit Nu.14,462.71 Total Credit Nu.124,019.00
20	Tshering Tenzin	Non Independent Board of Director	204602506	Loan Against Term Deposits (Self)	49.07	Total Debit Nu.562,692.09 Total Credit Nu.562,145.17
21	Tshering Tenzin	Non Independent Board of Director	217582812	Staff Incentive Loans (Self)	2,587,884.90	Total Debit Nu.135,638.08 Total Credit Nu.375,600.00
22	Tshering Tenzin	Non Independent Board of Director	204835111	Staff Incentive Loans (Self)	9,449,696.73	Total Debit Nu.474,524.83 Total Credit Nu.567,600.00
23	Tshering Tenzin	Non Independent Board of Director	227980730	Staff Incentive Loans (Self)	1,229,521.22	Total Debit Nu.1,247,121.22 Total Credit Nu.17,600.00
24	Ugyen Phuntsho	Relative of Directors	206739822	Loan Against Term Deposits (Joined Account Of Ceo Mr. Tshering Tenzin)	1,108,877.03	Total Debit Nu.104,527.15 Total Credit Nu.104,502.89
25	Lhaki Lhaki	Relative of Directors	207194671	Housing (Joined Account Of Mr. Sonam Thinley)	7,645,491.72	Total Debit Nu.685,356.87 Total Credit Nu.868,800.00
26	Lhaki Lhaki	Relative of Directors	207193837	Housing (Joined Account Of Mr. Sonam Thinley)	4,981,337.14	Total Debit Nu.685,356.87 Total Credit Nu.1,018,015.00
27	Lhaki Lhaki	Relative of Directors	206700011	Housing (Joined Account Of Mr. Sonam Thinley)	10,020,124.03	Total Debit Nu.892,133.74 Total Credit Nu.988,800.00
28	Lhaki Lhaki	Relative of Directors	202411025	Housing (Joined Account Of Mr. Sonam Thinley)	36,762,722.50	Total Debit Nu.3,280,323.37 Total Credit Nu.3,652,400.00

All transactions between the Bank and above related parties fall under "Related Party Transactions". However, all transactions in 2025 have been carried out at an "arms-length" and no benefit has accrued to either party as a result of the relationship.

Key Management Personnel (KMP)

KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly including any director whether executive or otherwise. Key management personnel of the Bank for the purpose of disclosure of compensation include the members of the Board of Directors and Chief Executive Officer as required by the Companies Act of Bhutan, 2016.

Summary of the compensation paid to KMP's are given below:

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Remuneration, allowances, etc. paid to Chief Executive Officer:		
Salary, Allowances, Bonus and Encashment of Leave	4,181,662.79	4,532,771.19
Contribution to Provident Fund	194,142.00	230,029.00
Sitting Fee	140,000.00	84,000.00
Total	**4,515,804.79**	**4,846,800.19**
Executive Directors:		
Salary, Allowances, Bonus and Encashment of Leave	9,032,508.51	9,874,371.18
Contribution to Provident Fund	431,857.00	479,408.00
Sitting Fee	5,000.00	4,000.00
Total	**9,469,365.51**	**10,357,779.18**
Non-Executive Directors:		
Sitting Fees paid to other Directors	668,500.00	372,000.00
Total	**668,500.00**	**372,000.00**

7.3 Confirmation / Reconciliation

a. The reconciliation of the following accounts maintained with various agencies / parties are in process, and the impact if any, subsequent to the reconciliation of these accounts, will be taken in the year of reconciliation, which in view of management, will not be material.

Account	Maintained with	Unidentified / Unreconciled	Unidentified / Unreconciled
		Debit Entries	Credit Entries
Cover fund Account, Draft Cover Account and Principal Account	State Bank of India, India	800,046,801.40	2,875,535,214.55
Nostro Accounts (21 Accounts including 16 FCY accounts)	Various Foreign Banks	596,081,120.32	1,011,269,883.74
Global Interchange for Financial Transactions (GIFT) Account (Nostro Statement Balance - GL Balance)	Royal Monetary Authority		-
Global Interchange for Financial Transactions (GIFT) Difference Account	BoB	-	-

b. The balances in the loan and advance to customers, other financial assets, other financial liabilities and other parties etc. are subject to confirmation / reconciliation. The impact, if any, subsequent to the confirmation / reconciliation, will be taken in the year of confirmation/ reconciliation, which in view of management, will not be material.

7.4 Assets under Lien

Balances under Placements with Other Banks (Note 5.3) include Nu. 179,760,000 with Standard Chartered Bank (equivalent to USD 2 million), Nu. 100,665,600 with Commerzbank Frankfurt (equivalent to USD 1.12 million), and Nu. 192,898,709.95 with SBI Hasimara.

7.5 Fair value measurement of Equity investments

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Bank has classified its financial instruments into the three levels prescribed under the BAS.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3. In practice, the bank relies on previous year audited report for valuing unquoted stocks. However, due to time lag of 12 months in the previous year's audited report and current year's reporting period, fair value measurement may lead to material changes in the financial health of the unlisted companies. Hence, it is imperative that the bank uses data for valuation closest to the valuation/reporting date.

(ii) Valuation technique used to determine fair value

The carrying amounts of other financial assets, due to customers and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for financial instruments such as loans and advances including staff loans were calculated based on cash flows discounted using current borrowing rate/respective interest rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Financial assets at fair value - recurring fair value measurements

Quoted Entities: The fair value measurements of investments quoted/listed are taken at current market price on the date of reporting from Royal Security Exchange of Bhutan Limited (RSEBL). The same are compared against the prior year market price and the difference of market prices are passed to OCI.

Unquoted Entities: The bank has computed the fair value measurement for those investments which are not quoted in the active market using adjusted net asset method. The fair value measurement has been conducted based on the recent un-audited statement of financial positions. The same are compared against the prior year's adjusted net assets and the difference are passed to OCI.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Bank uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

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

Particulars	Level I	Level II	Level III
As at December 31, 2025			
Investments available for sale (Quoted shares)	329,498,768.64	-	
Investments (Unquoted Shares)	-	-	33,385,093.00
As at December 31, 2024			
Investments available for sale (Quoted shares)	416,985,831.20	-	-
Investments (Unquoted Shares)	-	-	80,796,644.00

7.6 Consolidation of Accounts

In accordance with the DHI Group Accounting Policy and BAS 27, investments in associates (RSEBL & FITI) and joint ventures are recognized at cost in the separate financial statements (BAS 27).

Under BFRS 10, a parent entity is required to prepare consolidated financial statements unless the exemption criteria in paragraph 4(a) are met. Although the Bank's debt and bond instruments are publicly traded, the Bank is exempt from preparing consolidated financial statements because its ultimate parent, DHI, prepares publicly available consolidated financial statements in compliance with BFRS, in which the Bank and its subsidiaries are appropriately consolidated. Accordingly, this treatment is consistent with BFRS 10 and BAS 27.

7.7 Contingent Liabilities

To meet the financial needs of its customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. As at the statement of financial position date, these obligations may not be recognised but they contain the credit risk and therefore form part of the overall risk of the Bank. Letters of Credit and Guarantees (including standby letters of credit) commit the Bank to make payments on behalf of the customers in the event of a specific act, generally related to the import or export of the goods. The value of these commitments is given in the Note 5.26.

7.8 Current and Non-Current Classifications

The status of current/non-current assets/liabilities in the Statement of Financial Position on the basis of residual maturity is as follows:

In the opinion of the Management, all items of assets and liabilities as appearing in the Statement of Financial Position as at December 31, 2025 have a value equal to the amount at which they are stated therein.

Amount in Nu.

Particulars	December 31, 2025	December 31, 2024
Current Assets		
Cash and Cash Equivalents	5,446,732,418.06	2,994,532,794.68
Balances with Central Bank	34,957,403,217.51	19,424,508,364.53
Placements with other Banks	4,373,324,309.95	2,960,064,309.95
Loans & Advances to Customers	10,458,746,423.89	7,864,717,261.60
Financial Investments - Measured at FVTPL	-	425,415,600.00
Other Financial Assets	804,730,670.30	1,387,309,507.70
Other Assets	80,377,622.96	80,010,205.93
Right of Use Assets/Leasehold Properties	5,520,759.82	1,573,437.71
Total Current Assets	**56,126,835,422.49**	**35,138,131,482.10**
Non Current Assets		
Loans & Advances to Customers	82,869,241,933.70	71,981,978,217.35
Financial Investments -Measured at FVTPL	15,831,927,601.03	12,826,679,466.60
Financial Investments - Measured at FVOCI	362,883,861.64	448,028,675.20
Investments in Associates	34,200,000.00	49,753,800.00
Property, Plant & Equipment	1,715,179,006.83	1,648,930,691.46
Right of Use Assets/Leasehold Properties	22,861,970.31	20,055,807.42
Intangible Assets	358,207,568.08	351,899,816.25
Capital Work-in-Progress	128,038,834.48	215,292,421.27
Total Non-Current Assets	**101,322,540,776.07**	**87,542,618,895.55**
TOTAL ASSETS	**157,449,376,198.56**	**122,680,750,375.85**

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Amount in Nu.

