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13th Annual Report

2021



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Bhutan Insurance Limited

Providing Security, Building Confidence

Post Box# 779, Chorten Lam, Thimphu.

www.bhutaninsurance.com.bt PABX 339892/93/94

Fax#339895

Toll free # 2011

Your
insurer of
CHOICE

VISION

To become the insurer of choice by providing quality service that exceed customer expectations and by constantly finding ways for improvement.

MISSION

Our mission begins and ends with our clients for whom we exist to serve to the best of our ability. With dedicated service to our clients we aspire to contribute to the social and economic objectives of the nation, providing security to its growing assets through reliable insurance services and increasing retention of finance within the country.



Directors' Report

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board Directors and on my own behalf, I extend a cordial welcome to all the shareholders of Bhutan Insurance Ltd. to the 13th Annual General Meeting of the company and I am pleased to present to you the Audited Financial Statements of the Company for the year ended 31st December 2021.

The financial year 2021 has been one of the most challenging year for many because of the pandemic globally. BIL is not exception however, the company has achieved its target. It was possible because of the combination of the efforts put in by the employees, guidance provided by the board and support & cooperation extended by the shareholders and public at large.

1. Business Performance Highlights

	Fiscal year 2021 (figures in million)
Total assets	3051.367
Gross written premium	411.710
Operating profit Insurance Department	143.794
Operating profit Investment Department	125.699
Profit after tax for the year	167.439

Significant Ratios indicating the financial health and profitability of the company.

Performance Ratio	2021
Capital Adequacy as per prudential regulation	36.64 %
Core capital	27.54 %
Statutory liquidity ratio	16.66 %
Combined Ratio	68.52 %
Operating profit	136.78%
Book value per share	24.99
Return on equity	24.74%
Net NPL Ratio	1.78%

2. Branch/Extension Offices

Bhutan Insurance Limited has its branch and extension offices in all the Dzongkhags except for Gasa and Lhuentse Dzongkhag to facilitate our clients with better services.

The efficiency of service delivery system and performance of BIL offices have been improved by building capacity and enhancing infrastructures in all the branch and extension offices.

3. Corporate Governance

Bhutan Insurance limited (BIL) has established the best practices in corporate governance. The corporate governance code of BIL is an important part of company's initiatives in setting high corporate governance standards. The code consists of corporate governance principles, the Board Bylaws, code of conduct for the directors & senior managers, Governance committees Term of Reference, Risk Committee Term of Reference and Audit committee Term of Reference.

The Governance Committee met twice in a year.

3.1. The principles of corporate governance.

The principles of corporate governance are built on four core values - fairness, responsibility, transparency and accountability.

3.2. Whistle blower policy.

To promote the highest ethical standards, BIL maintains a workplace that facilitates the reporting of potential violations of Company Policies and applicable laws.

Employees are encouraged to raise concerns regarding any violations easily and free of any fear of retaliation.

3.3. Code of conduct and ethics.

The code of conduct and ethics approved by the board aims at consistent standard of conduct and ethical practices across the company. Any employee of the company violating the code of conduct and ethic are dealt with as per the HRSR of the company.

3.4. Board Directors and Board Committees.

BIL has a board constituted in compliance with the regulatory & statutory guidelines and laws in accordance with best practices in corporate governance. The board has constituted three board committees, viz., Board Governance Committee, Board Risk Committee and Board Audit Committee.

Composition of Board Committees.

The Board Governance Committee (GC) comprise of two directors and committee secretary. The Governance Committee is chaired by Mr. Sangay Wangdi, ordinary director.

The Board Audit Committee (AC) comprise of two directors and committee secretary. The Audit Committee is chaired by Mr. Tshering Dorji, an independent director.

The Board Risk Committee (RC) comprise of two directors and committee secretary. The Risk Committee is chaired by Mr. Karma Lotey, Chairman of the Board.

Acknowledgment

On behalf of the BIL Board and management, I would like to thank the Royal Government of Bhutan, RMA and other statutory bodies for their continued corporation, support and advices. I also would like to thank Referrals & agents, Reinsurance partners and surveyors without whose support it would have been difficult to achieve the plans and goals of the Company.

I am grateful to the shareholders, policy holders and clients for their continued patronage and express my deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative have made the organizations growth and success possible and continue to drive its progress.

Tashi Delek!



Karma Lotey
(Chairman)



Company Information

Company Profile

Bhutan Insurance Limited was incorporated in 2009 under the Companies Act of the Kingdom of Bhutan 2000, and is licensed to engage in the business of General Insurance by the Royal Monetary Authority of Bhutan in pursuant to part II of the Financial Institutions Act of Bhutan – 1992, and is also listed with the Royal Securities Exchange of Bhutan Limited (RSEBL) since 2009.

BIL started operations on 20th August 2009, and today has a country wide network connected through the latest technology for quick communication and response with 22 offices in 18 Dzongkhags.

BIL is also authorized by the RMA to provide Financing & Investment services, and manage Private Provident Fund (PPF) and Gratuity Fund (GF).

We have expanded our service network progressively with our Head Office in Thimphu, Branch Offices in Phuentsholing, Paro, Wangduephodrang and Gelephu, and Extension Offices in Samdrup Jongkhar, Bumthang, Mongar, Tsirang, Haa, Tashigang, Trongsa, Gedu, Samtse, Khuruthang, Zhemgang, Nganglam and Tashi Yangtse, Dagapela, Thimphu Town, Babesa, and Lango which was made possible through the continued support of our clients and employees throughout the years. The Company today employs 115 people.

GENERAL INFORMATION

Establishments	Address	Telephone No.	Fax No.
HEAD OFFICE, Thimphu	Post Box : 779, Chorten Lam. Email: info@bhutaninsurance.com.bt Website: www.bhutaninsurance.com.bt	00975-02- 339892/93/94 Toll Free # 2011	02-339895

BIL BRANCH OFFICES

Establishments	Address	Telephone No.	Fax No.
Phuentsholing	1st floor, Bhutan Post Building	05-252894/95	05-252893
Wangdue	1st floor, Jamtsho Building, opposite BDBL office, Bajo Town	02-481663/335	02-481495
Paro	2nd floor, BNBL office	08-272985/86	08-272984
Celephu	1st floor, Old Building, below NPPF office	06-252273/251198	06-251199

BIL EXTENSION OFFICES

Establishments	Address	Telephone No.	Fax No.
Samdrup Jongkhar	1st floor, Bhutan Post office building	07-251384	07-251387
Bumthang	Opposite Home Collection Shop, Chamkhar town	03-631565	03-631271
Mongar	1st Floor, near BNBL office	04-641407	04-641408
Tsirang	Dina Nath building, near Tashi Cell office	06-471426	06-471427
Tashigang	Near T-Bank office	04-521343/344	04-521342
Trongsa	Ground floor, near TashiCell office	03-521541	03-521583
Samtse	Above Drodul Chorten, Lichibari, Samtse town	05-365568	05-365568
Zhemgang	Top floor, KD building, Zhemgang town	03-741165	03-741173
Nganglam	Near BNBL office, Nganglam town	07-481008	07-481009
Khuruthang	Behind BNBL office, Khuruthang town	02-584348	02-584351
Gedu	Ground floor, BDBL office, Lapsakha	05-282230	05-282231
Haa	Ground floor, Kiba Tshongkhang, Lower Market	08-375220	08-375332
Tashiyangtse	Near RSTA office	04-781251/5	
Dagapela	Near BOBL Branch Office	06-483134	06-483137
Babesa	Near BOBL Extension Office, Babesa	02-350948/7	
City Office	Norzin Lam, Main Town, Thimphu	02-332310	
Lango, Paro	Extension Office, Lango, Paro	08-276909	

BRANCH & EXTENSION OFFICE ESTABLISHMENTS:

01.10.2009	-	Extension office at Bumthang
18.10.2009	-	Branch office at Phuentsholing
01.11.2009	-	Branch office at Wangdue Phodrang
05.11.2009	-	Branch office at Paro
06.01.2010	-	Branch office at Gelephu
10.06.2010	-	Extension office at Samdrup Jongkhar
12.07.2010	-	Extension office at Mongar
09.04.2012	-	Extension office at Tsirang
03.05.2012	-	Extension office at Tashigang
01.01.2013	-	Extension office at Trongsa
09.09.2014	-	Extension office at Samtse
09.04.2015	-	Extension office at Zhemgang
11.12.2015	-	Extension office at Nganglam
14.01.2016	-	Extension office at Khuruthang
17.01.2016	-	Extension office at Gedu
05.08.2016	-	Extension office at Haa
26.04.2017	-	Extension office at Tashiyangtse
01.03.2018	-	Extension office at Dagapela
15.08.2019	-	Extension office at Babesa
07.07.2020	-	City office at Norzin Lam, Thimphu
24.05.2021	-	Extension office at Lango, Paro

RE-INSURANCE

In order to enhance our underwriting capacity and have global network, BIL has strong reinsurance arrangements with the following reinsurers:

- Swiss Re, Singapore
- CICA Re, Togu
- Asian Re, Bangkok
- Kenya Re, Nairobi, Kenya
- Klaption, Nairobi
- Misr Insurance, Egypt
- National Insurance Co. India, Kolkata
- Nepal Re, Katmandu, Nepal
- New India Gujarat, India
- GIC Bhutan Re. Co. Ltd. Thimphu, Bhutan.
- GIC India
- Oman Re, Oman
- Taiping Re, Hongkong.
- China Taiping Insurance UK Co Ltd., London, UK

- Talbot Syndicate 1183, London, UK
- Almin Syndicate 2001, London, UK

SERVICES OFFERED

(A) BIL offers all type of Non-Life Insurance services such as:

Motor Insurance

- i. Comprehensive
- ii. Third Party

Fire Insurance Policy

- i. Standard Fire Policy
- ii. Special Allied Perils Policy
- iii. Industrial All Risk Policy
- iv. Enhanced Rural Fire Policy

Engineering Insurance

- i. Contractors All Risk Policy
- ii. Erection All Risk Policy
- iii. Contractors Plant and Machinery Policy

Miscellaneous Insurance

- i. Personal Accident Insurance
- ii. Liability Policy
- iii. Burglary Policy
- iv. Money Insurance Policy
- v. Fidelity Guarantee Policy
- vi. Workmen Compensation Policy
- vii. Student Care Insurance
- viii. Loan Protection Insurance (LPI)
- ix. Domestic Travel Insurance

Marine Insurance Policy

- i. Basic Road Risk
- ii. All Risk (by air, sea, rail/road)
- iii. Domestic Transit Insurance

Aviation Insurance

(B) In addition to Non-Life Insurance services, we also offer the following services:

- i. Housing Loan
- ii. Industrial Loan
- iii. Loan against Shares
- iv. Loan against PPF
- v. Overdraft
- vi. Personal Loan
- vii. Venture Loan
- viii. Vehicle Loan

(C) And other service provided includes issuing of Bank Guarantees and management of Private Provident Fund (PPF) and Gratuity Fund (GF).

CUSTOMER SERVICE

We differentiate ourselves through our employees, referrals, agents and our total commitment to customer service.

The company has an Independent Grievance cell in place to facilitate the walk-in and online customer grievances.

DISTRIBUTION CHANNELS

The company has multilayer distribution channels established with a mandate to educate the mass and assist them in choosing the right insurance products

- Referrals & Agents
- Direct field underwriters providing door to door service
- Interactive website facilitating online downloads and BIL Facebook Page and Instagram.
- Mbil (Mobile App)

Board Directors

1. Mr. Karma Lotey (Chairman)
M/s Yangphel Private Limited, Thimphu
Email: karma@yangphel.com
2. Mr. Karma Dorjee (Director) MD Perfect TMT, Bhutan
Email: karma@karma.bt
3. Kutshab Kinzang Dorji (Independent Director) Kutshab to Thailand
Email: kutshabkdorji@gmail.com
4. Mr. Sangay Wangdi (Director) Former CEO, BBPL
Email: sangaywangdi357@gmail.com
5. Mr. Tshering Dorji (Independent Director) Former CEO, T-Bank
Email: td1711118@gmail.com
6. Mr. Damdi Dorji (CEO/Director - Executive) Bhutan Insurance Limited,
P.O.Box #779, Chorten Lam, Thimphu
Phone: 02-339892/93/94 Fax: 02-339895
Email: dmdorji@gmail.com

Company Secretary

Ms. Sonam Wangmo
Bhutan Insurance Limited, P. O. Box # 779, Chorten Lam, Thimphu
Phone: 17456393
Email: somohm@gmail.com

Auditors

M/s. Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E

Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India

Board Audit Committee Members

1. Mr. Tshering Dorji (Chairperson) Former CEO, T-Bank
Email: td1711118@gmail.com
2. Mr. Sangay Wangdi (Director) Former CEO, BBPL
Email: sangaywangdi357@gmail.com
3. Mr. Pema Loday (Committee Secretary) Internal Audit Department, BIL,
Thimphu Phone No: 02-339893/339894/ 17886580
Email: pema_loday@yahoo.com