Liabilities	December 31, 2025	December 31, 2024
Current Liabilities		
Due to Banks	17,738.51	398,085.32
Due to Customers	106,670,057,974.65	48,941,708,027.34
Subordinate debt	4,280,150,000.00	2,780,150,000.00
Current Tax Liabilities	505,169,395.29	418,237,555.52
Other Financial Liabilities	237,582,710.43	210,623,915.24
Provision for Liabilities & Charges	10,586,491.79	8,341,736.79
Retirement Benefit Obligations	34,632,100.97	36,231,695.00
Other Liabilities	1,944,671,679.60	1,907,717,903.75
Deferred Tax Liabilities	121,398,977.59	124,306,812.59
Lease Liability	5,940,965.99	1,937,727.71
Total Current Liabilities	**113,810,208,034.81**	**54,429,653,459.26**
Non-Current Liabilities		
Due to Customers	32,600,891,695.34	58,268,409,223.51
Retirement Benefit Obligations	228,149,776.10	218,679,787.00
Lease Liability	25,447,062.72	22,280,282.00
Total Non-Current Liabilities	**32,854,488,534.16**	**58,509,369,292.51**
TOTAL LIABILITIES	**146,664,696,568.98**	**112,939,022,751.77**
EQUITY		
Share Capital	3,000,000,000.00	3,000,000,000.00
Reserve Fund	3,686,439,048.09	3,174,741,212.11
Fixed Asset Revaluation Reserve	322,593,730.98	322,593,730.98
Exchange Fluctuation Reserve	439,694,530.02	370,801,786.46
Retained Earnings	3,335,952,320.49	2,873,590,894.53
TOTAL EQUITY	**10,784,679,629.58**	**9,741,727,624.08**
TOTAL LIABILITIES & EQUITY	**157,449,376,198.56**	**122,680,750,375.85**

7.9 Disclosures

a. Abandoned Property

As per Section 245 of the Financial Services Act of Bhutan, 2011, Notwithstanding anything contained in any other law, any money or articles shall be deemed to be abandoned property in terms of this Section if the owner fails to claim the money or the articles within a stipulated period of time as may be prescribed in the regulations by the Authority.

Accordingly, the Bank has identified such unclaimed balances with detailed information on the amounts and beneficial owners of such monies/ articles. The Bank continues to take action to contact the beneficial owners of such monies/articles.

As at year-end, the following amounts are "abandoned property" included in the statement of financial position of the Bank.

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Amount in Nu.

Category	December 31, 2025	December 31, 2024
Unclaimed Cash Warrants	2,596,971.16	4,094,054.38
Unclaimed Drafts	4,306,744.25	6,509,230.49
Unclaimed Term Deposits	2,750.60	8,855.60
Other Unclaimed Balances	56,499,487.37	59,790,950.54
TOTAL	**63,405,953.38**	**70,403,091.01**

b. Income Tax assessment

Income tax assessments have been completed up to the financial year 2024. As per the assessment reports for the income years 2023 and 2024, the additional tax assessed amounts to Nu. 10,957,208.46. The bank has made payments for the tax relating to the earlier years, excluding penal interest. A request for waiver of the penal interest amounting to Nu. 1,477,413.40 has been submitted to the Ministry of Finance.

c. Deferred Taxation

Deferred tax is accounted for in accordance with BAS 12, Income Taxes. BAS 12 defines a deferred tax liability as being the amount of income tax payable in future periods in respect of taxable temporary differences and deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences.

The analysis of deferred tax assets and deferred tax liabilities is as follows: Amount in Nu.

Particulars	December 31, 2025
Deferred tax assets	
Deferred tax asset to be recovered after more than 12 months	-
Deferred tax asset to be recovered within 12 months	2,907,835.00
Total Deferred tax assests:	**2,907,835.00**
Deferred tax liabilities:	
Deferred tax liabilities to be recovered after more than 12 months	124,306,812.59
Deferred tax liabilities to be recovered within 12 months	
Deferred tax assets / liabilities (net)	**121,398,977.59**

The gross movement on the deferred income tax account is as follows: Amount in Nu.

Particulars	December 31, 2025
At January 1, 2025	
Charged (credited) to the income statement	(2,907,835.00)
Charged (credited) to other comprehensive income	-
Charged (credited) directly to equity	-
Acquisition of subsidiary	-
Exchange differences	-
At December 31, 2025	**(2,907,835.00)**

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Movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction:

Amount in Nu.

Deferred tax Asset	Depreciation	Fair Value Gains	Total
At January 1, 2025			
Charged (credited) to the income statement	9,692,782.51	(0.00)	9,692,782.51
Charged (credited) to other comprehensive income			-
Charged (credited) directly to equity			-
Acquisition of subsidiary			-
Exchange differences			-
AT DECEMBER 31, 2025	**9,692,782.51**	**(0.00)**	**9,692,782.51**

d. Current Income Tax

According to the Income Tax Act of Bhutan, 2001, all Companies registered under the Companies Act of the Kingdom of Bhutan shall be subject to full tax liability on all sources of income. Currently as per the Section 45.1 of Chapter 9 of the Act, the rate of income tax for companies under full tax liability shall be 30 percent on the net profit. All companies shall file an income tax return for the income year within 31st of March of the succeeding year in accordance with the rules prescribed by Ministry of Finance.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Income Tax Act of Bhutan, 2001.

The current income tax expenses calculation is in the table below:

Amount in Nu.

Particulars	December 31, 2025	
	Amount	Amount
Profit Before Tax		**2,943,015,845.95**
Add: BFRS16 lease adjustment (Notional expenses)	(13,170,715.00)	
Add: Donation, Contribution& Sponsorship, BOB CSR	1,804,213.00	
Add: Gift & entertainment & sports & recreational	-	
Add: FV-FD Interest Expenses-Staff (Notional expenses)	-	
Add: FV-FD Interest Expenses-public (Notional Expense)	35,873.70	
Add: Retirement Benefit (Provisional expenses)	29,604,828.17	
Add: PBVP (Provisional exp + excess of 3 months Basic pay)	25,685,880.22	
Add: FEIF FV notional Interest expenses	149,272,744.72	
		193,232,824.82
Sub Total		**3,136,248,670.77**
Less: FV-FD Interest -public (Notional Income)	(71,515,853.76)	
Unwinding on FEIF FV	(113,841,799.58)	**(185,357,653.35)**
Total Taxable Income		**2,950,891,017.42**
Tax @ 30%		885,267,305.23
Less: Deferred Tax (liability)/Asset		2,907,835.00
Total Tax		**888,175,140.23**

e. Right of Use Assets /lease Liability

Initial Recognition and Measurement.

The lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the Statement of Financial Position.

Lessee measures right-of-use assets similarly to other non-financial assets (such as Property, Plant and Equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognizes amortization of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The initial lease asset equals the lease liability in most cases.

At lease commencement, a lessee accounts for two elements:

1. Right-of-use asset: Initially, a right-of-use asset is measured in the amount of the lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on the commencement date, lease incentives received, and any estimate of dismantling and restoration costs.

2. Lease liability: The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease or incremental borrowing rate if the implicit rate cannot be determined. These payments may include fixed payments, variable payments, payments under residual value guarantees, purchase price if purchase option will be exercised.

Subsequent Measurement

After the commencement date, the lessee needs to adjust both elements recognized initially. Lessee accretes the lease liability to reflect interest and reduces the liability to reflect lease payments made.

Right-of-Use Asset: Lessee shall measure the right-of-use asset using a cost model under BAS 16 - “Property, Plant and Equipment” and to depreciate the asset over the lease term on a straight-line basis. The resulted depreciation amount is charged to the Profit or Loss.

Lease Liability: Lessee shall recognize an interest on the lease liability and the lease payments are recognized as a reduction of the lease liability. Interest on lease liability is charged to the Profit or Loss.

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Right of use asset included in Note 5.11 and the movement during the years is as follows:

Amount in Nu.

Particulars	December 31, 2025
Right of Use Assets/Leasehold Properties	39,230,861.13
Less: Accumulated Depreciation	(10,848,131.00)
Net Book value of right og use assets/leasehold properties	**28,382,730.13**
Gross Block	
Balance as at January 1, 2025	21,629,245.13
Additions during the year	17,601,616.00
Balance as at December 31, 2025	**39,230,861.13**
Accumulated Depreciation	
Balance as at January 1, 2025	-
Depreciation during the year	10,848,131.00
Balance as at December 31, 2025	**10,848,131.00**
Net Book value as at December 31, 2025	**28,382,730.13**

Lease liability included in Note 5.23 and the movement during the years is as follows:

Amount in Nu.