Board Risk Committee Members

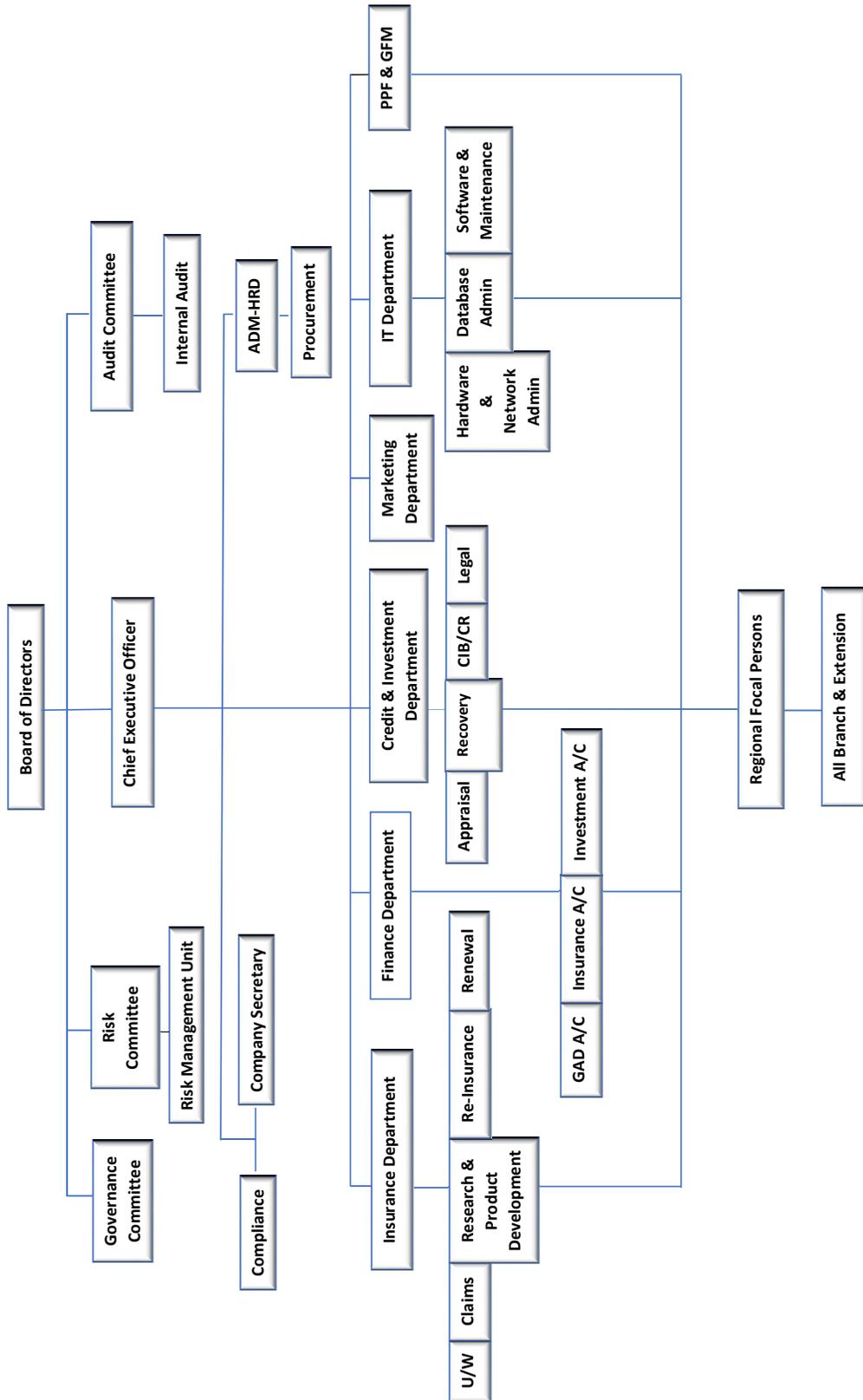
1. Mr. Karma Lotey (Chairman)
M/s Yangphel Private Limited, Thimphu
Email: karma@yangphel.com
2. Mr. Sangay Wangdi (Director) Former CEO, BBPL
Email: sangaywangdi357@gmail.com
3. Mr. Lingi Jamtsho (Committee Secretary)
Chief Risk Officer, BIL, Thimphu
Phone No: 17441395 thajams@gmail.com

Corporate Governance Committee Members

1. Kutshab Kinzang Dorji (Chairperson)
Kutshab to Thailand
Email: kutshabkdorji@gmail.com
2. Mr. Sangay Wangdi (Director) Former CEO, BBPL
Email: sangaywangdi357@gmail.com
3. Ms. Sonam Wangmo (Committee Secretary) Company Secretary, BIL, Thimphu
Phone No: 17456393
Fax No: 02-339895
Email: somohm@gmail.com

PRINCIPAL BANKERS

1. Bhutan National Bank Limited
2. Druk PNB Limited





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Bhutan Insurance Limited
Providing Security, Building Confidence

OUR PRODUCTS

Insurance Products



MOTOR INSURANCE



FIRE INSURANCE



MISCELLANEOUS INSURANCE



LOAN PROTECTION



AVIATION INSURANCE



MARINE INSURANCE



PRIVATE PROVIDENT FUND
& GRATUITY FUND



WORKMEN COMPENSATION

Loan Products



VENTURE TERM LOAN



HOUSING COMMERCIAL/
HOUSING NON-COMMERCIAL



INDUSTRIAL LOAN



LOAN AGAINST SHARES



VEHICLE LOAN



PERSONAL LOAN



LOAN AGAINST PRIVATE
PROVIDENT FUND (PPF)



SECURED OVERDRAFT

www.bhutaninsurance.com.bt

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Fax: 339895, Email: bhutaninsurancelimited@gmail.com



Auditors' Report & Financial Statement



Chunder Khator & Associates
Chartered Accountants

Head Office :
10A, British Indian Street, Kolkata - 700 069
☎ : (033) 4603 2065
E-mail : chunderkhat@ckaca.net

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Bhutan Insurance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bhutan Insurance Limited (“the Company”), which comprise the Statement of Financial Position as at 31st December, 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the Financial Statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with applicable Bhutanese Financial Reporting Standards (BFRS) and the requirements of The Companies Act of Bhutan, 2016 (“the Act”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as prescribed in Section 266 of the Act. 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- i. We draw our attention to note no 21 with respect to calculation of unexpired risk reserve and its impact.
- ii. We draw our attention to note no. 40 regarding monetary measures taken by the Company as per guidelines issued by the Royal Monetary Authority (RMA) which includes details of deferment of loans in phases, relief on interest etc.

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

CKA

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we have determined the following matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Provision for Non-Performing Loans as per RMA regulations. There is no change in the provision figure.	We have verified the Non-Performing loans by analyzing the party wise loan accounts, their classification as per Prudential Norms of RMA, 2017.

Other Matter Paragraph

Due to severe health hazard associated with COVID-19 and OMICRON pandemic across the world there was restrictions on physical visit to the client location for physical verification of all documents pertaining to financial transactions and all other statutory compliances nor was the management in a position to provide all physical copies of the documents due to its voluminous nature.

As a result, the entire audit was carried out based on remote access of data as provided by the management. We have been represented by the management that the data provided for our audit purposes is correct, complete and reliable and are directly generated by the accounting system of the Company without any further manual modifications. We have performed and relied upon the system generated data to obtain reasonable satisfaction over the completeness and accuracy of these transactions.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of this matter.

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 of the Company in accordance with the applicable Bhutanese Financial Reporting Standards and the requirements of the Act and for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



CKA

In preparing the financial statements, management is responsible for assessing the Company'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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' 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 BFRS, requirements of the Act and 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Additional responsibilities of the Auditor have been given in the Annexure-I.

Report on Other Legal and Regulatory Requirements

1. As required by Section 266 of the Companies Act of Bhutan 2016, we enclose in the ANNEXURE-II hereto, a statement on Minimum Audit Examination and Reporting Requirements prescribed by the Royal Audit Authority of Bhutan, to the extent applicable to the Company.

2. As required by Section 264 of the Companies Act of Bhutan 2016, we report that the financial statements present fairly in all material respect:

- (a) the financial position of the Company as at 31st December, 2021;
- (b) the financial performance;
- (c) change in equity; and
- (d) Its cash flows for the year ended 31st December 2021.

in accordance with the Accounting Standards prescribed by the Accounting and Auditing Standards Board of Bhutan.

3. As required by Section 265 of the Companies Act of Bhutan 2016, we report to the extent applicable that:

- (a) we have sought and obtained all 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 Company so far as it appears during the course of audit;



CKA

- (c) the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of change in Equity dealt with by this report have been prepared in accordance with Bhutanese Accounting Standards and are in agreement with the books of account.
- (d) based on the information, explanations and management representations as provided by the Company through correspondence by email and also over the phone due to audit on virtual basis, it appears that the Company has complied with all applicable and relevant legal and regulatory requirements.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E



Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022

CKA

Bhutan Insurance Limited

ANNEXURE II TO THE AUDIT REPORT

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

(Referred to in Paragraph I of 'Report on Other Legal and Regulatory Requirements' of our report of even date)

1. The Company has maintained a Fixed Assets Register showing full particulars including quantitative details and situation of fixed assets with mark of codification. As per the Management, physical verification of fixed assets was conducted during the year and no discrepancies were found.
2. None of the items of 'Property, Plant and Equipment' of the Company have been revalued during the year under audit.
3. The Company has not taken any loan from Companies under the same management. Therefore, terms of which whether prejudicial to the interest of the Company does not arise.
4. The Company has not granted any loan, secured or unsecured to other Companies, firms or other parties under same management. Therefore, terms of which whether prejudicial to the interest of the Company does not arise.
5. The Company has taken secured loan from banks and financial institutions. The rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
6. The Company has given staff advances in normal course of business, recovery thereof is made as per stipulation. The parties to whom the loans or advances have been given by the Company are generally repaying the principal amounts, as stipulated and are also generally regular in payment of interest, except for certain cases, where the outstanding loan balances comprising of principal and interests, are considered as non-performing assets as per Prudential Regulations 2017 of the Royal Monetary Authority of Bhutan and for which accrued interest as recognized have been reversed and provisioning for principal amounts have been done as per the said Regulations.
7. No excessive/frequent advances are generally granted and accumulation of large advances against particular individual is generally avoided.
8. As per the information and explanations given to us by the management of the Company and from the various substantive and compliance test conducted by us on some transactions of the Company, it appears that the Company has an adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, for carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules/regulations and system and procedures. However, the management has been advised to strengthen the internal control procedures relating to key reporting areas.



CKA

9. According to the information and explanations given to us, there is a reasonable system of competitive biddings commensurate with the size of the Company and the nature of its business, for purchase of goods and services including major items of stores, plant and machinery, equipment and other assets.
10. (a) As informed to us, certain transactions for sale of goods and services have been made in pursuance of contracts or arrangement with companies in which the directors are interested. Our examination has revealed that such transactions of sales were made at prices, which were reasonable having regard to the prevailing market prices for such goods and services or at the prices at which the transaction for similar goods or services have been made with other parties. Details of such transactions and amounts thereof are adequately disclosed in Note n0. 35 of the notes to financial statements.

(b) In respect of transactions referred to in clause 10(a) above, our examination has revealed that such transactions are prima-facie not prejudicial to the interest of the other shareholders and the Company.
11. According to the records, the Company is regular in depositing rates and taxes, duties, provident fund and other statutory dues with the appropriate authorities. Provision for corporate tax is computed on the basis of Rules on the Income Tax Act of the Kingdom of Bhutan, 2001 and necessary adjustments have been made in the books of account.
12. According to the information and explanations given to us and as per the records of the Company, no undisputed amounts payable in respect of provident fund, other statutory dues salary tax, health tax, contractor tax as on 31 December, 2021.
13. According to the information and explanations given to us and on the basis of our test checking of the accounts and other books and records, to the best of our knowledge, we are of the opinion that no personal expenses has been charged to the Company accounts other than those payable under contractual obligations/service rule and/or in accordance with generally accepted business practice.
14. The Company is having authorized policy of recruitment of commission agents, and as informed by the management they are screened to fit the specific criteria before being recruited.
15. In our opinion there has been, in general, a reasonable system for continuous follow up of receivable recovery of its outstanding amounts from the parties but the same offers further scope for improvement. The Company keeps the records of overdue analysis of the parties as per Prudential Regulations 2017 of the Royal Monetary Authority of Bhutan.
16. According to the information and explanations given to us, we are of the opinion that the management of liquid resources, particularly cash/bank etc. is reasonably adequate and excessive amounts are not lying idle in non-interest bearing accounts. Withdrawal of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the Company.



CKA

17. According to the information and explanations given to us and on the basis of examination of available books and records of the Company, we are of the opinion that financial activities carried out by the Company during the year are prima facie lawful and intra vires to the Articles of Incorporation of the Company.
18. We are given to understand that Capital investment decisions are made by the Company with prior approval of the Board and investment in new projects are made only after ascertaining the technical and economic feasibility of such new projects.
19. The Company has established an effective budgetary control system.
20. According to information and explanations given to us, the details of remuneration, commission and other payments made in cash or in kind to the Board of Directors or any of their relatives (including spouse(s) and child/children) by the Company directly or indirectly are disclosed in Note No. 35 of notes to financial statements.
21. According to the information and explanations given to us, the directives of the Board have been complied with.
22. We are given to understand by the management that the officials of the Company are refrained from transmitting any price sensitive information which is not publicly available, unauthorizedly, to their relatives/friends/associates or close persons, who will directly or indirectly benefit themselves.
23. In our opinion and according to the information and explanations given to us, the Company has executed agreements properly and the terms and conditions of leases are reasonable and the same are applied for machinery/ equipment acquired on lease or leased out to others.

Reporting Requirements specific to Finance and Investment Company

24. The Company has the process of maintaining adequate documents and records where it has granted loans and advances for which agreement have been drawn up and timely entries have been made therein.
25. The Company has generally adhered to the requirements of Financial Services Act, 2011 and other applicable laws, rules, regulations and guidelines issued by the appropriate authorities.
26. In our opinion and on the basis of examination of books and records, the Company follows the accounting policy of making provisions for diminution, other than temporary, if any, in the value of investment in shares.
27. The requirements relating to provisioning for the non-performing assets including loans and advances in terms of Prudential Regulations of RMA has been complied with.
28. Recognition of interest income in respect of non-performing asset has been deferred in terms of Prudential Regulations of RMA.



CKA

29. Assets hypothecated against loan and advances have been generally physically verified, properly valued and mortgage deed executed and ensured that the assets are free of any prior lien or charges. In this regard we have relied on the information available from the management.
30. The Company has the system of monitoring projects for which loans have been provided to ensure that loan accounts are used for the specified purposes and project activities are progressing satisfactorily.
31. The Company, in general, has the system for carrying out proper analysis before permitting restructuring/rescheduling of loans. On the basis of examination carried out in accordance with the generally accepted audit procedures and based on the information and explanations provided by the management to us, re-structuring has generally not been permitted in respect of non-performing loans,
32. Additional loans are not granted to those who have defaulted payment of previous advances.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company has developed a customized software system for maintenance of accounts.
2. According to the information and explanations given to us, the Company has adequate safeguard measures and back up facilities. Back up of operational data is taken on daily basis by system personnel and stored in safe locations as informed to us.
3. In our opinion and according to the information and explanations given to us, there are backup facilities of keeping files.
4. In our opinion and according to the information and explanations given to us, the operational controls are adequate to ensure correctness and validity of input data and out-put information. Many employees are involved for a particular work at different stages. This is done solely to have check and balance. Moreover, as explained to us effective approval hierarchy is in place.
5. In our opinion and according to the information and explanations given to us, the measures to prevent unauthorized access over the computer installation and files are in existence and adequate. The Company has a dedicated IT Unit to look after this aspect within the organization.
6. In our opinion and according to information and explanations given to us, generally data migration during change to new system are effectively managed to ensure completeness and integrity of data as well as smooth operation of the System. Moreover, data migration is done only after approval from concerned authority and thoroughly checked.
7. As informed by the management, no systems audit has been conducted during the current year due to severe pandemic situation.