Particulars	December 31, 2025
Balance as at January 1, 2024	24,218,009.71
Additions	17,601,616.00
Accretion of interest	2,739,118.00
Lease Payments	(13,170,715.00)
Balance as at December 31, 2023	**31,388,028.71**

Maturity Analysis of Lease Liability

Amount in Nu.

Particulars	December 31, 2025
Less than 1 year	5,940,965.99
1 to 5 years	15,849,228.46
More than 5 years	9,597,834.26
Total Lease Liability	**31,388,028.71**

f. Fixed Equated Instalment Facility (FEIF)

In accordance with BFRS 9, FEIF receivables, being interest-free and restructured, are measured at amortized cost provided they meet the business model and SPPI criteria. As no contractual interest is charged, the receivables are initially recognized at the present value of future cash flows discounted using a market-based Effective Interest Rate (EIR), which the bank has determined based on its applicable product rate. Any difference arising on initial recognition is recorded as a modification loss.

Subsequently, although the receivables are contractually interest-free, the unwinding of the discount is recognized as imputed interest income using the EIR method. In addition, the receivables are subject to the Expected Credit Loss (ECL) model, requiring recognition of either 12-month or lifetime ECL depending on the assessment of credit risk.

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Amount in Nu.

FEIF	PV as on start date @GIR	PV as on start date @MIR	PV as on Assessment Date @GIR	PV as on Assessment Date @MIR
2023	905,663,922.42	693,924,606.04	749,746,508.41	589,890,080.00
2024	2,331,576,587.97	1,530,116,164.17	2,033,118,860.47	1,347,204,116.49
2025	2,819,945,382.77	1,869,212,214.25	2,245,197,908.42	1,523,852,219.30

* GIR – Given Interest Rate, MIR -Market Interest Rate

7.10 Disclosure on Unauthorized Transactions and System Anomaly

After migrating to a new banking platform on 14th of February 2026 prior to the Annual General Meeting (AGM), the Bank identified a system issue that allowed transactions beyond available balances in two current deposit accounts, resulting in an exposure of Nu. 190.84 million. The issue was promptly contained, recovered Nu. 78.97 million as on 25th March 2026 and pursuing further recovery. The matter was reported to authorities and the Bank has implemented necessary system control mechanisms to mitigate the risk of recurrence. After the investigation and in compliance with the requirements of law enforcement and the regulator, the Bank will recognize a provision against the outstanding exposure.

7.11 Macro Prudential Disclosure

Financial Risk management of the Bank (Qualitative)

i. Capital Planning

The Bank has a process for assessing and monitoring its Capital Adequacy Ratio in line with the Bank's risk appetite while maintaining its capital in line with the statutory requirements. The monitoring process provides an assurance that the Bank has adequate capital to support all risks inherent to its business and appropriate capital buffer based on its business profile. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through its governance and control practices, risk management and an elaborate process for capital calculation and planning, through its annual planning processes.

The Bank has a structured internal framework to assess its capital requirements which involves the identification and evaluation of all significant risks that the Bank faces, which may have a material impact on its financial position. The Bank also implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) that will guide the Bank in setting the process for assessment of the capital adequacy to support its current and future business activities/risks and built a model on the capital projections/requirements for a period of up to 3 years.

ii. Credit Risk Management

The Bank has an approved Credit risk policy document governing credit risk identification, assessment and monitoring. Credit scoring is key for assessing the credit risk arising from facilities. Credit scoring assesses the credit worthiness of borrowers and is indicative of expected losses by undertaking the loan. A rating model consists of a set of factors, which is used to assess the customers' ability to repay the loan based on their inherent credit risk.

Capital requirements

For credit risk capital requirements, ICAAP policy document covers the method to compute the regulatory capital requirements. The Bank however, bases the RMA Prudential regulation 2024 to maintain the minimum CAR of 12.5 percent along with Operation risk capital, based on BIA method.

Credit Risk Stress Testing

Credit risk stress testing is being conducted semi-annually to ascertain the resilience of Bank under severe but plausible scenarios for the following variables:

- Capital adequacy
- Liquidity risk
- Profitability risk
- Interest rate risk
- Non-performing assets
- Concentration risk
- Sectoral risk etc

a. Credit risk Provisions for Loans and Advances

For the provision for loans & advances the bank uses two approaches:

Individual impairment is assessed for significant exposures, covering at a minimum the 30 largest borrowers or 30% of total exposures, whichever is higher, including loans against term deposits. These accounts are individually evaluated by the Bank to identify objective evidence of impairment based on the borrower's financial condition, cash-flow capacity, and collateral recoverability.

Collective impairment is applied to all other exposures and is calculated transaction-wise by grouping loans into homogeneous pools based on sector-wise classification and similar credit risk characteristics. Credit loss provisioning for these accounts is determined in accordance with the Expected Credit Loss model, with provisions recognized under Stage 1, Stage 2, and Stage 3 based on changes in credit risk and credit impairment.

Amount in Nu.

Classficiation	December 31, 2025	December 31, 2024
Individual Impairment	**520,561,213.94**	**371,342,594.06**
Stage 1	-	317,472,349.03
Stage 2	29,608,965.94	26,320,859.82
Stage 3	490,952,248.00	27,549,385.21
Collective Impairment	**2,102,558,621.99**	**2,043,971,532.69**
Stage 1	624,932,659.05	486,090,934.40
Stage 2	216,333,723.46	142,529,309.00
Stage 3	1,261,292,239.48	1,415,351,289.29
Total Impairment	**2,623,119,835.93**	**2,415,314,126.75**
Interest Insuspense	**202,282,911.20**	**191,781,920.16**

b. Methodology for Valuation and Management of Collaterals

We take collaterals such as fixed assets, movable assets, stock and book debts, and against fixed deposits. The valuation and management of the collaterals is based on the followings:

a. Place of locations and its feasibility of business.
b. Verifications and valuations of stock and book debt.
c. Execution of mortgage deed of the collateral being offered against the loan
d. Insurance requirement for mortgaged property
e. Physical verification assets and site visits.

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Collateral Management

Collateral management is the method of verifying the status, evaluate the value of collateral in the market and maintain proper track record of collateral transactions, in order to reduce credit risk.

i. Taking into account the depreciated value of the collateral securities on a yearly basis during the periodical review of loans till the currency of loan account.
ii. Securing and continue to have comprehensive insurance for the full value of collateral security, having adjusted the periodical depreciation.

Risk Management Strategy

The Risk Management Policy of the Bank provides a detailed approach to identifying, assessing, and managing risks across the organization. It defines risk as any potential event that could hinder the achievement of objectives, measured by impact and likelihood. It emphasizes the integration of risk management into strategic planning, decision-making, and daily operations to ensure sustainability and resilience. The policy is guided by principles such as adding value, proportionality, integration into routine functions, and continuous improvement. The Bank promotes a risk-aware culture where all employees understand their role in managing risk, supported by a governance structure that includes the Board of Directors, the Board Risk Management Committee, and the Risk Management Committee.

The Bank's risk management policy outlines the various types of risks including:

Strategic risk

Strategic risk refers to the potential impact on the Bank's earnings or capital due to poor business decisions, improper implementation of strategies, or failure to respond effectively to changes in the industry or external environment. These risks can significantly affect the bank's ability to achieve its long-term goals and vision. To manage strategic risk, the board and senior management play a critical role in overseeing the development and implementation of the Bank's strategic plans. This includes setting clear strategic goals and objectives, aligning them with the Bank's mission and risk tolerance, and ensuring that the organization has the necessary resources, infrastructure, and capabilities to execute its strategies. Regular performance evaluations and feedback mechanisms are in place to monitor progress and adjust as needed. The bank also employs stress-testing techniques to assess the potential impact of adverse scenarios on its strategic plans and to develop contingency strategies.

Credit Risk

Credit risk arises when borrowers fail to meet their contractual obligations, leading to potential financial losses. This risk is inherent in its lending activities and is one of the most significant risks faced by the Bank. To manage credit risk, the Bank has established comprehensive policies and procedures for credit assessment, approval, and monitoring. These include setting exposure limits to avoid over-concentration in specific sectors or borrowers, conducting thorough due diligence on borrowers' financial health and repayment capacity, and using collateral and guarantees to mitigate potential losses. The Bank also employs internal risk rating systems to monitor the quality of its credit portfolio and identify problem loans early. Stress testing is conducted to assess the ability to withstand adverse economic conditions, and internal audits ensure compliance with credit policies and procedures.