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GENERAL

1. Going Concern

From the review of financial statements of the Company and on an overall examination of financial and operational data, it appears that the Company is a going concern as on the date of the Statement of Financial Position as at 31st December 2021.

2. Ratio Analysis

Financial and Operational ratios including Ratio Analysis in respect of the Company has been worked out and presented in Exhibit-1.

3. Compliance with the Companies Act of Bhutan 2016

According to the information and explanations given to us and based on examination from remote place the Compliance Checklist complied by the Company and received through email it can be reasonably stated that the Company has generally complied with provisions of the Companies Act of Bhutan, 2016.

4. Adherence to Laws, Rules and Regulations:

The audit of the Company is governed by the Company Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statements based on remote access of the data as provided by the management. In the course of virtual audit, we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation relevant to the financial statements. Based on our examination of the books of accounts and documents which were remotely made available to us we are of the view that the Company has complied with it Laws, Rules and Regulations, System Procedures and recommended practices.

However, any non-compliance or departures from accepted practices and approved systems or procedures having effect on financial statements that came to our notice during the course of our virtual audit is properly done and disclosed in the financial statements of the Company.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E



Gautam Kumar Basu
Partner

ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022





Chunder Khator & Associates
Chartered Accountants

Head Office :
10A, British Indian Street, Kolkata - 700 069
@: (033) 4603 2065
E-mail : chunderkhatork@ckaca.net

Annexure – I

Additional Responsibilities of the Auditor:

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

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

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

For
Chunder Khator & Associates.
Chartered Accountants
ICAI Firm Reg. No. 322463E


Gautam Kumar Basu

Partner
ICAI Membership No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022





Statement of Financial Position as on 31.12.2021

in Bhutanese Ngultrum

ASSETS	Note	2021	2020	01.01.2020
Cash and cash equivalents	3	203,925,303	188,457,770	190,641,987
Loans & Advances	4	2,341,861,551	2,058,136,909	1,947,730,516
Investment Held Till Maturity	5	185,000,000	185,000,000	185,000,000
Equity Investment-FVOCI	6	59,124,249	25,143,691	28,421,886
Insurance Receivable	7	64,997,225	57,277,286	68,500,991
Deferred Tax Assets	16A	2,849,248	1,726,634	1,870,426
Other Assets	8	76,088,072	26,674,144	22,091,247
Property, Plant and Equipment	9	116,644,446	107,749,981	4,354,272
Intangible Assets	10	877,372	851,872	420,157
Total Assets		3,051,367,466	2,651,018,287	2,449,031,482
LIABILITIES				
Insurance Contract	11	52,600,618	50,863,574	37,524,422
Reinsurance Contract	12	-	-	-
Subordinate Term Debt	13	120,000,000	120,000,000	120,000,000
Borrowed Funds	14	1,516,922,885	1,329,846,847	1,254,453,463
Employee Benefit Obligation	15	16,130,078	14,668,600	11,643,460
Deferred Tax Liability	16B	1,745,150	1,926,814	2,094,180
Tax Payable	17	60,008,451	27,210,617	36,404,911
Provisions & Contingencies	18	327,187,607	350,087,471	290,555,152
Other Liabilities	19	186,345,154	151,043,257	134,185,225
Total Liabilities		2,280,939,944	2,045,647,180	1,886,860,813
EQUITY				
Share Capital-Paid up	20A	300,000,000	300,000,000	300,000,000
Retained earnings	20B	200,510,307	80,019,125	59,655,033
General Reserve	20B	250,132,677	205,567,445	183,731,097
CAT Reserve	20B	12,803,938	12,803,938	11,803,938
Equity Investment Revaluation Reserve	20B	6,980,601	6,980,601	6,980,601



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Net assets attributable to the Company's owners	770,427,524	605,371,109	562,170,669
Non Controlling Interest			
TOTAL EQUITY	770,427,524	605,371,109	562,170,669
TOTAL LIABILITIES AND EQUITY	3,051,367,466	2,651,018,287	2,449,031,482

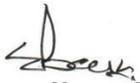
Note:-

Contingent Liabilities (Off balance sheet)	163,782,547	92,099,387	58,650,581
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Corporate Information & Significant Accounting Policies 1-2

Note: The Schedules referred to above form an integral part of this Statement of Financial Position. This is the Statement of Financial Position referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E



Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors


CEO

Finance Director


Director

Chairman




Statement of Comprehensive Income for the year ended 31.12.2021

in Bhutanese Ngultrum

	Note	2021	2020
Net Earned Premium	21	172,978,383	173,194,460
Finance Income	22	11,678,219	11,926,401
Net Fees & Commission Income	23	34,962,393	29,032,517
Net Interest Income on Loans & Advances	24	138,957,532	9,943,601
Other Operating Income	25	36,326,337	123,598,002
Total Operating Income		394,902,864	347,694,982
Net Claims Expenses	26	74,902,299	96,853,147
Other Operating & Administrative Expenses	27	79,541,417	76,889,647
Depreciation	9	3,014,200	2,989,593
Amortization	10	94,500	88,785
Impairment Loss on Loans & Advances	28	-	55,593,689
Total Operating Expense		157,552,416	232,414,861
Profit Before Tax		237,350,449	115,280,121
Income Tax	17	60,008,451	27,210,617
Deferred Tax	29	2,660,896	1,544,971
Prior period adjustment	30	12,636,271	-
Profit After Tax		167,366,622	89,614,476
Basic Earnings Per Share	39A	5.58	2.99
Diluted Earnings Per Share	39A	5.58	2.99
<u>Profit Available for Appropriation</u>			
Transfer to Catastrophic Reserve		-	1,000,000
Transfer to Statement of Other Comprehensive Income		167,366,622	88,614,476



CKA

Statement of Other Comprehensive Income for the Year ended 31.12.2021

in Bhutanese Ngultrum

Note

Profit for the year after appropriation		167,366,622	88,614,476
Remeasurement Gain/(Loss) on Defined Benefit Plan	27	-753,410	-523,932
Other Comprehensive Income			-
Total Comprehensive Income before Tax		166,613,212	88,090,544
Income Tax		-	-
Deferred Tax	31	-1,556,798	-1,745,150
Total Comprehensive Income After Tax available for appropriation		165,056,414	86,345,393
Transfer to General Reserve		44,565,232	21,836,348
Transfer to Retained Earnings		120,491,182	64,509,046
Total appropriation amount		165,056,414	86,345,393
Basic Earnings Per Share	39B	5.50	2.91
Diluted Earnings Per Share	39B	5.50	2.91
Corporate Information & Significant Accounting Policies	1-2		

Note: The Schedules referred to above form an integral part of this Statement of Financial Position. This is the Statement of Financial Position referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E



Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors

 CEO
 Director
 Chairman
 Finance Director



CKA

Statement of Changes in Equity for the Year ended 31.12.2021

in Bhutanese Ngultrum

Particulars	Share Capital	Retained Earnings	General Reserve	Investment Revaluation Reserve	Catastrophic Reserve	Total
Opening Balance as on 01.01.2020	300,000,000	59,655,033	183,731,097	6,980,601	11,803,938	562,170,669
BFRS Transitional Adjustment	-	7,810,277	-	-6,980,601	-	829,676
Adjustment of Bonus Shares Issued during the year	-	-	-	-	-	-
Earnings for the year as per BAS	-	64,509,046	21,836,348	-	-	86,345,394
Transfer to Catastrophic Reserve	-	-	-	-	1,000,000	1,000,000
Cash Dividend paid	-	(48,000,000)	-	-	-	-48,000,000
Investment Revaluation during the year	-	-	-	6,980,601	-	6,980,601
Prior Period Adjustment	-	-3,955,231	-	-	-	-3,955,231
Closing Balance as on 31.12.2020	300,000,000	80,019,125	205,567,445	6,980,601	12,803,938	605,371,109
Opening Balance as on 01.01.2021	300,000,000	80,019,125	205,567,445	6,980,601	12,803,938	605,371,109
Adjustment of Bonus Shares Issued during the year	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-
Earnings for the year as per BAS	-	120,491,182	44,565,232	-	-	165,056,414
Transfer to Catastrophic Reserve	-	-	-	-	-	-
Cash Dividend paid	-	-	-	-	-	-
Investment Revaluation during the year	-	-	-	-	-	-
Closing Balance as on 31.12.2021	300,000,000	200,510,307	250,132,677	6,980,601	12,803,938	770,427,524

Note: The Schedules referred to above form an integral part of this Statement of Financial Position. This is the Statement of Financial Position referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors


CEO

Finance Director

Director

Chairman



Statement of Cash Flow as of 31st December 2021

Particulars	2021	2020
1. Cash Flow from Operating Activities		
Profit before tax	236,597,039	114,756,189
Add: Depreciation	3,014,200	2,989,593
Add: Amortisation	94,500	88,785
Add/Less: Accumulated Depreciation adjusted	-	-1,148,348
Add/Less: Increase/(Decrease) in Current Liabilities	40,853,066	39,061,384
Add/Less: Increase/(Decrease) in Provision	-22,899,865	59,532,317
Add/Less: Decrease/(Increase) in Current Assets	-58,551,391	8,327,390
Less: Tax & Dividend Paid for last year profit	-27,210,617	-84,404,911
Less: Prior Period Taxes, Penalties Paid & Others	-12,562,923	-3,955,231
Net Cash Flow from Operating Activities (A)	159,334,008	135,247,168
2. Cash Flow from Investing Activities		
Decrease/(Increase) in Investment	-33,980,558	3,278,195
Decrease/(Increase) in Loans	-284,933,291	-110,345,511
Purchase of Property Plant & Equipment	-12,028,664	-105,757,454
Net Cash Flow from Investing Activities (B)	(330,942,513)	(212,824,770)
3. Cash flow from Financing Activities		
Increase/(Decrease) in borrowings	187,076,038	75,393,385
Net Cash Flow from Financing Activities (C)	187,076,038	75,393,385
Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	15,467,533	(2,184,217)
Change in Cash & Cash Equivalents		
Closing Cash & Cash equivalent	203,925,303	188,457,770
Less: Opening Cash & Cash equivalent	188,457,770	190,641,987
Net changes in Cash & cash equivalent	15,467,533	(2,184,217)

This is the Cash Flow Statement referred to in our report of even date

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E



Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors



CEO



Director



Finance Director





Notes forming part of Cash Flow

Particular	2021			2020		
	Local GAAP (Nu)	Remeasurement (Nu)	BAS (Nu)	Local GAAP (Nu)	Remeasurement (Nu)	BAS (Nu)
Profit Before Tax	240,033,805	-3,436,766	236,597,039	120,936,075	-6,179,887	114,756,188
Add: Depreciation	3,014,200	-	3,014,200	2,989,593	-	2,989,593
Add: Amortization	94,500	-	94,500	88,785	-	88,785
Add: Accumulation Depreciation Adjusted	-	-	-	-1,148,348	-	-1,148,348
Change in Current Assets	-58,551,392	-	-58,551,392	8,327,390	-	8,327,390
Change in Current Liabilities	37,416,300	3,436,766	40,853,066	32,881,498	6,179,887	39,061,385
Change in Loans	-284,933,292	-	-284,933,292	-110,345,511	-	-110,345,511
Change in Provision	-22,899,865	-	-22,899,865	59,532,317	-	59,532,317
Tax on Earlier years & Dividend paid	-27,210,617	-	-27,210,617	-84,404,911	-	-84,404,911
Prior period Taxes	-12,562,923	-	-12,562,923	-3,955,231	-	-3,955,231
Changes in Investments	-33,980,558	-	-33,980,558	3,278,195	-	3,278,195
Changes in PPE	-12,028,664	-	-12,028,664	-105,757,454	-	-105,757,454
Changes in Borrowings	187,076,038	-	187,076,038	75,393,385	-	75,393,385
Changes in Current Liabilities	Amount (Nu)		Changes in Current Liabilities	Amount (Nu)		
Gratuity	1,349,540		Gratuity	5,783,156		
Leave Encashment	2,427,573		Leave Encashment	3,182,121		
Staff Loan Amortization	1,899,521		Staff Loan Amortization	-726,653		
Total	5,676,634		Total	8,238,624		
Amount charged off in local GAAP	2,239,869		Amount charged off in local GAAP	2,058,737		
Additional Amount Charged off in BAS	3,436,765		Additional Amount Charged off in BAS	6,179,887		

Notes to Financial Statements-31st December 2021

Note

1.1 Corporate Information

Bhutan Insurance Limited is a limited liability Company incorporated and domiciled in Bhutan. The registered office of the Company and the principal place of business are located at Chorten Lam, Post Box # 779, Thimphu, Bhutan. The Company was incorporated on 20th August, 2009 and commenced Non-Life Insurance business on same date.

1.2 Principal Activity

The Company is primarily engaged in the business of underwriting Non-Life Insurance and is also authorized by Royal Monetary Authority to provide Financing & Investment Services, Managing Private Provident Fund (PPF) and Gratuity Fund Management (GFM).

2.1 Basis of Preparation

The financial statements have been prepared on historical cost basis, except Equity Investments which is valued on fair Value. The financial statements are presented in Bhutanese Ngultrum(Nu). The following fundamental assumptions are followed in preparation of these financial statements:

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards (BAS) in line with International Financial Reporting Standards (IFRS).

Presentation of Financial Statements

The Company presents its Statement of Financial Position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) or more than 12 months after the reporting date (non-current) is presented in notes herewith.

Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Change Impact

Financial Impact emanated out of this first time adoption is due to the following reasons:

- a) Adoption of Effective Interest Rate as stated in BAS-39, which does not have any financial impact currently.
- b) Valuation of Gratuity and Leave Encashment on the basis of Projected Unit Credit Method as stated in BAS-19.
- c) Fair Valuation of Equity Investments as per BFRS-13.
- d) Recognition of Deferred Tax Assets/Liabilities owing temporary timing differences as per BAS-12.



2.2 Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

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

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The management based its assumptions and estimates on the parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Going Concern

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

Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for discount rates, income earning potential etc.

The management has used Level-III technique as stated in BFRS-13 in valuation of Equity Investments.

Impairment Losses on Loans and Advances

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



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

Impairment on Loans and Advances has been done as per incurred loss model of BAS 39 in line with RMA Prudential Norms, 2017. The impairment loss on loans and advances is disclosed in more detail in the notes attached herewith.

2.3 First-Time Adoption of Bhutanese Accounting Standards (in line with IFRS)

The Company has decided to implement Bhutanese Accounting Standard-Phase 1 as per the notification issued by Accounting and Auditing Standards Board of Bhutan with effect from 1st January, 2013 which is referred as the "Transition Date". Phase-2 and Phase-3 of Bhutanese Accounting Standard has been implemented with effect from 01.01.2016.

Statement of Compliance

The Financial Statements of the Company has been prepared and presented in accordance with Bhutanese Accounting Standards as notified by Accounting and Auditing Standards Board with Bhutan and other relevant provisions of the Companies Act of Bhutan, 2016. The remeasurement statement as per BFRS-I has been presented in Annexure-IA & IB.

2.4 Summary of Significant Accounting Policies

Foreign Currency Translation Transactions in Foreign Currency are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction.

Monetary Assets and Liabilities in Foreign currencies are translated into functional currency at the exchange rates prevailing at the end of the reporting period.

Exchange gains and losses on foreign currency translation are dealt with in the Income Statement.

Non-monetary items are measured at historical cost.

Cash & Cash Equivalents

Cash and Cash Equivalents in the Statement of Financial Position comprise Cash at Bank, in hand and other short term investment that are expected to be liquidated within next 3 months from the date of investment

Cash Flow Statement

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

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



Loans & Advances to Customers

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

Financial Instruments-Classifications

The Company has classified Financial Instruments in the following manner as specified in BAS-39 (in line with IAS-39).

Financial Assets

- i) Fair Value through Profit & Loss Account
- ii) Loans & Advances
- iii) Held Till Maturity
- iv) Available for Sale

Presently the Company is having assets in Category (i), (ii) & (iii).

Financial Liabilities

- i) Fair Value through Profit and Loss Account
- ii) Other Liabilities

Presently the Company is having liabilities in category (ii).

De-recognition of Financial Assets & Liabilities

i) Financial Assets

A financial asset is de-recognised in the following cases:

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement.
- The Company has transferred substantially all The risks and rewards of The asset.
- The Company has neither transferred nor retained substantially all The risks and rewards of the asset, but has transferred control of the asset.

ii) Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modifications is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the considerations paid is recognised in Income Statement.



Collateral Valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and is appropriate. The Company uses active market data for valuing financial assets, held as collateral.

Offsetting Financial Instruments

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

Lease

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

Leases that do not transfer to the Company substantially all the risks and rewards incidental to the ownership of the leased items are operating leases. Operating lease payments are recognised as an expenses in the Income Statement on a straight line basis over the lease term. Contingent Rental Payable is recognised as an expense in the period in which they are incurred.

Reinsurance

The Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements. Reinsurance assets represent balances due from all insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance receivables are recorded gross in the Statement of Financial Position unless a right to offset exists. Premiums and claims are presented on a gross basis for ceded reinsurance. Reinsurance assets are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance Commissions

Commissions receivable on outward reinsurance contracts are deferred and amortized over the period in which the related written premiums are earned.

Premiums Receivable

Premiums receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable.

Other Receivables

Other Receivables and dues from related parties are recognized at carrying cost.



Non-Life Insurance Contract Liabilities

Non-Life Insurance Contract Liabilities are recognized when contracts are entered into and premiums are charged. These liabilities known as the policy liability provisions include the premiums and claim liabilities.

The premium liabilities relate to policies for which the premium has been received but the exposure has not fully expired, while the claim liabilities relate to claims that have been incurred but not yet settled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognized as premium income. At each reporting date the company reviews its unexpired risk.

The claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the Balance Sheet date. The liabilities are derecognized when the contract expires, is discharged or is it cancelled.

Recognition of Revenue

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

Premiums

Premiums are recognized as income, as and when due on assumption of risk.

Reinsurance Premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the re-insurers.

Interest and similar Income and Expense

Interest and similar income and expense has been recognised using the effective interest rate.

Effective Interest Rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Commission Income

The Company earns commission income by issuing Bank Guarantee.

The Commission income earned is accounted on Cash basis.

Dividend Income

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



Expenditure Recognition

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit for the year.

Reinsurance Claims

Reinsurance Claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

Property, Plant & Equipment

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

Historical Cost includes expenditure directly attributable to the acquisition of items. Subsequent Costs are included in the asset's carrying amount or recognised as a separate assets as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Income Statement in the financial period in which they are incurred.

Depreciation has been calculated on straight line basis as per the useful life estimated by the management and calculated on pro-rata basis from the date of purchase. The useful life of assets and rates of depreciation are as follows:

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

Intangible Assets

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

Details of Asset	Useful Life(in years)	Rates(%)
Software	6.67	15

Gains & Losses on Disposal

Gains & Losses on Disposal of an item of property, plant & equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment, and are



recognized net within “Other Income/Other Expenses” in the Statement of Comprehensive Income.

De-Recognition

The carrying Amount of an item of Property, Plant & Equipment is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising on de-recognition of an item of Property, Plant & Equipment are included in the Statement of Comprehensive Income when the item is de-recognized.

Equity Investments

Investments in Equity has been recognized at Fair Value on the basis of Level-III technique of BFRS-13 . The value of investments is tested for impairment as and when there is an indicator of the same.

Share Capital

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

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when it is approved by the Shareholders of the Company. Interim Dividends are deducted from equity when they are declared.

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

Income Taxes

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

The Income Tax charge comprises current tax is recognized in the Statement of Comprehensive Income for the year.

Current Tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

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

Deferred Tax

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



Staff Costs and related contributions

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

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is higher of an asset's or Cash Generating Unit's fair value less costs to sell and its value in use. When the carrying amount of an asset or Cash Generating Unit's exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Provisions, Contingent Assets & Contingent Liabilities The Company recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources- embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liability is disclosed unless the possibility of an outflow of resources embodying economic is remote. Contingent Assets are not recognized in the financial statements.

Operating Segments

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

Operating segments have been identified based on the information provided to the Chief Operating Decision maker and are reported separately.



Notes to Financial Statements-31st December 2021

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3. Cash & Cash Equivalents	31st December 2021	31st December 2020
General Insurance Department-Note-3A		
Cash in hand & Balances with Bank	83,727,855	80,478,444
Finance & Investment Department-Note-3B		
Cash in hand & Balances with Bank	97,288,494	77,136,570
Fixed Deposit (Maturing within 3 Months)		
PPF/GFM Department-Note-3C		
Cash in hand & Balances with Bank	22,908,954	30,842,756
Total Cash & Cash Equivalents (3A+3B+3C)	203,925,303	188,457,770

The term "Cash & Cash Equivalents" included Cash at Bank, in hand and any investments which are to be liquidated within the period of 3 Months from the date of investment.

4. Loans & Advances to Customers				
Finance & Investment Department-Note-4A				
	31st December 2021		31st December 2020	
	Current	Non Current	Current	Non Current
Manufacturing/Industry Sector Loan	45,898,483	188,141,970	31,280,810	155,622,515
Service Sector Loan	41,647,574	32,819,162	22,742,099	31,312,756
Trade/Commerce Sector Loan	180,878,011	160,398,340	154,793,554	101,779,710
Housing Sector Loan	-	786,505,852	-	806,549,592
Transport Sector Loan	-	613,275,029	-	586,398,035
Loans to Purchase Securities	-	66,082,514	-	29,122,492
Personal Loan	-	34,076,324	-	31,661,970
Staff Loan	-	28,583,494	-	22,332,433
Agriculture loan	-	916,438	1,134,543	178,636
Consumer Loan	144,343,970	2,781,617	72,863,384	3,552,543
Late Fees	257,283	-	2,462,851	-
Total Gross Loans & Advances	413,025,321	1,913,580,739	285,277,240	1,768,510,681
Gross Loans & Advances	413,025,321	1,913,580,739	285,277,240	1,768,510,681
Less: Prepaid Staff Cost	-	3,498,589		4,916,113
Total Loans & Advances	413,025,321	1,910,082,150	285,277,240	1,763,594,568



Details of Provision for Loan Impairment are as follows:	31st December 2021	31st December 2020
Impairment as per BAS-39-Incurred Loss Model	244,481,915	272,043,581
Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017	244,481,915	272,043,581

Percentage of Provision for Loan Impairment is 10.51 % (P.Y :13.25% of Total Loans & Advances.)	31st December 2021	31st December 2020
Gross Loans & Advances	2,326,606,060	2,053,787,922
Less: Staff Loan Unammortized	5,398,110	3,462,807
Total Loans & Advances	2,321,207,950	2,050,325,115

Economic sector risk concentrations within the gross loans & advances to customers are as follows:	31st December 2021	%	31st December 2020	%
Manufacturing/Industry Sector Loan	234,040,453	10.06	186,903,325	9.10
Service Sector Loan	74,466,737	3.20	54,054,855	2.63
Trade/Commerce Sector Loan	341,276,351	14.67	256,573,264	12.49
Housing Sector Loan	786,505,852	33.80	806,549,592	39.27
Transport Sector Loan	613,275,029	26.36	586,398,035	28.55
Loans to Purchase Securities	66,082,514	2.84	29,122,492	1.42
Personal Loan	34,076,324	1.46	31,661,970	1.54
Staff Loan	28,583,494	1.23	22,332,433	1.09
Agriculture loan	916,438	0.04	1,313,179	0.06
Consumer Loan	147,125,586	6.32	76,415,927	3.72
Late Fees	257,283	0.01	2,462,851	0.12
Total Gross Loans & Advances to Customers	2,326,606,060	100	2,053,787,922	100

PPF & GFM Department (New)-Note-4B	31st December 2020		31st December 2020	
Consumer Loan (Loan against PPF)	4,785,348	23.17	2,799,747	32.79
Transport Sector Loan	13,390,806	64.84	4,358,951	51.05
Personal Loan	2,477,447	12.00	1,379,749	16.16
	20,653,601	100	8,538,447	100
		31.12.2021		31.12.2020
Total Gross Loans & Advances (4A+4B)		2,341,861,551		2,058,136,909



5. Instruments Held Till Maturity	31 st December 2021		31 st December 2020	
	Current	Non-Current	Current	Non-Current
General Insurance Department-Note-5A				
Investment in RICBL Bond (30,000 Bonds @ 1000 per bond)	-	30,000,000	-	30,000,000
Investment in Dungsum Cement Bond (30,000 Bonds @ 1000 per bond)	-	30,000,000	-	30,000,000
Fixed Deposit (Maturing within 12 Months)	-	-	-	-
Total	-	60,000,000	-	60,000,000

Finance & Investment Department-Note-5B	Current	Non Current	Current	Non Current
Fixed Deposit (Maturing within 12 Months)	125,000,000	-	125,000,000	-
Total	125,000,000	-	125,000,000	-
Total Investment Held Till Maturity	125,000,000	60,000,000	125,000,000	60,000,000
Total Investment Held Till Maturity (5A+5B)		185,000,000		185,000,000

6. Equity Investment				
General Insurance Department-Note-6A	Current	Non Current	Current	Non Current
Equity Investment with BNBL	-	44,273,272	-	15,148,532
Equity Investment with CIB	-	3,995,159	-	3,995,159
Equity Investment with FITI	-	6,000,000	-	6,000,000
Total	-	54,268,431	-	25,143,691
Funds Advanced to Finance & Investment Department	405,692,290	-	319,491,966	-
Total Investment-General Insurance Department	405,692,290	54,268,431	319,491,966	25,143,691

The Equity Investment has valued based on Audited Financial Statements of CIB and FITI of year 2019 as per the Level-III technique as stated in BFRS-13 (in line with IFRS-13). The details of valuation is as follows:

PPF & GFM Department (Old Fund)-Note-6B	Current	Non Current	Current	Non Current
PPF investment fund with Inv. Dept (Old Fund)	304,572,175	-	280,098,498	-
GFM investment fund with Inv. Dept (Old Fund)	189,369,860	-	638,086,741	-
Total	493,942,035	-	918,185,239	-



PPF & GFM Department (New Fund)-Note-6C				
	Current	Non Current	Current	Non Current
Investment Fund with FID	761,923,695		17,685,365	-
Equity Investment with BNBL	-	4,855,818		-
	761,923,695	4,855,818	17,685,365	-
Total Equity Investments (6A+6B+6C)	-	59,124,249	-	25,143,691

Equity Investment with CIB	31st December 2021		31st December 2020	
Cost Price		1,750,000		1,750,000
Add: Revaluation during the year 2020		2,245,159		2,245,159
Total Revalued Amount		3,995,159		3,995,159
Equity Investment with FITI			31st December 2020	
Cost Price				6,000,000
Add: Revaluation during the year 2020				-
Total Revalued Amount				6,000,000

7. Insurance Receivable

	31st December 2021		31st December 2020	
	Current	Non Current	Current	Non Current
General Insurance Department-Note-7A				
Insurance Premium Receivable	49,770,549	-	5,500,741	-
RI Receivable	15,226,676	-	51,776,545	-
Total Insurance Receivable	64,997,225	-	57,277,286	-

All the insurance assets has not been tested for impairment as on reporting date owing to lack of objective evidences as per BFRS-4.