Liquidity Risk

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they become due, potentially leading to financial distress or insolvency. Effective liquidity risk management is crucial to maintaining the its financial stability and confidence among stakeholders. The Bank monitors key liquidity indicators such as the Loan to Deposit Ratio and the Statutory Liquidity Ratio to ensure it maintains sufficient liquid assets to cover short-term obligations. Stress testing is used to evaluate the bank's ability to withstand liquidity shocks under various scenarios, including market disruptions or sudden withdrawals of deposits. The Bank also has Contingency Funding Plan in place to address potential liquidity shortfalls and ensure continuity of operations during periods of stress.

Market Risk

Market risk arises from adverse movements in market rates, such as interest rates, foreign exchange rates, equity prices, and commodity prices, which can negatively impact the Bank's earnings and capital. The Bank manages market risk by setting limits on open positions, monitoring exposure to interest rate and foreign exchange risks, and conducting regular stress tests to assess the potential impact of adverse market conditions. The Asset Liability Management Committee plays a key role in overseeing the market risk management activities, ensuring that the risk remains within approved limits and aligns with its overall risk appetite.

Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. This includes risks related to fraud, system failures, human error, and external disruptions such as natural disasters. The Bank has implemented a comprehensive operational risk management framework that includes policies and procedures for identifying, assessing, and mitigating operational risks. This framework covers areas such as outsourcing, business continuity planning, and incident management. The Bank also conducts regular risk assessments and internal audits to identify weaknesses in its operational processes and controls. Stress testing is used to evaluate the Bank's resilience to operational risk events, and contingency plans are in place to ensure the continuity of critical operations in the event of a disruption.

IT and Cybersecurity Risk

IT and cybersecurity risks are associated with the information technology systems and the potential for data breaches, system failures, or cyberattacks. These risks can have significant financial, operational, and reputational consequences. The bank has established a detailed IT risk management framework that includes policies for information security, access control, system development, and disaster recovery. The framework ensures the confidentiality, integrity, and availability of the data and systems. The Bank conducts regular vulnerability assessments and penetration testing to identify and address potential weaknesses in its IT infrastructure. It also provides training to employees on IT security best practices and has incident response plans in place to quickly address and mitigate the impact of cybersecurity incidents.

Reputational Risk

Reputational risk is the risk of damage to the Bank's reputation due to negative publicity, customer dissatisfaction, or unethical business practices. This risk can arise from a wide range of factors, including poor customer service, regulatory violations, or involvement in controversial activities. The Bank manages reputational risk by monitoring customer satisfaction, handling complaints effectively, and ensuring transparency in its operations. It also has policies in place to promote ethical behaviour and compliance with legal and regulatory requirements. The Bank conducts regular assessments of its reputation among stakeholders and uses early warning indicators, such as customer complaints and media coverage, to identify and address potential reputational risks before they escalate.

Compliance Risk

Compliance risk arises from the failure to comply with laws, regulations, or internal policies, which can result in financial penalties, legal actions, or reputational damage. The bank has established an independent compliance function to monitor and ensure adherence to all applicable legal and regulatory requirements. This function is responsible for identifying compliance risks, developing policies and procedures to mitigate these risks, and providing training to employees on compliance-related matters. The Bank also conducts regular internal audits to assess the effectiveness of its compliance controls and reports any compliance breaches to senior management and the board. By maintaining a strong compliance culture, the bank aims to minimize the risk of non-compliance and ensure that it operates within the bounds of the law.
The Risk Management Policy of the Bank provides a detailed approach to identifying, assessing, and managing risks across the organization. It defines risk as any potential event that could hinder the achievement of objectives, measured by impact and likelihood. It emphasizes the integration of risk management into strategic planning, decision-making, and daily operations to ensure the bank's sustainability and resilience. The policy is guided by principles such as adding value, proportionality, integration into routine functions, and continuous improvement. The bank promotes a risk-aware culture where all employees understand their role in managing risk, supported by a governance structure that includes the Board of Directors, the Board Risk Management Committee, and the Risk Management Committee.

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ISO/IEC 27001:2022 (ISMS), ISO/IEC 27701:2019 (PIMS) and PCI-DSS Certification

The Bank of Bhutan Limited, the largest and the oldest Bank in the country, has come a long way, in serving the Nation and its Citizens, towards successfully steering the country's economy growth. In this long journey, the Bank has transformed itself from legacy banking into offering reliable digital banking experience. However, the digital transformation is always associated with Cyber Threats and Risks.

In order to minimize the Cyber Threats and Risks, the Bank has implementing world-class Cyber Security Standards such as ISO 27001:2022 ISMS (Information Security Management System), ISO/IEC 27701:2019 PIMS (Privacy Information Management System) and Payment Card Industry Data Security Standards (PCI-DSS), during the Year 2021, as part of its commitment in extending secured and reliable digital services.

ISO/IEC 27001:2022 is a specification for the Information Security Management System (ISMS). An ISMS is a framework of policies and procedures that includes all legal, physical and technical controls involved in an organization's Information Risk Management Processes. The Information Security Management System preserves the confidentiality, integrity and availability of information, by applying a risk management process and gives confidence to interested parties, that the risks are adequately managed.

ISO/IEC 27701:2019 is an extension of ISMS focusing on the privacy of Personally Identifiable Information (PII) of the bank. This new standard adds Privacy as Pillar in CIA triad.
Securing the ISO 27001 certification demonstrates that BoB has identified the risks, assessed the implications and put in place the needed systemized controls, to limit any damage to the organization and that the Bank is prepared to provide requirements for establishing, implementing, maintaining and continually improving its information security management system. Overall, getting ISO 27001 certification portrays that the Bank is sensitive about the Information Security.

PCI-DSS is an Information Security Standard, applicable to organizations handling the card transactions, from the major Card Schemes, like Visa, MasterCard etc. The standard was created, to increase controls around card holder-data and to reduce card-related frauds. PCI certification ensures security of card data at business, through fulfilment of a set of requirements established by the Payment Card Industry Security Standard Council (PCI-SSC). These include a number of commonly known best practices, such as Installation of firewalls, Encryption of data transmitted, etc.

As part of these certifications, the Bank underwent various assessment processes, which include from defining the scope, Gap assessment, developing the Policies & Procedures, Vulnerabilities Assessment, Penetration Testing and suitable Remediation. The journey was very challenging and costly to the Bank, yet worth doing it, since this is the only way to minimize the ever-increasing Cyber Threats and Risks to the Bank and its esteemed customers.

Disclosures required as per Macro-Prudential Rules and Regulations

Item 1: Tier 1 Capital and Its Sub-components

Amount in Nu.

Sl. No	Particulars	December 31, 2025	December 31, 2024
	Total Tier 1 Capital	**10,022,391,368.58**	**9,048,332,109.62**
a.	Paid-Up Capital	3,000,000,000.00	3,000,000,000.00
b.	General Reserves	3,686,439,048.09	3,174,741,215.08
c.	Share Premium Account		
d.	Retained Earnings	3,335,952,320.49	2,873,590,894.53
	Less:-		
e.	Losses for the Current Year (other comphrensive loss)	-	-
f.	Buyback of FI's own shares	-	-
g.	Holdings of Tier 1 instruments issued by FIs	-	-

Item 2: Tier 2 Capital and Its Sub-components

Amount in Nu.

Sl. No	Particulars	December 31, 2025	December 31, 2024
	Tier II Capital	**4,942,438,261.00**	**3,473,545,517.44**
a.	Capital Reserve		
b.	Fixed Asset Revaluation Reserve	322,593,730.98	322,593,730.98
c.	exchange fluctuation reserve	439,694,530.02	370,801,786.46
d.	INVESTMENT FLUCTUATION RESERVE	-	-
e.	Research & Development Reserve	-	-
f.	General Provision	-	-
g.	Asset Pending Foreclosure Reserve	-	-
h.	Capital Grants	-	-
i.	Subordinated Debt	4,180,150,000.00	2,780,150,000.00
j.	Other Comphrensine Income/(Loss)	-	-
k.	Profit for the Year (After profit is appropriate)	-	-

Item 3: Risk Weighted Exposure Table (Current Period & COPY)

Amount in Nu.

Sl. No.	Assets	Risk Weight %	December 31, 2025		December 31, 2024	
			Balance Sheet Amount*	Risk Component	Balance Sheet Amount#	Risk Component
1	Zero-Risk Weighted Assets	0%	50,571,759,396.78	-	34,570,332,029.50	-
2	20% Risk Weighted Assets	20%	7,977,085,458.61	1,595,417,091.72	4,963,743,008.41	992,748,601.68
3	50% Risk Weighted Assets	50%	9,081,136,641.85	4,540,568,320.93	6,363,956,595.41	3,181,978,297.71
4	100% Risk Weighted Assets	100%	91,034,817,226.17	91,034,817,226.17	78,399,636,642.88	78,399,636,642.88
5	150% Risk Weighted Assets	150%	3,811,515,043.00	5,717,272,564.50	1,313,349,578.66	1,970,024,367.99
	Grand Totals		**162,476,313,766.41**	**102,888,075,203.32**	**125,611,017,854.86**	**84,544,387,910.26**

* Includes Total Assets of Nu.157,449,376,198.56 and Contingent Liabilities of Nu.5,026,937,567.72
# Includes Total Assets of Nu.122,680,750,375.8492 and Contingent Liabilities of Nu.2,930,267,477.21

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Item 4: Capital Adequacy Ratios

Amount in Nu.