8. Other Assets				
General Insurance Department-Note-8A				
Salvage Amount Receivable	668,019	-	213,019	-
Security Deposit for Office Space	327,358	-	265,358	-
RMA Reserve	30,000	-	30,000	-
Advance CIT & TDS	18,472,383	-	794,352	-
RMA Penalty Deposit A/c	100,000	-	100,000	-
Other Advance	1,371,769	-	330,457	-

Interest Receivable on Bonds	1,662,500	-	1,662,500	-
BIL Employees Gratuity Fund Investment (RICBL)	5,398,018	-	5,068,562	-
Advance for Apartment Purchase at Phuentsholing	-	-	4,500,000	-
Interest Receivable on BIL Employees Gratuity Fund Investment (RICBL)	350,871	-	329,457	-
Vehicle Scrap Purchase Advance Payment	961,815	-	961,815	-
Tax Refund Receivable from RRCO	632,256	-	2,478,975	-
Total	29,974,989	-	16,734,494	-
Interest on Funds Advanced to Finance & Investment Department	26,781,358	-	24,776,398	-
Counter Entry of FID Last Year Reserve	213,605,292	-	214,387,100	-
Management Fees Receivable from PPF & GFM (Old Fund) Finance & Investment Department	9,838,525	-	33,755,847	-
Management Fees Receivable from PPF & GFM (New Fund)	362,232	-	929,861	-
Prepaid Staff Cost	-	-	726,653	-
Total	280,562,396	-	291,310,354	-
Finance & Investment Department-Note-8B				
Interest Receivable on Fixed Deposits	3,972,945	-	4,651,844	-
Prepaid Staff Cost	3,498,589	-	4,916,113	-
Advance CIT & TDS	355,356	-	371,693	-
Asset Pending Foreclosure Account	38,286,193	-	-	-
PPF & GFM Control A/c	-	-	-	-
Total	46,113,083	-	9,939,650	-
Total Other Assets (8A+8B)	76,088,072	-	26,674,144	-
PPF & GFM Department-Note 8C				
PPF Interest Receivable on Investment fund with Inv. Dept (Old Fund)	19,651,136	-	18,559,085	-



GFM Interest Receivable on Investment fund with Inv. Dept (Old Fund)	16,567,870	-	42,899,168	-
Total	36,219,006	-	61,458,252	-
PPF & GFM Department (New Fund)-Note 8D				
Interest receivable on investment with FID (New Fund)	16,056,080	-	608,710	-
Total	16,056,080	-	608,710	-



9. Property, Plant & Equipment							
Cost	Office Equipment	Furniture & Fittings	Computer, Printer & Others	Motor Vehicles	Land	Building	Total (Nu)
Balance as at 1st January	4,203,633	4,777,836	11,194,149	6,733,308	105,105,788	-	132,014,714
Additions during the year	168,540	475,968	2,691,819	115,000	216,337	8,241,000	11,908,664
Disposals during the year	-	-	-	-	-	-	-
Balance as at 31st December 2021	4,372,173	5,253,804	13,885,968	6,848,308	105,322,125	8,241,000	143,923,378
Depreciation							
Balance as at 1st January	3,723,188	4,332,333	9,886,744	6,322,467	-	-	24,264,732
Depreciation charge for the year	97,348	788,071	1,964,574	81,572	-	82,636	3,014,200
Accumulated Depreciation adjusted	-	-	-	-	-	-	-
Balance as at 31st December 2021	3,820,536	5,120,404	11,851,318	6,404,039	-	82,636	27,278,932
Book Value as on 31st December 2021	551,637	133,400	2,034,650	444,269	105,322,125	8,158,364	116,644,446
Balance as at 31st December 2020	480,445	445,503	1,307,405	410,841	105,105,788	-	107,749,981

All the units of Property, Plant & Equipment has not been tested for impairment as on the reporting date owing to lack of objective evidences as per BAS-36.



10. Intangible Assets	2021	2020
Cost		
Balance as at 1st January 2021	9,829,055	9,308,555
Additions during the year	120,000	520,500
Balance as on 31st December 2021	9,949,055	9,829,055
Ammortization		
Balance as at 1st January 2021	8,977,183	8,888,398
Amortisation charge for the year	94,500	88,785
Balance as on 31st December 2021	9,071,683	8,977,183
Book Value as on 31st December 2021	877,372	851,872

Intangible assets represent the cost of acquisition (Nu. 7.524 million) of an Insurance Management System from

M/s. Nest Innovative, Kolkata, India in year 2013 and a Loan Management System (Nu.0.5 million) from DPS, Kolkata, India in year 2012.

Segment wise Depreciation & Amortization Cost	Total Amount (Nu)
General Insurance Department	1,554,350
Finance & Investment Department	1,068,227
PF/GF(New) Fund	486,123
	3,108,700

11. Insurance Contract Liabilities				
	31st December 2021		31st December 2020	
	Current	Non current	Current	Non current
Claim Outstanding	48,866,200	-	47,183,498	-
Referral Fees Payable	3,734,418	-	3,680,076	-
Total Insurance Contract Liabilities	52,600,618	-	50,863,574	-

12. Reinsurance Contract Liabilities				
RI Ceded Payable	-	-	-	-
Total Reinsurance Liabilities	-	-	-	-

The Company has internally tested the Insurance Liabilities as per BFRS-4 and it is found to be adequate.

13. Subordinate Term Debt				
ESP Bond	-	120,000,000	-	120,000,000
Total Subordinate Term Debt	-	120,000,000	-	120,000,000

The Company has issued bonds of Nu. 120,000,000 at a coupon rate of 6% under Economic stimulus Plan as formulated by Royal Government of Bhutan.



14. Borrowed Funds				
Finance & Investment-Note-14A				
	31st December 2021		31st December 2020	
	Current	Non current	Current	Non current
Borrowings from BNBL & GIC Bhutan Re	180,000,000	-	330,000,000	-
Borrowings from BNBL	16,309,372	-	21,581,066	-
Contribution Received from PPF (Old Fund)	304,572,175	-	280,098,491	-
Contribution Received from SWF	1,740,668	-	2,055,652	-
Contribution from Gratuity Fund (Old Fund)	189,369,860	-	638,086,741	-
Total Borrowed Funds	691,992,076	-	1,271,821,949	-
Funds Borrowed by PF/GF Department(New)	761,923,695	-	17,685,365	-
Funds Borrowed by Finance & Investment	405,692,290	-	319,491,966	-
Department from General Insurance				
Total Borrowed Funds	1,859,608,061	-	1,608,999,280	-
PPF & GFM Depatment-Note-14B				
Member's Contribution Fund less Refund (Old Fund)				
Private Provident Fund	-	304,572,175	-	280,098,491
Gratuity Fund	-	189,369,860	-	638,086,741
	-	493,942,035	-	918,185,232
PPF & GFM Depatment (New Fund)-Note-14C				
Member's Contribution Fund less Refund (New Fund)				
Private Provident Fund	-	63,212,277	-	28,058,995
Gratuity Fund	-	761,718,533	-	29,965,903
	-	824,930,810	-	58,024,898
Total (14A+14B+14C+14D)	1,516,922,885	-	1,329,846,847	-
15. Employee Benefit Obligation				
Gratuity Fund Payable(Defined Benefit Obligation)	13,330,896	-	12,363,196	-
Leave Encashment Payable	2,799,182	-	2,305,404	-
Total Employee Benefit Obligation	16,130,078	-	14,668,600	-
The movement in the Net Defined Benefit Obligation is as follows:				
Opening Balance	12,363,196		9,789,351	



Service Cost	1,848,386		1,960,724	
Interest Cost	869,101		652,236	
Benefits Paid During the year	-381,840		-563,047	
Net Acturial (Gain) / Loss	-1,367,947		523,932	
Closing Balance	13,330,896		12,363,196	

The Employee Benefit Obligations for Gratuity and Leave Encashment has valued as per projected unit credit method as stated in BAS-19. The Valuation has been done by external actuaries on the basis of following assumptions:

a) Discount Rate(%)	7.14
c) Rate of Compensation Increase(%)	6
d) Average Expected Future Service	24/14/0
e) Average Duration of Liabilities	7
f) Superannuation at Age-Male	56/58/60
g) Superannuation at Age-Female	56/58/60
h) Early Retirement & Disablement	10 per thousand p.a 6 above age 45 3 between 29 and 45 1 below age 29
i) Voluntary Retirement	Ignored
j) Mortality Table	IALM(2012-2014)

The Company has specific segment which manages the Gratuity Fund of various corporates.

Leave Encashment

The movement in the Net Defined Benefit Obligation is as follows:

Opening Balance	2,305,404
Service Cost	210,647
Interest Cost	95,569
Benefits Paid During the year	-1,933,795
Net Acturial (Gain) / Loss	2,121,357
Closing Balance	2,799,182

The Employee Benefit Obligations for Gratuity and Leave Encashment has valued as per projected unit credit method as stated in BAS-19. The Valuation has been done by external actuaries on the basis of following assumptions:

a) Discount Rate(%)	7.14
c) Rate of Compensation Increase(%)	6
d) Average Expected Future Service	24/14/0
e) Average Duration of Liabilities	7
f) Superannuation at Age-Male	56/58/60
g) Superannuation at Age-Female	56/58/60



h) Early Retirement & Disablement	10 per thousand p.a
	6 above age 45
	3 between 29 and 45
	1 below age 29
i) Voluntary Retirement	Ignored
j) Mortality Table	IALM(2012-2014)

17. Tax Payable	31st December 2021		31st December 2020	
	Current	Non Current	Current	Non Current
Provision for Tax	60,008,451	-	27,210,617	-
Total Tax Payable	60,008,451	-	27,210,617	-
18. Provisions & Contingencies				
Unexpired Risk Reserve	82,535,435	-	77,873,633	-
Impairment on Loan	244,481,915	-	272,043,581	-
Provision on other doubtful debts	170,257	-	170,257	-
Total Provisions & Contingencies	327,187,607	-	350,087,471	-
Unexpired Risk Reserve as on 01.01.2021	77,873,633	-	73,935,003	-
Add: Additional Unexpired Risk Reserve	4,661,802	-	3,938,630	-
Unexpired Risk Reserve as on 31.12.2021	82,535,435	-	77,873,633	-

Provision on Loan has been measured on the basis of Prudential Regulations, 2017 as a matter of conservative approach.

The details has been presented as:

Category	Days	% Rate
1. Standard	Upto 30	1%
2. Watch	31 - 90	1.5%
3. Sub standard	91 - 180	20% and 30% for highest exposure except Agriculture sector
4. Doubtful	181 - 365	50% and 60% for highest exposure except Agriculture sector
5. Loss	> 366	100%
6. Term Expired	-	100%



Break of Provisions:		
General Insurance Department-Note-18A	2021	2020
Provision for Unexpired Risk as per Last Account	77,873,633	73,935,003
Add: Provision for Unexpired Risk Current Year	4,661,802	3,938,630
Provision for Doubtful Debt	170,257	170,257
Total	82,705,692	78,043,890
Financing & Investment Department-Note-18B	2021	2020
i) Provision for Standard Loan as per Last Year A/c.	11,881,406	12,011,333
Add:- Additional Provision for Current Year	6,122,693	(129,927)
Total	18,004,099	11,881,406
ii) Provision for Watch Loan as per Last Year A/c.	5,589,383	10,486,966
Add:- Additional Provision for Current Year	(1,855,306)	(4,897,583)
Total	3,734,077	5,589,383
iii) Provision for Sub standard Loan as per Last Year A/c.	45,548,264	4,531,842
Add:- Additional Provision for Current Year	(37,109,828)	41,016,422
Total	8,438,436	45,548,264
iv) Provision for Doubtful Loan as per Last Year A/c.	46,373,674	31,801,388
Add:- Additional Provision for Current Year	(34,708,181)	17,401,194
Total	11,665,493	49,202,582
v) Provision for Loss exposure Loan as per Last Year A/c.	37,152,090	77,687,360
Add:- Additional Provision for Current Year	27,915,654	(23,476,914)
Total	65,067,744	54,210,446
vi) Provision for Term expired Loan as per Last Year A/c.	35,241,037	42,096,383
Add:- Additional Provision for Current Year	(13,364,087)	819,056
Total	21,876,950	42,915,439
vii) Dynamic Provision as per last year A/c.	62,605,694	37,814,485
Add:- Additional Provision for Current Year	(62,605,694)	24,791,209
Total	-	62,605,694
viii) Specific provision adjustment for write back last year A/c.	-	-
Add:- Additional Provision for Current Year	115,604,749	-
Total	115,604,749	-
Total (i + ii + iii + iv + v + vi+vii+viii)	244,391,548	271,953,214
PPF & GFM Department (New Fund Loan)-Note-18C	2021	2020
i) Provision for Standard Loan as per Last Year A/c.	65,505	6,178
Add:- Additional Provision for current Year	86,581	59,327
Total	152,086	65,505
ii) Provision for Watch Loan as per Last Year A/c.	24,862	2,566



Add:- Additional Provision for current Year	41,184	22,296
Total	66,046	24,862
iii) Provision for Term Expired Loan as per Last Year A/c.	-	11,391
Add:- Additional Provision for current Year	-	(11,391)
Total	-	-
iv) Specific provision adjustment for writeback last year A/c.	-	-
Add:- Additional Provision for current Year	(127,766)	-
Total	(127,766)	-
Total (i+ii+iii)	90,367	90,367
Finance & Investment Department		
Provision Against Loan Charged for the Year	2021	2020
i) Provision for Standard Loan for the Year	6,122,693	(129,927)
ii) Provision for Watch Loan for the Last Year	(1,855,306)	(4,897,583)
iii) Provision for Sub-standard Loan for the Year	(37,109,828)	41,016,422
iv) Provision for Doubtful Loan for the Year	(34,708,181)	17,401,194
v) Provision for Loss Exposure Loan for the Year	27,915,654	(23,476,914)
vi) Provision for Term Expired Loan for the Year	(13,364,087)	819,056
vii) Dynamic Provision for current Year	(62,605,694)	24,791,209
viii) Writeback Provision adjustment for current Year	115,604,749	-
Total	-	55,523,457
PF/GF Department		
Provision Against Loan Charged for the Year	2021	2020
i) Provision for Standard Loan for the Year	86,581	59,327
ii) Provision for Watch Loan for the Last Year	41,184	22,296
iii) Provision for Term Expired for the Year	-	(11,391)
iv) Writeback Provision adjustment for current Year	(127,766)	-
Total	-	70,232



Provision on Loan outstanding Principal amount for the Non-Performing Loans is made as per the guidelines issued by Royal Monetary Authority of Bhutan at the following rate revised with effect from 31st. December 2012 and further amendment as per the Prudential Regulation 2017.