Sl. No	Particulars	December 31, 2025	December 31, 2024
1	**Tier 1 Capital**	**10,022,391,368.58**	**9,048,332,109.62**
a.	of which Counter-Cylical Capital Buffer (CCyB) (If applicable)		
b.	of which Sectoral Capital Requirements (SCR) (If applicable)		
i.	Sector 1		
ii.	Sector 2		
iii.	Sector 3		
2	Tier 2 Capital	4,942,438,261.00	3,473,545,517.44
3	Total qualifying Capital	14,964,829,629.58	12,521,877,627.06
4	Core CAR	9.28%	10.24%
5	**BIA**	**5,140,759,147.18**	**3,776,191,136.92**
a.	of which CCyB (If applicable) expressed as % of RWA		
b.	of which SCR (If applicable) expressed as % of RWA		
i.	Sector 1		
ii.	Sector 2		
iii.	Sector 3		
6	CAR	13.85%	14.18%
7	Leverage Ratio	6.17%	7.20%

Item 5: Loans and NPL by Sectoral Classification As per BFRS

Amount in Nu.

Sl. No.	Sector	December 31, 2025		December 31, 2024	
		Total Loans #	NPL	Total Loans *	NPL
1	Agriculture	262,370,432.72	40,554,984.83	264,237,563.78	14,301,655.90
2	Manufacturing/Industry	16,864,695,029.36	200,256,362.42	13,780,207,339.77	68,554,497.21
3	Service & Tourism	19,551,295,857.63	635,650,426.14	16,887,572,341.57	30,555,101.93
4	Trade & Commerce	7,635,717,098.99	962,919,775.79	6,082,847,445.97	848,383,559.37
5	Housing	29,802,114,461.85	686,331,935.98	28,768,077,501.76	389,587,947.46
6	Transport	1,458,716,982.88	162,279,173.44	1,329,780,589.74	267,206,104.44
7	Loans to Purchase Securities-OTHERS	475,192,981.70	-	521,593,223.65	-
8	Personal Loans	875,341,913.57	36,630,890.86	979,208,414.67	39,272,121.54
9	Education Loan	9,779,288,412.25	73,497,513.63	6,612,005,984.28	51,507,128.31
10	Loan against term deposits	932,420,625.93	-	643,756,128.42	770,296.68
11	Loans to FI (s)	205,996,008.30	-	121,268,952.54	-
12	Staff Loans (incentives)	1,153,596,719.05	2,788,944.88	932,625,578.64	298,528.56
13	Loans to govt Owned Companies	3,819,947.94	-	194,900,651.59	-
14	Consumer Loan	7,250,814,049.93	23,485,745.32	5,335,709,809.41	37,998,391.67
	Total	**96,251,380,522.10**	**2,824,395,753.29**	**82,453,791,525.79**	**1,748,435,333.07**

Includes Gross Loans and Advance of Nu. 96,251,380,522.10. and Bills discounted & Purchased Nil.
* Includes Gross Loans and Advance of Nu. 82,453,791,525.79. and Bills discounted & Purchased of Nu. 15,508,500

SPAN & ASSOCIATES Kolkata Chartered Accountants

BOB BANK OF BHUTAN Head Office

Item 5: Loans and NPL by Sectoral Classification- As per RMA PR

Amount in Nu.

Sl. No.	Sector	December 31, 2025		December 31, 2024	
		Total Loans #	NPL	Total Loans *	NPL
1	Agriculture	262,370,432.72	41,952,416.48	264,237,563.78	11,251,567.82
2	Manufacturing/Industry	16,864,695,029.36	36,568,406.62	13,780,207,339.77	163,107,891.20
3	Service & Tourism	19,551,295,857.63	382,959,341.29	16,887,572,341.57	31,986,103.86
4	Trade & Commerce	7,635,717,098.99	853,474,240.20	6,082,847,445.97	677,798,308.83
5	Housing	29,802,114,461.85	1,084,491,171.09	28,959,836,123.10	352,905,944.12
6	Transport	1,458,716,982.88	196,822,593.64	1,329,780,589.74	258,126,110.99
7	Loans to Purchase Securities	475,192,981.70		521,593,223.65	
8	Personal Loans	875,341,913.57	43,036,647.09	979,010,410.19	36,492,267.91
9	Education Loan	9,779,288,412.25	100,444,924.48	6,612,005,984.28	42,116,669.12
10	Loan against term deposits	932,420,625.93	8,908,303.57	643,756,128.42	611,387.53
11	Loans to FI (s)	205,996,008.30		121,268,952.54	
12	Infrastucture Loans				
13	Staff Loans (incentives)	1,153,596,719.05	2,742,043.88	932,625,578.64	298,528.56
14	Loans to govt Owned Companies	3,819,947.94		3,142,030.25	
15	Consumer Loan	7,250,814,049.93	30,820,445.75	5,335,907,813.89	33,929,430.67
16	Government ways and means				
	Total	**96,251,380,522.10**	**2,782,220,534.09**	**82,453,791,525.79**	**1,608,624,210.61**

Includes Gross Loans and Advance of Nu. 96,251,380,522.10 and Bills discounted & Purchased Nil
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SPAN & ASSOCIATES Kolkata Chartered Accountants

BOB BANK OF BHUTAN Head Office

Item 6: Loans (Overdraft and Term Loans) by type of Counter-Party

Amount in Nu.

Sl. No	Particulars	December 31, 2025	December 31, 2024
1	**Overdrafts**	**13,132,266,881.99**	**9,436,589,633.54**
a	Government	3,819,947.94	3,142,030.25
b	State Owned Enterprises	595,114,592.02	390,894,165.62
c	Public Companies	493,875,598.33	311,602,008.70
d	Private Companies	6,685,260,326.32	4,343,445,043.23
e	Individuals	1,133,189,094.00	764,905,756.89
f	Non-Bank Financial Institutions	205,996,008.30	121,268,952.54
g	NGO	1,961,716.21	-
h	Sole Proprietorship	4,013,049,598.87	3,501,331,676.31
2	**Term Loans**	**83,057,963,774.41**	**72,961,603,204.51**
a	Gelephu Mindfulness City	165,856,732.18	-
b	State Owned Enterprises	4,267,129,800.78	4,581,019,954.81
c	Public Companies	1,189,064,374.46	1,363,242,723.97
d	Private Companies	16,219,532,507.09	13,098,195,287.97
e	Individuals	51,367,241,017.85	45,880,552,474.26
f	NGO	552,310,755.34	310,353,295.33
g	Sole Proprietorship	9,296,828,586.71	7,728,239,468.17
	Total	**96,190,230,656.40**	**82,398,192,838.05**
	Bills	-	15,508,500.00
	Credit Cards	61,149,865.70	40,090,187.74
	Total Loan Outstanding	**96,251,380,522.10**	**82,453,791,525.79**

SPAN & ASSOCIATES Chartered Accountants Kolkata

BOB BANK OF BHUTAN Head Office

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

Amount in Nu.

As of period ending December 31, 2025	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	TOTAL
Cash in hand	30,377,730,525.41	10,026,405,110.16	-	-	-	-	-	40,404,135,635.57
Govt. Securities	-	381,000,000.00	726,500,000.00	431,500,000.00	987,999,000.00	881,000,000.00	7,729,818,000.00	11,137,817,000.00
Investment securities	-	-	-	75,592,519.59	-	64,202,081.44	4,951,399,861.64	5,091,194,462.67
Loans & advances to banks	-	3,150,000,000.00	1,122,658,709.95	-	-	-	100,665,600.00	4,373,324,309.95
Loans & advances to customers	482,953,923.60	2,033,035,616.31	1,186,860,956.38	1,391,867,711.00	3,828,254,341.01	2,219,883,260.73	82,185,132,548.56	93,327,988,357.59
Other assets	-	201,803,936.08	338,502.00	31,634,080.63	581,612,218.71	-	2,299,527,695.49	3,114,916,432.91
TOTAL ASSETS	**30,860,684,449.01**	**15,792,244,662.55**	**3,036,358,168.33**	**1,930,594,311.22**	**5,397,865,559.72**	**3,165,085,342.17**	**97,266,543,705.69**	**157,449,376,198.69**
Amounts owed to other banks	17,738.51	-	-	-	-	-	-	17,738.51
Demand deposits	1,984,110,806.56	1,982,451,575.75	1,982,451,575.75	1,982,451,575.75	1,982,451,575.75	1,982,451,575.75	28,085,070,285.15	39,981,438,970.46
Savings deposits	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	23,835,322,910.55	39,413,138,102.26
Time deposits	-	4,081,223,626.69	6,077,203,434.92	10,608,584,496.12	4,074,785,897.33	2,469,443,627.37	30,596,362,261.42	57,907,603,343.85
Bonds & other negotiable instruments							4,280,150,000.00	4,280,150,000.00
Other liabilities	-	1,199,748,588.54	286,327,018.46	83,855,448.40	2,292,243,723.60	-	12,004,853,264.60	15,867,028,043.61
TOTAL LIABILITIES	**4,580,431,077.02**	**9,859,726,322.94**	**10,942,284,561.08**	**15,271,194,052.22**	**10,945,783,728.63**	**7,048,197,735.07**	**98,801,758,721.72**	**157,449,376,198.69**
Assets/Liabilities	**6.74**	**1.60**	**0.28**	**0.13**	**0.49**	**0.45**	**0.98**	**1.00**
Net Mismatch in each Time Interval	**26,280,253,371.99**	**5,932,518,339.61**	**(7,905,926,392.75)**	**(13,340,599,741.00)**	**(5,547,918,168.91)**	**(3,883,112,392.90)**	**(1,535,215,016.03)**	**0.01**
Cumulative Net Mismatch	**26,280,253,371.99**	**32,212,771,711.61**	**24,306,845,318.85**	**10,966,245,577.85**	**5,418,327,408.94**	**1,535,215,016.04**	**0.01**	**0.01**

SPAN & ASSOCIATES * Chartered Accountants * Kolkata

BOB BANK OF BHUTAN Head Office

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

Amount in Nu.

As of period ending December 31, 2024	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	TOTAL
Cash in hand	1,360,631,502.52							1,360,631,502.52
Govt. Securities	-		425,415,600.00			2,450,000,000.00	9,832,817,000.00	12,708,232,600.00
Investment securities	-		95,341,916.60	48,520,550.00			897,782,475.20	1,041,644,941.80
Loans & advances to banks	-	2,671,260,000.00	192,898,709.95				95,905,600.00	2,960,064,309.95
Loans & advances to customers	459,975,008.02	960,151,553.14	1,110,298,575.74	1,739,274,755.09	2,325,662,202.47	2,186,627,331.73	71,049,197,552.76	79,831,186,978.95
Other assets	-	24,778,990,044.43						24,778,990,044.43
TOTAL ASSETS	**1,820,606,510.54**	**28,410,401,597.57**	**1,823,954,802.29**	**1,787,795,305.09**	**2,325,662,202.47**	**4,636,627,331.73**	**81,875,702,627.96**	**122,680,750,377.65**
Amounts owed to other banks	398,085.32							398,085.32
Demand deposits	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	23,893,877,139.09	38,753,555,159.62
Savings deposits	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	21,018,234,725.90	32,850,994,940.40
Time deposits	32,000.00	2,865,473,321.05	1,398,499,106.87	2,206,169,167.82	1,819,385,535.88	1,874,823,152.85	23,896,147,639.62	34,060,529,924.09
Bonds & other negotiable instruments							2,780,150,000.00	2,780,150,000.00
Other liabilities		14,235,122,269.23						14,235,122,269.23
TOTAL LIABILITIES	**4,449,169,791.16**	**21,549,335,296.12**	**5,847,238,812.71**	**6,654,908,873.66**	**6,268,125,241.72**	**6,323,562,858.69**	**71,588,409,504.61**	**122,680,750,378.66**
Assets/Liabilities	**0.41**	**1.32**	**0.31**	**0.27**	**0.37**	**0.73**	**1.14**	**1.00**
Net Mismatch in each Time Interval	**(2,628,563,280.62)**	**6,861,066,301.45**	**(4,023,284,010.42)**	**(4,867,113,568.57)**	**(3,942,463,039.25)**	**(1,686,935,526.96)**	**10,287,293,123.35**	**(1.00)**
Cumulative Net Mismatch	**(2,628,563,280.62)**	**4,232,503,020.84**	**209,219,010.42**	**(4,657,894,558.15)**	**(8,600,357,597.40)**	**(10,287,293,124.35)**	**(1.00)**	**(2.00)**

SPAN & ASSOCIATES ★ Chartered Accountants ★ Kolkata

BOB BANK OF BHUTAN Head Office

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

Amount in Nu.

As of period ending December 31, 2025	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	TOTAL
Cash in hand	30,377,730,525.41	10,026,405,110.16	-	-	-	-	-	40,404,135,635.57
Govt. Securities	-	-	-	-	-	-	11,137,817,000.00	11,137,817,000.00
Investment securities	-	-	-	75,592,519.59	-	64,202,081.44	4,951,399,861.64	5,091,194,462.67
Loans & advances to banks	-	-	3,700,000,000.00	379,760,000.00	-	192,898,709.95	100,665,600.00	4,373,324,309.95
Loans & advances to customers	-	61,149,865.70	4,750,537.60	195,861,805.87	335,339,979.77	1,280,675,255.94	91,450,210,912.71	93,327,988,357.59
Other assets	-	201,803,936.08	338,502.00	31,634,080.63	581,612,218.71	-	2,299,527,695.49	3,114,916,432.91
TOTAL ASSETS	**30,377,730,525.41**	**10,289,358,911.94**	**3,705,089,039.60**	**682,848,406.09**	**916,952,198.48**	**1,537,776,047.33**	**109,939,621,069.84**	**157,449,376,198.69**
Amounts owed to other banks	17,738.51	-	-	-	-	-	-	17,738.51
Demand deposits	1,984,110,806.56	1,982,451,575.75	1,982,451,575.75	1,982,451,575.75	1,982,451,575.75	1,982,451,575.75	28,085,070,285.15	39,981,438,970.46
Savings deposits	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	2,596,302,531.95	23,835,322,910.55	39,413,138,102.26
Time deposits	-	-	4,050,000,000.00	3,968,538,010.98	10,267,542,106.77	2,780,672,185.28	36,840,851,040.82	57,907,603,343.85
Bonds & other negotiable instruments	-	-	-	-	-	-	4,280,150,000.00	4,280,150,000.00
Other liabilities	-	-	286,327,018.46	83,855,448.40	2,292,243,723.60	-	12,004,853,264.60	15,867,028,043.61
TOTAL LIABILITIES	**4,580,431,077.02**	**5,778,502,696.25**	**8,915,081,126.16**	**8,631,147,567.08**	**17,138,539,938.07**	**7,359,426,292.98**	**105,046,247,501.12**	**157,449,376,198.69**
Assets/Liabilities	**6.63**	**1.78**	**0.42**	**0.08**	**0.05**	**0.21**	**1.05**	**1.00**
Net Mismatch in each Time Interval	**25,797,299,448.39**	**4,510,856,215.69**	**(5,209,992,086.56)**	**(7,948,299,160.99)**	**(16,221,587,739.59)**	**(5,821,650,245.65)**	**4,893,373,568.72**	**0.01**
Cumulative Net Mismatch	**25,797,299,448.39**	**30,308,155,664.09**	**25,098,163,577.52**	**17,149,864,416.53**	**928,276,676.94**	**(4,893,373,568.71)**	**0.00**	**0.01**

SPAN & ASSOCIATES Kolkata Chartered Accountants

BOB BANK OF BHUTAN Head Office

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

Amount in Nu.

As of period ending December 31, 2024	On Demand	1-30 days	31-90 days	91-180 days	181-270 days	271-365 days	Over 1 year	TOTAL
Cash in hand	1,360,631,502.52							1,360,631,502.52
Govt. Securities			425,415,600.00				12,282,817,000.00	12,708,232,600.00
Investment securities				143,862,466.60			897,782,475.20	1,041,644,941.80
Loans & advances to banks			2,300,000,000.00	371,260,000.00		192,898,709.95	95,905,600.00	2,960,064,309.95
Loans & advances to customers		40,090,187.74	19,093,864.25	182,550,409.58	202,764,568.72	552,370,231.19	78,834,317,717.47	79,831,186,978.95
Other assets	-	24,778,990,044.43	-	-	-	-	-	24,778,990,044.43
TOTAL ASSETS	**1,360,631,502.52**	**24,819,080,232.17**	**2,744,509,464.25**	**697,672,876.18**	**202,764,568.72**	**745,268,941.14**	**92,110,822,792.67**	**122,680,750,377.65**
Amounts owed to other banks	398,085.32							398,085.32
Demand deposits	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	2,476,613,003.42	23,893,877,139.09	38,753,555,159.62
Savings deposits	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	1,972,126,702.42	21,018,234,725.90	32,850,994,940.40
Time deposits			2,100,032,000.00	362,745,559.97	157,727,519.62	1,966,222,916.75	29,473,801,927.75	34,060,529,924.09
Bonds & other negotiable instruments							2,780,150,000.00	2,780,150,000.00
Other liabilities		14,235,122,269.23						14,235,122,269.23
TOTAL LIABILITIES	**4,449,137,791.16**	**18,683,861,975.07**	**6,548,771,705.84**	**4,811,485,265.81**	**4,606,467,225.46**	**6,414,962,622.59**	**77,166,063,792.74**	**122,680,750,378.66**
Assets/Liabilities	**0.31**	**1.33**	**0.42**	**0.15**	**0.04**	**0.12**	**1.19**	**1.00**
Net Mismatch in each Time Interval	**(3,088,506,288.64)**	**6,135,218,257.10**	**(3,804,262,241.59)**	**(4,113,812,389.63)**	**(4,403,702,656.74)**	**(5,669,693,681.45)**	**14,944,758,999.93**	**(1.00)**
Cumulative Net Mismatch	**(3,088,506,288.64)**	**3,046,711,968.47**	**(757,550,273.12)**	**(4,871,362,662.75)**	**(9,275,065,319.49)**	**(14,944,759,000.93)**	**(1.00)**	**(2.00)**