19. Other Liabilities

General Insurance Department-Note-19A

Outstanding Expenses	1,313,998	-	1,338,394	-
Stale Cheques	946,102	-	2,015,642	-
Unclaim Dividend	12,281,537	-	13,137,444	-
Differ Tax Liability	-4,537	-	1,538	-
TDS Payable to RRCO	-	-	3,625	-
Tax Rebate Payable	5,660,510	-	-	-
Interest Payable to ESP Fund	5,266,849	-	5,266,849	-
Unearned Insurance Charges	21,590,658	-	13,505,492	-
Other Payables	398,920	-	444,523	-
Total	47,454,038	-	35,713,507	-
Counter Entry of PF & GFM Last Year Reserve(New Fund)	9,450,311		1,631,494	
Total	56,904,349	-	37,345,001	-
Finance & Investment Department-Note-19B				
Interest Payable to BNBL & GIC Re.	1,341	-	1,769	-
Interest Payable to DPNBL	-	-	-	-
Interest Payable to PPF A/c (OLd Fund)	19,651,136	-	18,559,085	-
Interest Payable to PF/GF A/c (New Fund)	16,056,080	-	608,710	-
Interest Payable to Gratuity Liability (New Fund)	-	-	-	-
Interest Payable to SWF	145,162	-	75,016	-
Interest Payable to Gratuity Fund (Old Fund)	16,567,870	-	42,899,168	-
Interest in Suspense-RMA Provision	20,533,028	-	42,386,344	-
Late Fee Suspense A/c	257,280	-	2,462,851	-
CIB Charges Payable	-	-	-	-
Asset Pending Foreclosure A/c	38,286,193			



Other Payables	51,578	-	713,833	-
Stale Cheques	35,569	-	151,220	-
Total	111,585,236	-	107,857,996	-
Interest Payable on Funds Borrowed from	26,781,358	-	24,776,398	-
General Insurance Department		-		
Management Fees Payable to General Insurance Department	9,838,525	-	33,755,847	-
Total	148,205,120	-	166,390,242	-
PPF & GFM Department-Note-19C				
PPF Interest Payable to Member's Contribution	19,651,136	-	18,559,085	
GFM Interest Payable to Member's Contribution	16,567,870	-	42,899,168	
	36,219,006		61,458,252	
PPF & GFM Department (New Fund)-Note-19D				
PPF Interest Payable to Member's Contribution	4,770,864		3,344,038	
GFM Interest Payable to Member's Contribution	38,591,096		4,736,426	
Management Expenses Payable to GAD	362,232		929,861	
Interest in Suspense A/c	-		-	
Late Fee Suspense A/c	-		-	
	43,724,192		9,010,326	
Total Other Liabilities (19A+19B+19C+19D)	186,345,154	-	151,043,257	-

20A. Share Capital		
Authorized Capital (50,000,000 Equity Shares of Nu.10 each)	500,000,000	500,000,000
Issued, Subscribed and Paid Up - Opening Balance (30,000,000 Equity Shares of Nu.10 each)	300,000,000	300,000,000
Total Share Capital	300,000,000	300,000,000
20B. Reserve & Surplus		
Retained Earnings	200,510,307	80,019,125
General Reserve	250,132,677	205,567,445
CAT Reserve	12,803,938	12,803,938
Investment Revaluation Reserve	6,980,601	6,980,601



Total Reserve & Surplus	470,427,524	305,371,109
Total Equity	770,427,524	605,371,109
Reconciliation of Reserve & Surplus	31st December 2021	31st December 2020
Reserves as per Local GAAP	206,627,809	291,966,632
BAS Adjustments	-6,117,501	-6,380,062
Total Reserve & Surplus as per BAS	200,510,307	285,586,570
Investment Revaluation Reserve		
Investment in Credit Information Bureau	2,245,159	2,245,159
Investment in Bhutan National Bank	4,735,442	4,735,442
Total Investment Revaluation Reserve	6,980,601	6,980,601

21. Net Earned Premium	2021	2020
Fire	175,388,849	150,224,142
Marine	5,819,861	5,291,681
Motor	121,506,961	122,258,610
Misc.	108,995,038	41,691,498
Gross Written Premium (Direct+Accepted)	411,710,709	319,465,932
Premium Ceded to Reinsurers	-234,070,524	-142,332,842
Net Written Premium	177,640,185	177,133,090
Change in Unexpired Risk Reserve	-4,661,802	-3,938,630
Net Earned Premium	172,978,383	173,194,460
Premium Direct		
Fire	161,803,244	138,638,555
Marine	5,819,861	5,291,681
Motor	121,506,961	122,258,610
Misc.	108,995,038	41,691,498
Total Premium (Direct)	398,125,104	307,880,344
Premium Accepted		
Fire	13,585,605	11,585,588
Misc.	-	-
Total Premium (Accepted)	13,585,605	11,585,588
Premium Ceded to Reinsurers		
Fire	101,938,092	73,457,778
Marine	2,674,457	2,096,973
Motor	37,585,517	33,255,859
Misc	91,872,458	33,522,232
Total Premium Ceded to Reinsurers	234,070,524	142,332,842
Net Change in reserve for Unearned Premium		
Opening Balance as per Last Year account	77,873,633	73,935,003



	2021	2020
Add/Less: Increase/(Decrease) during the year	4,661,802	3,938,630
	82,535,435	77,873,633
Reserves for un-expired risks amounting to Nu. 82,535,435 (PY Nu. 77,873,633) has been recognized in respect of General Insurance Business at 1/24th method.		
22. Finance Income		
Interest Income on Bond	5,250,000	5,250,000
Interest Income on Fixed Deposits	6,428,219	6,644,467
Dividend Income	-	31,933
Profit on Revaluation on Equity Investment	-	-
Total Finance Income	11,678,219	11,926,401
General Insurance Department-Note-22A		
Interest Income on Bond	5,250,000	5,250,000
Interest Income on Fixed Deposits	-	-
Dividend Income	-	31,933
Profit on Revaluation on Equity Investment	-	-
Interest on Funds Borrowed to Finance & Investment	26,781,358	24,776,398
Total	32,031,358	30,058,331
Finance & Investment Department-Note-22B		
Interest Income on Fixed Deposits	6,428,219	6,644,467
Total	6,428,219	6,644,467
PF/GF Department (New Fund)-Note-22C		
Interest Income on Funds Disbursed to Finance & Investment Dept	16,056,080	714,603
Total	16,056,080	714,603
23. Commission Income (Resinsurance Ceded)		
Fire	25,352,737	19,232,839
Marine	746,120	642,932
Motor	6,334,283	6,425,663
Misc.	7,891,772	7,675,315
Total Commission income	40,324,911	33,976,749
Commission Expenses (Referral Fees)		
Fire	1,952,224	2,030,478
Marine	64,780	73,467
Motor	1,352,473	1,692,440
Misc.	1,213,205	710,780
Total Commission Expenses (Referral Fees)	4,582,682	4,507,165
Brokerage Expenses (Broker)		
Fire	332,210	196,898
Marine	11,024	7,124



	2021	2020
Motor	230,151	164,118
Misc.	206,451	68,925
	779,836	437,067
Total Commission Expenses	5,362,518	4,944,231
Net Commission Income	34,962,393	29,032,517
24. Net interest Income		
Interest Income		
Commercial Vehicle Loan	67,112,980	34,780,009
Commercial Establishment Loan	32,955,498	18,781,656
Industrial Manufacturing Loan	19,841,865	9,658,762
Service & Tourism Loan	5,742,720	3,903,628
Housing Loan	79,970,198	39,645,081
Personal Loan	16,417,880	6,825,985
Consumer Loan	353,656	284,919
Staff Loan	1,943,698	1,906,777
PF/GF Loan (New Fund)	1,634,547	547,776
Agricultural Loan	155,405	76,943
Loan Against Share	5,915,467	1,934,789
Less: Interest in Suspense-As per RMA Provision	10,835,704	-16,549,192
Total Interest Income	242,879,617	101,797,134
Interest Income-24(i)		
Total Interest Income	242,879,617	101,797,134
PF/GF Loan (New Fund)	1,634,547	547,776
Total Interest Income-Finance & Investment Dept	241,245,070	101,249,358
Interest Income-24(ii)		
Interest Income-PF/GF(New Fund)	1,634,547	547,776
Total Interest Income-PF/GF (New)	1,634,547	547,776
Interest Expense		
Interest on borrowed Funds (GIC Re.)	16,421,438	13,926,029
Interest on borrowed Funds (DPNBL)	-	-
Interest on PPF Fund	19,651,136	18,559,085
Interest on PF/GF (New Fund)	43,361,955	608,710
Interest on Loan from BNBL	574,524	883,648
Interest on Loan from BDBL	-	1,266,516
Interest on SWF	145,162	75,016
Interest on Staff Gratuity A/c (Old Fund)	16,567,870	49,334,528
Interest paid on ESP bond	7,200,000	7,200,000
Listing Fees of ESP bond		



	2021	2020
Brokerage charges on BNBL equity investment		
Total Interest Expense	103,922,085	91,853,533
Net Interest Income (24A+24B+24C+24D)	138,957,532	9,943,601
General Insurance Department-Note-24A		
Interest on ESP Bond	7,200,000	7,200,000
Listing Fees of ESP Bond	-	-
Total	7,200,000	7,200,000
Finance & Investment Department-Note-24B		
Interest on borrowed funds from Bank	16,995,962	16,076,194
Interest on PPF Fund (Old Fund)	19,651,136	18,559,085
Interest on PF/GF (New Fund)	16,056,080	608,710
Interest on SWF	145,162	75,016
Interest on Staff Gratuity A/c (Old Fund)	16,567,870	42,899,168
Interest on Funds Borrowed from General Insurance Department	26,781,358	24,776,398
Total	96,197,569	102,994,571
PPF & GFM DEPT (Old Fund)-Note-24C		
PPF Interest Payable to Member's Contribution	19,651,136	18,559,085
GFM Interest Payable to Member's Contribution	16,567,870	42,899,168
Total	36,219,006	61,458,252
PPF & GFM DEPT (New Fund)-Note-24D		
PPF Interest Payable to Member's Contribution	4,770,864	3,344,038
GFM Interest Payable to Member's Contribution	38,591,091	4,736,425
25. Other Operating Income		
Gurantee Commission	3,046,885	1,626,049
Earned Insurance Charges	24,878,698	32,704,174
Administration & other Charges	175,362	85,306
Late fees Income (Net of Suspense)	2,005,769	1,915,434
Sale of Scraps	5,619,286	6,641,423
Sale of Old Vehicles (Old IOW)	-	160,000
Exchange gain/(loss)	520,200	-373,021
50% Interest on Loan from Govt (COVID 19 Relief Scheme)	-	80,768,810
Misc Income	80,136	69,828
Total Other Operating Income (25A+25B)	36,326,337	123,598,002
General Insurance Department-Note-25A		
Earned Insurance Charges	24,878,698	32,704,174
Sale of Scraps	5,619,286	6,641,423
Sale of Old Vehciles (Old IOW)	-	160,000



	2021	2020
Exchange Gain/(Loss)	520,200	-373,021
Misc Income	80,136	69,828
Total	31,098,321	39,202,403
Finance & Investment Department-Note-25B		
Gurantee Commission	3,046,885	1,626,049
50% Interest on Loan from Govt (COVID 19 Relief Scheme)	-	80,768,810
Administration & other Charges	175,362	85,306
Late fees Income (Net of Suspense)	2,005,769	1,915,434
Total	5,228,016	84,395,599
26. Claim Expenses		
Gross Claims Expenses	149,107,331	157,713,191
Less: Claims Ceded to Reinsurers	74,205,031	60,860,044
Net Claim Expenses	74,902,299	96,853,147
Gross Claims		
Claims Paid (including Advance) (26a)	147,424,629	145,066,084
Add: Claims outstanding at the end of year (26b)	47,651,200	46,373,498
Add: IBNR Claims at the end of the year	1,215,000	810,000
Less: Claims outstanding at the beginning of the year (26c)	46,373,498	33,955,291
Less: IBNR Claims at the beginning of the year	-810,000	-581,100
Total Gross Claims Expenses	149,107,331	157,713,191
26a. Claims Paid (including advance)		
Fire	14,513,610	11,993,191
Marine	-	65,167
Motor	116,383,709	124,806,817
Misc.	16,527,310	8,200,909
Total Claims Paid	147,424,629	145,066,084
26b. Outstanding Claims at the end of the Year		
Fire	7,433,739	439,000
Marine	3,702,700	1,316,900
Motor	31,135,961	40,432,104
Misc.	5,378,800	4,185,494
Total Outstanding Claims at the end of the Year	47,651,200	46,373,498
26c. Outstanding IBNR Claims at the end of the Year		
Fire	300,000	200,000
Motor	300,000	200,000
Misc.	615,000	410,000
	1,215,000	810,000



	2021	2020
26d. Outstanding Claims at the beginning of the Year		
Fire	439,000	634,250
Marine	1,316,900	1,233,400
Motor	40,432,104	31,179,891
Misc.	4,185,494	907,750
Total Outstanding Claims at the beginning of the Year	46,373,498	33,955,291
26e. Outstanding IBNR Claims at the beginning of the Year		
Fire	200,000	551,000
Motor	200,000	30,100
Misc	410,000	-
	810,000	581,100
Claims on Reinsurance Ceded		
Fire	7,372,429	4,988,290
Marine	9,508	1,543
Motor	58,188,997	50,915,240
Misc.	8,634,097	4,954,971
Total on Claims on Reinsurance Ceded	74,205,031	60,860,044
27. Other Operating & Administrative Expenses		
Employees remuneration and welfare benefit (27a)	34,967,847	35,356,091
Communication expenses	1,878,708	1,836,135
Training expenses	224,863	256,442
Rental charges	2,332,588	2,130,124
Repairs & Maintenance	414,896	162,897
Printing and stationary	662,644	468,523
Legal and Professional Charges	1,408,720	1,228,536
Advertisement and publicity	999,202	1,183,710
Other Misc. expenses	729,422	593,853
Total Other Operating & Administrative Expenses	43,618,891	43,216,311
Expenses Allocation		
Fire Insurance	18,581,647	16,884,613
Marine Insurance	615,026	881,613
Motor Insurance	12,871,935	18,768,844
Miscellaneous Insurance	11,550,282	6,681,242
	43,618,891	43,216,311
Details of Employee Remuneration & Welfare Benefit		
Salaries to staff	15,626,521	14,843,498



	2021	2020
PF (BIL Share)	1,489,415	1,426,862
Communication allowance	195,365	194,326
Fuel allowance	473,138	392,165
Cash handling allowance	49,163	48,795
Contract Allowance	651,912	642,558
Corporate allowance	4,217,849	4,007,505
Housing allowance	2,812,674	2,674,247
Leave Encashment amount	2,427,573	3,182,121
Staff Insurance premium	59,750	60,000
Staff Canteen & refreshment expenses	409,640	336,559
Amortization Cost of Staff Loan	1,899,521	-726,653
LTC	863,678	866,642
Gratuity expenses	1,349,540	5,783,156
Staff incentive expenses	2,442,109	1,624,310
Total Employee Remuneration & Welfare Benefit	34,967,847	35,356,091
Operating Expenditure-Finance & Investment Department-Note-27A		
Salary,wages,allowance & PF	19,563,535	14,492,078
Communication Allowance	1,213,908	837,497
LTC	-	-
Rental Expenses	1,554,167	1,065,062
Repairs & Maintenance	270,939	81,449
Printing and stationary	452,550	234,262
Training Expenses	134,914	120,721
Legal Charges	1,613,185	559,835
Advertisement expenses	691,378	652,458
Misc Expenses	406,517	373,708
Amortizatoin Cost of Staff Loan		-
Total	25,901,092	18,417,070
Add: PPF & GFM Expenses for Old Fund charged in Inv Dep	4,035,376	14,895,412
	29,936,468	33,312,481
Operating Expenditure-(PPF & GFM Department)-Note-27B		
Employees remuneration and welfare benefit	8,177,062	11,128,209
Communication expenses	576,524	844,919
Training expenses	89,949	120,721
Rental charges	778,421	1,065,062
Repairs & Maintainance	143,957	81,449
Printing and stationary	210,094	234,261