SPAN & ASSOCIATES ★ Chartered Accountants ★ Kolkata

BOB BANK OF BHUTAN Head Office

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

Amount in Nu.

December 31, 2025	Time to re-pricing				Non-interest bearing	Total
Assets	0-90 days	91-180 days	181-365 days	366<=		
	0-3 months	3-6 months	6-12 months	More than 12 months		
Cash and Balances with Banks					40,404,135,635.57	40,404,135,635.57
Treasury Bills						-
Loans and Advances	88,302,991,590.21	41,589,545.19	147,351,443.09	4,836,055,779.10		93,327,988,357.59
Investment Securities	5,380,158,709.95	507,092,519.59	1,868,999,000.00	12,449,001,681.44	397,083,861.64	20,602,335,772.62
Other Assets	-	-		-	3,114,916,432.91	3,114,916,432.91
Total financial assets	**93,683,150,300.16**	**548,682,064.78**	**2,016,350,443.09**	**17,285,057,460.54**	**43,916,135,930.12**	**157,449,376,198.69**
Liabilities						
Deposits	17,947,352,395.98	13,204,887,028.07	11,736,834,588.60	54,431,685,171.97	39,981,438,970.46	137,302,198,155.08
Borrowings				4,280,150,000.00		4,280,150,000.00
Other Liabilities					15,867,028,043.61	15,867,028,043.61
Total financial liabilities	**17,947,352,395.98**	**13,204,887,028.07**	**11,736,834,588.60**	**58,711,835,171.97**	**55,848,467,014.06**	**157,449,376,198.69**
Total interest Re-pricing gap	**75,735,797,904.18**	**(12,656,204,963.29)**	**(9,720,484,145.51)**	**(41,426,777,711.43)**	**(11,932,331,083.94)**	**0.01**

SPAN & ASSOCIATES ★ Chartered Accountants ★ Kolkata

BOB BANK OF BHUTAN Head Office

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

Amount in Nu.

December 31, 2024	Time to re-pricing				Non-interest bearing	Total
Assets	0-90 days	91-180 days	181-365 days	366<=		
	0-3 months	3-6 months	6-12 months	More than 12 months		
Cash and Balances with Banks					22,419,041,159.21	22,419,041,159.21
Treasury Bills	425,415,600.00					425,415,600.00
Loans and Advances	72,095,186,633.72	30,050,783.72	79,226,709.80	7,871,819,716.09		80,076,283,843.33
Investment Securities	2,959,500,626.55	48,520,550.00	2,450,000,000.00	10,328,722,600.00	497,782,475.20	16,284,526,251.75
Other Assets					3,475,483,523.36	3,475,483,523.36
Total financial assets	**75,480,102,860.27**	**78,571,333.72**	**2,529,226,709.80**	**18,200,542,316.09**	**26,392,307,157.77**	**122,680,750,377.65**
Liabilities						
Deposits	10,180,384,535.17	4,178,295,870.24	7,638,462,093.56	44,914,382,365.52	38,753,953,244.94	105,665,478,109.43
Borrowings				2,780,150,000.00		2,780,150,000.00
Other Liabilities					14,235,122,269.23	14,235,122,269.23
Total financial liabilities	**10,180,384,535.17**	**4,178,295,870.24**	**7,638,462,093.56**	**47,694,532,365.52**	**52,989,075,514.17**	**122,680,750,378.66**
Total interest Re-pricing gap	**65,299,718,325.10**	**(4,099,724,536.52)**	**(5,109,235,383.76)**	**(29,493,990,049.43)**	**(26,596,768,356.39)**	**(1.00)**

SPAN & ASSOCIATES ★ Chartered Accountants ★ Kolkata

BANK OF BHUTAN Head Office

Item 10: Non performing Loans and Provisions As per BFRS

Amount in Nu.

As of period ending December 31, 2025				
Stage	**Amount of NPL's (Gross)**	**Impairment Provision**	**Interest Impairment**	**Total Provision**
Stage 1		624,932,659.05		624,932,659.05
Stage 2		216,333,723.46		216,333,723.46
Stage 3	1,907,140,823.52	1,261,292,239.48	202,282,911.20	1,463,575,150.68
Total Collective Impairment#	**1,907,140,823.52**	**2,102,558,621.99**	**202,282,911.20**	**2,304,841,533.19**
Individual Impairment	917,254,929.77	520,561,213.94		520,561,213.94
Total Impairment (Collective+Individual)	**2,824,395,753.29**	**2,623,119,835.93**	**202,282,911.20**	**2,825,402,747.13**
Impairment provision % (GNPA)				**2.93%**

Item 10: Non performing Loans and Provisions As per BFRS

Amount in Nu.

As of period ending December 31, 2024				
Stage	**Amount of NPL's (Gross)**	**Impairment Provision**	**Interest Impairment Provision**	**Total Impairment Provision**
Stage 1		486,090,934.40		486,090,934.40
Stage 2		142,529,309.00		142,529,309.00
Stage 3	1,434,717,306.67	1,415,351,289.22	191,781,920.16	1,607,133,209.38
Total Collective Impairment#	**1,434,717,306.67**	**2,043,971,532.62**	**191,781,920.16**	**2,235,753,452.78**
Individual Impairment*	313,718,026.40	371,342,594.06		371,342,594.06
Total Impairment (Collective+Individual)	**1,748,435,333.07**	**2,415,314,126.68**	**191,781,920.16**	**2,607,096,046.84**
Net NPLs to net Loans				**2.12%**

*Individually impairment includes additional provision (Letter of credit Nu.11,034,510.23 & bank Guarantee Nu.36,536,329.09).

SPAN & ASSOCIATES Kolkata Chartered Accountants

BOB BANK OF BHUTAN Head Office

Item 11: Assets and Investments

Amount in Nu.

Sl. No	Investment	December 31, 2025	December 31, 2024
1	**Marketable Securities (Interest Earning)**		
a.	RMA Securities	-	425,415,600.00
b.	RGOB Bonds/Securities	11,137,817,000.00	12,282,817,000.00
c.	Corporate Bonds	4,154,316,000.00	-
d.	Others	539,794,601.03	495,341,916.60
	Sub-Total	**15,831,927,601.03**	**13,203,574,516.60**
2	**Equity Investments**		
a.	Public Companies	329,498,768.64	416,985,831.20
b.	Commercial Banks	25,999,218.00	24,421,194.00
c.	Non-Bank Financial Institutions	41,585,875.00	56,375,450.00
d.	Less: Specific Provisions		
	Sub-Total	**397,083,861.64**	**497,782,475.20**
3	**Fixed Assets**		
a.	Fixed Assets (Gross)	3,747,865,639.48	3,503,460,067.18
b.	Less: Accumulated Depreciation	1,518,057,499.83	1,265,707,893.07
c.	**Fixed Assets (Net Book Value)**	**2,229,808,139.65**	**2,237,752,174.11**

Item 12: Foreign Exchange Assets and Liabilities as at December 31, 2025

Amount in Nu.