	2021	2020
Legal and Professional Charges	330,827	569,549
Advertisement and publicity	272,844	591,855
Other Misc. expenses	195,165	259,387
Total	10,774,844	14,895,412
PPF & GFM Department (Old Fund)		
Management Expenses	4,035,376	14,010,624
Total	4,035,376	14,010,624
PPF & GFM Department (New Fund)		
Management Expenses	6,739,468	884,787
Total	6,739,468	884,787
Summary Note No 27		
Other Operating & Administrative Expenses		
Operating Expenditure-General Insurance Department-Note-27A	42,865,481	42,692,379
Operating Expenditure-Finance & Investment Department-Note-27B	29,936,468	33,312,481
Operating Expenditure-PF/GF(New Fund)-Note-27C	6,739,468	884,787
Total	79,541,417	76,889,647
Less: Amortisation cost of staff loan included in above	-	-
Add(Less): Remeasurement Gain /Loss on Defined Benefit Plan (Shown separately in Comprehensive Income)-Note-27A	753,410	523,932
Net Adjusted Total- Note 27	80,294,827	77,413,579
28. Impairment on Loans & Advances		
Finance & Investment-Note-28A		
Impairment on Loans & Advances as per BAS-39	-	55,523,457
Impairment loss charged-incurred Loss Model (BAS- 39)	-	55,523,457
PPF & GFM Department (NEW FUND)-Note-28B		
Impairment on Loans & Advances	-	70,232
Impairment loss charged-incurred Loss Model (BAS- 39)	-	70,232
Impairment loss charged (28A+28B)	-	55,593,689
29. Deferred Tax (Comprehensive Income)		
Gratuity Obligations	1,486,220	
Amortization Cost of Staff Loan	474,880	
Leave Encashment	699,796	
Total	2,660,896	1,544,971



30. Prior Period Adjustment		
Differential Tax and Penalty	12,562,923	
Amortization cost of staff loan for previous year	73,348	
Total	12,636,271	
31. Deferred Tax (Other Comprehensive Income)		
Remeasurement Loss on Gratuity & Leave Encashment	188,353	
Surplus on Investment Revaluation	1,745,150	
Total	-1,556,798	

32. Segment Analysis

The Company's reportable segments are strategic business units that offer following products and services:

Non-Life Insurance-The Company deals with fire,marine, motor and misc insurance.

Financing & Investment- The Company provides both fund based and non-fund based financing facilities on long term and short term basis. The Company also deals with investment in Corporate Bonds & Term Deposits.

Gratuity Fund Management: The Company manages the Gratuity fund of various corporates domiciled in Bhutan.

Private Provident Fund Management: The Company manages the Private Provident Fund of various corporates domiciled in Bhutan.

33. Financial Risk Management

The Company's approach to manage risks is composed of three key elements:

- (i) Risk Governance
- (ii) Risk Identification
- (iii) Risk Assessment, management & control

Risk Governance: The Board of Directors of the Company has overall responsibility for setting and monitoring the risk management framework.

The Audit Committee is responsible for reviewing the internal control framework, assessing the adequacy of risk management and compliance policies and procedures.

It convenes regularly and provides recommendations to the Board of Directors on development of the risk management framework as well as its views on the quality of risk management and compliance. The Executive Board of the Company is responsible for monitoring and implementation of risk mitigation measures and assuring that the Company operates within the established risk parameters. The Risk Management Department is responsible for the overall risk management functions, ensuring the implementation of common principles and methods for identifying, measuring, and managing risks. Credit, Market and Liquidity risks at both portfolio and transaction levels are managed and controlled through a system of credit committees and through the Asset and Liability Management Committee (ALCO).



In order to facilitate efficient decision-making the Company has established a hierarchy of credit committees depending on the type and amount of exposure. The Risk Management Department deals with Credit Risk for Corporate Clients, financial institutions, small & medium size enterprises, along with market risk and operational risk.

The Credit review deals with all Loans & Advances and associated risks and the associated risks with it regarding non-recovery and other loan compliances.

Risk Identification: The Company identifies both external & internal risk factors and managed throughout the Company's organizational structure. The Company gives particular attention to developing risk overviews that are used to identify the full range of risk factors and serve as a basis for determining the level of assurance over the current risk mitigation procedures.

Risk Assessment, management & control: The Company's risk assessment reporting and control procedures vary by type of risk, but share a common methodology developed and updated by the Company's Management. Compliance with the Company's standards is supported by periodic reviews undertaken by the Internal Audit Department. The results of Internal Audit reviews are discussed with the management of the business unit which they relate and presented to the Audit Committee and senior management of the Company.

Categories of Risk

In the Risk Management process, identification and categorization of risks are two important aspects. The Company classifies the risk in the following manner:

Operational Risk: This is the possibility of a loss resulting from inadequate or failed internal processes, people and systems or from external events.

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the process, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Company assesses all foreseeable risk involved in its operation and they develop and implementation plans to control those identified operational risk. These action plans recommended by the team are to manage the operational risk in the following areas:

- (a) Requirements for having appropriate segregation of duties
- (b) Requirements for the reconciliation and monitoring of transactions
- (c) Compliance with regulatory and other legal requirements.
- (d) Documentation of Controls and Procedures
- (e) Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risk identified.

Market Risk: Market Risk associated with fluctuations of market affecting the customer base of the Company. It is the risk of uncertainty in the future value of a portfolio, either an investment folio or a trading portfolio due to change in rates, movement of equity/commodity prices etc in values of the market risk factors such as interest rates, foreign exchange. The Company has a system of monitoring the changes in market and framing the policies on the basis of such changes.

Financial Risk: Risk associated with finance decisions and environment in which business operates. This risk can further be classified in the following manner:

- (a) **Liquidity Risk:** Risk of not being able to honour its obligations when fall due in full or without resorting to high cost borrowings.



The Company is having a system of monitoring Cash & Cash Equivalents throughout the year and it is considered adequate.

(b) Interest Rate Risk: The Company is exposed to fixed interest bearing debt instruments.

(c) Foreign Exchange Risk: This risk is associated with the fluctuations in Foreign Exchange Rates. The Company has a robust system of monitoring the fluctuations in foreign Exchange Rates.

(d) Credit Risk: The Company takes an exposure to Credit Risk that a counterparty will be unable to pay amounts in full when due.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Company's of Borrowers, and to industry sectors etc. Such risks are monitored on a revolving basis and subject to regular review. The Executive Board regularly approves limits on the level of Credit Risk by product, borrower and industry sectors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to Credit Risk is also managed, in part, by obtaining collateral and corporate and personal guarantees.

The Company defines its risk appetite by approving a lending policy, assigning authority to decide on risk taking issues to committees, and granting specific approval of large transactions.

The Lending policy sets forth the framework for monitoring exposure to credit risk, including portfolio concentration limits and definition of responsibilities.

The Company has developed a Credit Review Unit and Recovery Cell to constantly monitor the Credit Qualities.

Strategic Risks: It refers to the strategic decisions/plans/objectives which may go wrong due to actions or inactions by the parties to strategic decision making process, adversely affecting the shareholder wealth of the Company e.g incorrect decisions, inadequate information for decision making, delayed remedial actions etc.

Compliance Risks: Risk when an organization does not comply with legal, regulatory, contractual or internal compliance requirements.

Reputation Risk: It refers to the potential and complaints, negative/adversely publicity etc, which can arise from the Company's reputation being tarnished due to factors such as unethical practices, regulatory actions, customer dissatisfaction.



Notes to Financial Statements for the year ended 31.12.2021			
Note-34. Statement showing details of Maturity Analysis	Within 12 Months	More than 12 Months	Total
Liabilities			
ESP Bond	-	120,000,000	120,000,000
Borrowings from BNBL & GIC Bhutan Re	351,581,066	-	351,581,066
Contribution Received from PPF (Old Fund)	304,572,175	-	304,572,175
Contribution Received from PPF (New Fund)	63,212,277	-	63,212,277
Contribution Received from SWF	1,740,668	-	1,740,668
Contribution from Gratuity Fund (Old Fund)	189,369,860	-	189,369,860
Contribution from Gratuity Fund (New Fund)	761,718,533	-	761,718,533
Insurance Contract Liabilities	54,253,224	-	54,253,224
Reinsurance Contract Liabilities	-	-	-
Employee benefit Obligation	16,130,078	-	16,130,078
Total Potential future payments for financial obligations	1,742,577,881	120,000,000	1,862,577,881
Assets			
Cash & Cash Equivalents	203,925,303	-	203,925,303
Loans & Advances to Customers	433,678,922	-	2,341,861,551
Investment held till Maturity	125,000,000	60,000,000	185,000,000
Equity Investment	-	59,124,249	59,124,249
Insurance Receivable	64,997,225	-	64,997,225
Other Assets	76,088,072	-	76,088,072
Total Potential future receipts from financial assets	903,689,522	119,124,249	2,930,996,400



Notes to Financial Statements for the year ended 31.12.2021

Note-35. Determination of Fair Value and Fair Value Hierarchy

The Company follows the methodology for fair valuation as specified by BFRS-13 which is in line with IFRS-13. BFRS-13 specifies the following techniques for fair valuation:

Level 1-Quoted Market Price(unadjusted): It is applicable for instruments with quoted prices and tradeable in the active market.

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

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

Financial Assets	Carrying Value	Fair Value
Cash and cash equivalents	203,925,303	203,925,303
Loans & Advances	2,347,259,661	2,341,861,551
Investment Held Till Maturity	185,000,000	185,000,000
Equity Investment	52,143,648	59,124,249
Insurance Receivable	64,997,225	64,997,225
Other Assets	72,589,482.74	76,088,072
Financial Liabilities	Carrying Value	Fair Value
Insurance Contract	52,600,617	52,600,618
Reinsurance Contract	-	-
Subordinate Term Debt	120,000,000	120,000,000
Borrowings & Funds	1,516,922,885	1,516,922,885
Employee Benefits	8,139,426	16,130,078
Other Liabilities	186,345,151	186,345,154

The Equity Investment in Bhutan National Bank has been valued at Fair Value (Level-III) technique owing to non-availability of active stock exchange in the country.



Notes to Financial Statements-31st December 2021

36. Management of Capital

The Company's main objectives at the time of managing capital are:

- (i) to comply with the Capital Requirements set by the Royal Monetary Authority and debt covenants,
- (ii) to safeguard the Company's ability to continue as a going concern, and
- (iii) to maintain a sufficient capital base to achieve a Capital Adequacy Ratio of the Company based on Prudential Regulation 2002 issued by Royal Monetary Authority of Bhutan of atleast 10%.

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

The Company's policy of Capital Management is designated to maintain the capital base sufficient to keep the confidence of stakeholders and to secure the future development of the Company. The Royal Monetary Authority establishes and monitors capital adequacy limits for the Company.

The Company performs medium and long term planning of growth in the asset side considering sufficiency of capital. When necessary, the Company develops and implements measures to increase its capital base.

To ensure compliance with the Capital adequacy ratios in the short run, the Company monitors use of capital by business segments. Responsibility for approval procedures and monitoring of the Capital use is with the management of the Company.

Tier 1 Capital	2021	2020
Paid up Share Capital	300,000,000	300,000,000
General Reserve	250,132,677	205,567,445
Retained Earnings	200,510,307	80,019,125
Non-Controlling Interest	-	-
	750,642,985	585,586,570
Tier 2 Capital		
Foreign Exchange Fluctuation Reserve	-	-
Investment Revaluation Reserve	6,980,601	6,980,601
Subordinate debt	120,000,000	120,000,000
CAT Reserve	12,803,938	12,803,938
	139,784,539	139,784,539
Total	890,427,524	725,371,109

Management of the Company is of the opinion that the Company complied with all the Capital adequacy requirements during 2021



Notes to Financial Statements-31st December 2021**37. Contingencies and Commitments Credit Related Commitments:**

The Primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial Guarantees and standby letter of credits, if any, which represent irrevocable assurances that the Company will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and Commercial letters of credit, which are written undertakings by the Company on behalf of a customer authorizing a third party to draw drafts on the Company upto a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

In addition to credit related commitments, the Company issues performance guarantees which are insurance contracts.

Outstanding credit related commitments and performance guarantees were as follows:

	2021	2020
Financial Guarantees	163,782,547	92,099,387
Import Letters of Credit	-	-
Export Letters of Credit	-	-
Total Credit Related Commitments	163,782,547	92,099,387
Performance Guarantees	-	-
Total Credit Related Commitments and Performance Guarantees	163,782,547	92,099,387

Assets pledged and restricted: The Company had the following assets pledged as collateral:

Loans and advances to customers pledged to RMA	-
Loans and advances to customers pledged to the Government Deposit	-
Insurance Agency	-
Margin Call Deposits	-
Collateral Value of Security	-
Trading Securities classified as repurchase receivables	-
Restricted Cash	-
Total	-



Notes to Financial Statements-31st December 2021

38. Related Party Transactions

For the purpose of these financial statements, parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions as defined by BAS-24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The outstanding balances as at the end of year and income and expense items as well as other transactions for the year with related parties were as follows:

in Bhutanese Ngultrum

Parties	Nature of Relationship	Nature of transactions	Outstanding Amount as on 31.12.2021	Outstanding Amount as on 31.12.2020
Mr. Karma Lotey	Chairman	Commercial Establishment Loan	631,670	3,756,938
Mr. Karma Lotey	Chairman	Housing Loan	2,697,367	2,685,319
Sangay Wangdi	Director	Overdraft	43,299	39,911
Karma Dorji	Director	Housing Loan Overdraft	27,976,069	29,883,418
Karma Dorji	Director	Bank Guarantee	23,130,255	600,000
Damdi Dorji	Chief Executive Officer	Staff Establishment & Personal Guarantee	268,467	1,642,548
			54,747,128	38,608,134

Key Management of the Company represents members of the Board of Directors and the Executive Board of the Company and the Board of Directors of the Company. Key Management compensation is as follows:

Key Management Compensation expense for the year		
	2021	2020
Compensation paid to Managing Director:		
Salary, Gratuity, Leave Encashment, LTC and Allowance	2,238,868	2,049,000
Contribution to Provident Fund	-	482,500
Compensation paid to Other Directors		
Sitting Fees paid to other Directors	473,560	590,000
	2,712,428	3,121,500



Earning Per Share for the year ended 31.12.2021		
39. Earnings Per Share		
39A. Comprehensive Income		
Particulars	31.12.2021	31.12.2020
Earnings Before Tax	237,350,449	115,280,121
Less: Income Tax	60,008,451	27,210,617
Differential tax & penalty	12,636,271	-
Deferred Tax	2,660,896	1,544,971
Total Earnings after tax attributable to the Equity Shareholders	167,366,622	89,614,476
Basic Earning Per Share	5.58	2.99
Diluted Earning Per Share	5.58	2.99
39B. Other Comprehensive Income		
Particulars	31.12.2021	31.12.2020
Earnings Before Tax	236,597,039	114,756,189
Less: Income Tax	60,008,451	27,210,617
Differential tax & penalty	12,636,271	-
Deferred Tax	1,104,098	-200,179
Total Earnings after tax attributable to the Equity Shareholders	165,056,414	87,345,393
Basic Earning Per Share	5.50	2.91
Diluted Earning Per Share	5.50	2.91

40. Premium Deficiency has not been credited since, in the opinion of the management, the expected claim costs along with the related expenses and maintenance cost of the insurance products in force would not exceed the related reserve for unexpired risk.