Currency	Liquid Foreign Currency Holdings (up to one Week)			Long Term Foreign Currency Holdings (More than one Week)			Nu. In Millions	
	Assets in Foreign Currency	Liabilities in Foreign Currency	Net Short Term Position	Assets in Foreign Currency	Liabilities in Foreign Currency	Long Term Net Position	Overall Net Position	Overall Net Position/ Core Capital
	1	2	3=1-2	4	5	6=4-5	7=3+6	8
USD	3,355,251,871.48	3,228,138,787.62	127,113,083.86	59,133,064.05	-	59,133,064.05	186,246,147.91	1.86
SGD	52,600,622.97	291,156,604.25	(238,555,981.28)	-	-	-	(238,555,981.28)	(2.38)
EURO	122,163,026.18	27,982,551.80	94,180,474.38	-	-	-	94,180,474.38	0.94
AUD	98,239,019.87	18,207,211.35	80,031,808.52	-	-	-	80,031,808.52	0.80
CAD	24,031,486.40	13,807.25	24,017,679.15	-	-	-	24,017,679.15	0.24
HKD	59,482.50	-	59,482.50	-	-	-	59,482.50	0.00
GBP	84,172,712.10	183,638.63	83,989,073.47	-	-	-	83,989,073.47	0.84
CHF	169,638,918.60	492,286.84	169,146,631.76	-	-	-	169,146,631.76	1.69
JPY	29,263,174.94	-	29,263,174.94	-	-	-	29,263,174.94	0.29
TOTAL	**3,935,420,315.04**	**3,566,174,887.74**	**369,245,427.30**	**59,133,064.05**	**-**	**59,133,064.05**	**428,378,491.35**	**4.27**
					Core Capital		**10,022,391,368.58**	

Item 12: Foreign Exchange Assets and Liabilities as at December 31, 2024

Amount in Nu.

Currency	Liquid Foreign Currency Holdings (up to one Week)			Long Term Foreign Currency Holdings (More than one Week)			Nu. In Millions	
	Assets in Foreign Currency	Liabilities in Foreign Currency	Net Short Term Position	Assets in Foreign Currency	Liabilities in Foreign Currency	Long Term Net Position	Overall Net Position	Overall Net Position/ Core Capital
	1	2	3=1-2	4	5	6=4-5	7=3+6	8
USD	1,675,775,409.36	1,492,468,401.28	183,307,008.08	56,336,941.19	-	56,336,941.19	239,643,949.27	3.18
SGD	10,528,549.42	40,799,756.64	(30,271,207.22)	-	-	-	(30,271,207.22)	(0.40)
EURO	53,192,471.37	33,970,947.11	19,221,524.26	-	-	-	19,221,524.26	0.26
AUD	33,424,695.24	30,681,630.37	2,743,064.87	-	-	-	2,743,064.87	0.04
CAD	27,580,745.05	26,110,988.90	1,469,756.15	-	-	-	1,469,756.15	0.02
HKD	36,399.00		36,399.00	-	-	-	36,399.00	0.00
GBP	40,024,599.86	227,016.14	39,797,583.72	-	-	-	39,797,583.72	0.53
CHF	80,108,199.77	553,010.31	79,555,189.46	-	-	-	79,555,189.46	1.06
JPY	14,750,893.44		14,750,893.44	-	-	-	14,750,893.44	0.20
TOTAL	**1,935,421,962.51**	**1,624,811,750.75**	**310,610,211.76**	**56,336,941.19**	**-**	**56,336,941.19**	**366,947,152.95**	**4.88**
					Core Capital		**7,524,953,123.93**	

Item 13: Geographical Distribution of Exposures

Amount in Nu.

Particulars	Domestic		India		Other	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Demand Deposits held with other banks	201,000.00	200,000.00	72,187,763.53	181,475,986.95	2,261,120,341.22	1,452,225,305.21
Time deposits held with other banks	3,900,000,000.00	2,500,000,000.00	192,898,709.95	-	280,425,600.00	267,165,600.00

Item 14: Credit Risk Exposure by Collateral

Amount in Nu.

Sl. No	Investment	December 31, 2025 *	December 31, 2024 #
1	**Secured Loans**	**96,236,645,709.52**	**82,447,141,921.78**
a.	Loans secured by physical/real estate collateral	83,220,127,800.00	71,834,295,146.21
b.	Loans Secured by financial collateral	1,681,888,570.79	1,340,242,397.25
c.	Loans secured by guarantees	11,334,629,338.73	9,272,604,378.32
2	Unsecured Loans	14,734,812.58	6,649,604.01
3	**Total Loans**	**96,251,380,522.10**	**82,453,791,525.79**

* Includes Gross Loans and Advance of Nu. 96,251,380,522.10 and Bills discounted & Purchased Nil
\# Includes Gross Loans and Advance of Nu. 82,453,791,525.79. and Bills discounted & Purchased of Nu. 15,508,500

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Item 15: Earnings Ratios

Amount in Nu.

Sl. No	Ratio	December 31, 2025
1	Interest Income as a percentage of Average Assets	2.92%
2	Non-interest income as a percentage of Average Assets	0.63%
3	Operating Profit as a percentage of Average Assets	2.10%
4	Return on Assets	1.30%
5	Business (Deposits plus Advances) per employee (Nu. In million)	293.42
6	Profit per employee (Nu. In million)	2.60

Item 16: Penalties imposed by RMA in the past period

Amount in Nu.

<table>
<tr><th rowspan="2">Sl. No</th><th colspan="2">December 31, 2025</th><th colspan="2">December 31, 2024</th></tr>
<tr><th>Reason for Penalty Imposed</th><th>Penalty Imposed</th><th>Reason for Penalty Imposed</th><th>Penalty Imposed</th></tr>
<tr><td>1</td><td rowspan="2">NIL</td><td rowspan="2">NIL</td><td rowspan="2">NIL</td><td rowspan="2">NIL</td></tr>
<tr><td>2</td></tr>
</table>

Item 17: Customer Complaints

Amount in Nu.

Sl. No	Particular	December 31, 2025	December 31, 2024
1	No. of complaints pending at the beginnig of the year	6	57
2	No. of complaints received during the year	3,500	5,344
3	No. of complaints redressed during the year	3,493	5,435
4	No. of complaints pending at the end of the year	13	6

Item 18: Provision Coverage Ratio (PCR)

Amount in Nu.

Year	Gross NPA*	Impairment Provision**	Interest Impairment	Total Impairment Provison	PCR
31.12.2025	2,824,395,753.29	2,623,119,835.93	202,282,911.20	2,825,402,747.13	1.00
31.12.2024	1,748,435,333.07	2,415,314,126.68	191,781,920.16	2,607,096,046.84	1.49

*GNPA consists of loan exposures that are classified as Stage 3.
** Impairment provisions comprise allowances recognized for Stage I, Stage 2, and Stage 3 exposures.

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BOB BANK OF BHUTAN Head Office

Item 19: Concentration of Credit and Deposits

Amount in Nu.

Sl. No	Particular	December 31, 2025	December 31, 2024
1	Total loans to 10 largest borrowers	17,156,091,251.54	15,477,454,759.35
2	As % of total loans	17.82%	18.77%
3	Total deposits of the 10 largest depositors	25,911,358,029.00	26,671,448,961.75
4	As % of total deposits	18.87%	25.24%

Item 20: Exposure to 5 Largest NPL accounts

Amount in Nu.

Sl. No	Particular	December 31, 2025	December 31, 2024
1	Five largest NPL accounts	429,598,961.80	1,137,457,377.13
2	% of Total NPLs	7.51%	17.25%

Ratio Analysis

Amount in Nu.

Ratios	December 31, 2025	December 31, 2024
Return on Equity (PAT/Shareholders Equity)	19.94%	16.04%
Return on Assets (PAT/Total Assets)	1.46%	1.31%
Capital Adequacy Ratio (Tier 1+ Tier 2 Capital)/(Risk Weighted Assets+Operation Risk)	13.85%	14.18%
Credit to Deposit Ratio (Total Loans/Total Deposits)	70.10%	76.91%
Statutory Liquidity Ratio (Quick assets/Total liabilities excluding capital fund and RMA liabilities)	31.87%	26.08%
Gross Non-Performing Assets (Non-performing Assets/Total Loans)	2.89%	1.95%
Earnings per share (PAT/No. of Shares)	68.23	51.35
Net interest margin (Total Interest Income-Interest Expenses)/Total earning assets (Total Loans to customer + Loans to banks)	3.80%	3.95%
Leverage Ratio (Tier 1 /total balance sheet Amount including off balance sheet item)	6.17%	7.20%
Debt to Equity Ratio (Total Liabilities/Sharesholder's Equity)	13.60	9.02

For SPAN & Associates:

Amlan Kusum Mandal

Digitally signed by Amlan Kusum Mandal
Date: 2026.03.19 13:56:49 +05'30'

Amlan Kusum Mandal
Audit Partner
Frim Registration No. FRN:302192E
Membership No:064631
Date:
Place: Thimphu, Bhutan

SPAN & ASSOCIATES Kolkata Chartered Accountants

For Bank of Bhutan Limited:

Dasho Thinley Namgyel
Chairman, BOBL

BOB BANK OF BHUTAN A dhi Company Head Office

Dasho Sonam Thinley
Chairman, Board Audit Committee, BOBL

Mr. Tshering Tenzin
Chief Executive Officer & Director, BOBL

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BANK OF BHUTAN

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To know more, log on to www.bob.bt
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