41. The Company has issued bonds Nu. 120,000,000 at a coupon rate of 6% Pa under Economic Stimulus Plan as formulated by Royal Government of Bhutan.

42. The Company has the following Rental Liability payable:		
Over 6 months	2,794,833.00	
Over 12 months	2,327,633.00	
Over 18 months	1,370,358.00	
Over 24 months	240,000.00	

43. As the entire Nation is gearing towards combatting Covid 19, it has not only affected human life but also let to a disruption in the entire chain of business across the country.

RMA has issued a monetary measure in response to Covid 19 which are aimed at providing short term monetary relief to sectors facing such financial distress in addition to assisting business and local production. The interventions are guided by His Majesty's wisdom to ensure that relief measures are adequate and inclusive.



i) Phase 1 (April 2020-June 2020):

a) All loans, both performing and non-performing has been deferred for the period of three months excluding loans to Fis, Govt and staff incentive loans.

b) 100% of interest for all the loans excluding loans to Fis, Govt and staff incentives loans has been shared equally between the Govt. and the Company.

c) Term based soft working capital facilities for tourism related business has been provided at concessional interest rate of 5% per annum to meet operational expenses.

ii) Phase 2 (July 2020-June 2021):

a) All loan accounts as on 30th June 2020 has been given the option to defer their loan repayment by one year i.e. till 30th June 2021.

b) 100% relief of interest payment has been granted as the Druk Gyalpo's relief Kidu from the National resilience fund for a period of three months i.e. 1st July-30th September 2020.

c) 50% relief on interest payment has been granted as the Druk Gyalpo's relief Kidu from the National resilience fund for a period of six months i.e. 1st October 2020-31st March 2021.

The remaining 50% shall be paid by the borrowers.

d) The Company shall offer 1% interest rate reduction to borrowers who repay their EMIs regularly and fully as per the agreed repayment schedule during the entire deferment period which will be adjusted at the end of deferment period.

e) Soft term loan to business (Bridging Loans) has been provided at concessional interest rate of 5% per annum for a period of one year which is treated as gestation period. At the end of gestation period the interest accrued shall be capitalized and the amount shall be amortized/repaid over the period of four years.

f) The Company shall offer 1% interest rate reduction to borrowers who repay their EMI regularly and fully as per the agreed repayment schedule during the entire deferment period which will be adjusted at the end of the deferment period.

iii) Phase 3 (July 2021-June 2022):

a) All loans sanctioned as of June 30, 2020 shall be eligible for the deferment of loan repayment for another one year until June, 2022.

Notwithstanding the above provision, the Financial Service Providers (FSPs) may negotiate with the borrowers for revival/rehabilitation or foreclosure of non-performing loans.

b) In order to ease the burden of loan repayment on the borrowers, the FSPs may extend the loan tenure by the deferred period or by upto five years depending on the repayment capacity of the borrowers.

c) The FSPs shall not capitalize the interest accrued during the deferment period. The total accumulated interest from April 2020 to June 2022 shall be payable in equal installments after the end of deferment period.

d) The FSPs shall provide gestation for another one year until June 2022 for the Bridging Loans or



Soft Term Loans granted to the business entities under the Phase II Monetary measures.

The FSPs shall not capitalize the interest accrued during the gestation period. The total accumulated interest from April 2020-June 2022 shall be payable in equal installments after the end of the gestation period.

f) In case of project financing/business loans, the FSPs may provide loans upto the LTV limit of 100 percent of the collateral value. However, the maximum debt to equity financing limit shall continue to apply. The LTV limits for housing loans and vehicle loans shall remain unchanged.

g) The Company shall continue to offer 1% interest rate reduction to borrowers who repay their EMI regularly and fully as per the agreed repayment schedule during the entire deferment period which will be adjusted at the end of the deferment period.

44. Following Standards are issued by the Auditing & Accounting Standards Board of Bhutan (AASBB) but effective from 01st January 2022:

- a) BFRS9: Financial Instruments.
- b) BFRS 16: Lease Accounting.

46. Previous Figures have been regrouped and rearranged wherever applicable.

46. Based on the guidelines on the transfer of Non- Performing loan Assets, 2020 issued by the RMA the company has transferred 13 loan accounts to Asset pending foreclosure amounting to Nu.38,286,193.00

Moreover, the amount of Nu.38,286,193.00 has been transferred from previous year loan provision to Asset pending foreclosure reserve account.

47. The audit fees and expenses are as follows:

Particulars	2021	2020
a. Audit fees	90,000	85,000
b. Audit Expenses	-	-



Statement showing reconciliations of Equity as on 31.12.2021

Particulars	Local GAAP	Remeasurement	BAS/IFRS
Share Capital	300,000,000	-	300,000,000
General Reserve	251,795,169	-1,662,492	250,132,677
Retained Earnings	207,633,893	-7,123,586	200,510,307
Catastrophic Reserve	12,803,938	-	12,803,938
Investment Fluctuation Reserve	-	6,980,601	6,980,601
Total Equity	772,233,000	-1,805,477	770,427,524

Particulars	Amount (Nu)
Free Reserves as per Local GAAP as on 31.12.2021	459,429,054
Less: Remeasurement of Gratuity & Leave as per BAS	-7,990,651
Less: Amortization Cost of Staff Loan	-1,899,516
Add: Deferred Tax Assets	2,849,248
Less: Deferred Tax Liabilities	-1,745,150
Free Reserves as per BAS as on 31.12.2021	450,642,985
Add: Surplus on revaluation of Equity Investments	6,980,601
Add: Catastrophic Reserve	12,803,938
Reserve & Surplus as per BAS as on 31.12.2021	470,427,524
Add: Share Capital	300,000,000
Equity as on 31.12.2021	770,427,524



First Time Adoption-Annexure-1A			
Reconciliation of Income Statement for the year ended 31.12.2021	Local GAAP	Remeasurement	BAS/IFRS
I. Income			
Net Earned Premium	172,978,383	-	172,978,383
Finance Income	11,678,219	-	11,678,219
Net Fees & Commission Income	34,962,393	-	34,962,393
Net Interest Income on Loans & Advances	138,957,531	-	138,957,532
Other Operating Income	36,326,337	-	36,326,337
Total Operating Income	394,902,864	-	394,902,864
II. Expense			
Net Claims Expenses	74,902,299	-	74,902,299
Other Operating & Administrative Expenses	76,858,060	2,683,357	79,541,417
Depreciation	3,014,200	-	3,014,200
Amortization	94,500	-	94,500
Impairment Loss on Loans & Advances	-	-	-
Total Operating Expense	154,869,059	2,683,357	157,552,416
Profit Before Tax	240,033,804	-2,683,356	237,350,449
Income Tax	60,008,451	-	60,008,451
Deferred Tax	-	2,660,896	2,660,896
Assessed Tax of Earlier Years Paid	12,562,923	-	12,636,271
Profit After Tax	167,462,430	-95,808	167,366,622
Profit Available for Appropriations			
Transfer to Catastrophic Reserve	1,000,000	-	-
Transfer to Other Comprehensive Income	166,462,430	904,192	167,366,622
Statement of Other Comprehensive Income			
Profit for the Year	166,462,430	904,192	167,366,622
Remeasurement Gains/Loss on Defined Benefit Plan	-	-753,410	-753,410
Other Comprehensive Income	-	-	-
Total Comprehensive Income before Tax	166,462,430	150,782	166,613,212
Income Tax Expense	-	-	-
Deferred Tax	-	-1,556,798	-1,556,798
Total Comprehensive Income for the Year(Net of Taxes)	166,462,430	-1,406,016	165,056,414



First Time Adoption-Annexure-1B			
Reconciliation of Statement of Financial Position as on 31.12.2021			
ASSETS	Local GAAP	Remeasurement	BAS/IFRS
Cash and cash equivalents	203,925,303		203,925,303
Loans & Advances	2,347,259,661	(5,398,110)	2,341,861,551
Investment Held Till Maturity	185,000,000	-	185,000,000
Equity Investment	52,143,648	6,980,601	59,124,249
Insurance Receivable	64,997,225	-	64,997,225
Deferred Tax Assets	-	2,849,248	2,849,248
Other Assets	72,589,483	3,498,594	76,088,077
Property, plant and equipment	116,644,446	-	116,644,445
Intangible Assets	877,372	-	877,372
Total Assets	3,043,437,137	7,930,333	3,051,367,470
LIABILITIES			
Insurance Contract	52,600,617	-	52,600,618
Reinsurance Contract	-	-	-
Subordinate Term Debt	120,000,000	-	120,000,000
Borrowings & Funds	1,516,922,885	-	1,516,922,885
Defined Benefit Obligations	8,139,426	7,990,652	16,130,078
Deferred Tax Liability	-	1,745,150	1,745,150
Tax Payable	60,008,451	-0	60,008,451
Provisions & Contingencies	327,187,607	-	327,187,607
Other Liabilities	186,345,151	-	186,345,157
Total Liabilities	2,271,204,137	9,735,803	2,280,939,947
EQUITY			
Share Capital	300,000,000		300,000,000
Retained Earnings	206,627,809	-6,117,501	200,510,307
General Reserves	251,801,254	-1,668,576	250,132,677
CAT Reserve	13,803,938	-1,000,000	12,803,938
Equity Investment Revaluation Reserve	-	6,980,601	6,980,601
Net assets attributable to the Company's owners	772,233,000	-1,805,476	770,427,524
Non Controlling Interest			
TOTAL EQUITY	772,233,000	-1,805,476	770,427,524
TOTAL LIABILITIES AND EQUITY	3,043,437,137	7,930,326	3,051,367,470



Reconciliation of Statement of Financial Position as on 01.01.2020			
ASSETS	Local GAAP	Remeasurement	BAS/IFRS
Cash and cash equivalents	190,641,987		190,641,987
Loans & Advances	1,951,980,858	(4,250,342)	1,947,730,516
Investment Held Till Maturity	185,000,000	-	185,000,000
Equity Investment	21,441,285	6,980,601	28,421,886
Insurance Receivable	68,500,991	-	68,500,991
Deferred Tax Assets	-	1,870,426	1,870,426
Other Assets	18,861,715	3,229,531	22,091,247
Property, plant and equipment	4,354,272	-	4,354,272
Intangible Assets	420,157	-	420,157
Total Assets	2,441,201,265	7,830,216	2,449,031,482
LIABILITIES			
Insurance Contract	37,524,422	-	37,524,422
Reinsurance Contract		-	-
Subordinate Term Debt	120,000,000	-	120,000,000
Borrowings & Funds	1,254,453,463	-	1,254,453,463
Defined Benefit Obligations	6,429,522	5,213,938	11,643,460
Deferred Tax Liability	-	2,094,180	2,094,180
Tax Payable	36,404,911	-	36,404,911
Provisions & Contingencies	290,555,152	-	290,555,152
Other Liabilities	132,833,450	1,351,776	134,185,226
Total Liabilities	1,878,200,920	8,659,894	1,886,860,814
EQUITY			
Share Capital	300,000,000		300,000,000
General Reserve	251,196,407	-7,810,277	243,386,130
CAT Reserve	11,803,938	-	11,803,938
Equity Investment Revaluation Reserve	-	6,980,599	6,980,601
Net assets attributable to the Company's owners	563,000,345	-829,678	562,170,667
Non Controlling Interest			
TOTAL EQUITY	563,000,345	-829,678	562,170,667
TOTAL LIABILITIES AND EQUITY	2,441,201,265	7,830,216	2,449,031,482



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Statement of Financial Position for General Insurance Department as on 31st December 2021			
Particulars	Note	2021	2020
ASSETS			
Non Current Assets			
Intangible Assets (Net block)	10	877,372	851,872
Property, Plant & Equipment (Net block)	9	116,644,446	107,749,981
Equity Investment	6A	54,268,431	25,143,691
Investment Held Till Maturity	5A	60,000,000	60,000,000
Total Non current Assets:-		231,790,249	193,745,545
Current Assets			
Cash & cash equivalents	3A	83,727,855	80,478,444
Short term Investment	6A	405,692,290	319,491,966
Insurance Receivable	7A	64,997,225	57,277,286
Advance & other assets	8A	280,562,396	291,310,354
Total current Assets:-		834,979,766	748,558,050
TOTAL ASSETS:-		1,066,770,016	942,303,595
LIABILITIES			
Equity			
Issue,Subscribed & Paid-up capital	20A	300,000,000	300,000,000
Retained Earnings	Annex-1B	431,448,678	334,401,928
Investment Revaluation Reserve	20B	6,980,601	6,980,601
Total Shareholders' Equity:-		738,429,279	641,382,529
Non Current Liabilities			
Subordinate Term Debt-ESP Bond	13	120,000,000	120,000,000
Total Non Current Liabilities		120,000,000	120,000,000
Current Liabilities			
Insurance Contract Liabilities	11	52,600,618	50,863,574
Reinsurance Contract Liabilities	12	-	-
Employee Benefits Obligations	15	16,130,078	14,668,600
Other Liabilities	19A	56,904,349	37,345,002
Provisions	18A	82,705,692	78,043,890
Total current Liabilities:-		208,340,737	180,921,066
TOTAL LIABILITIES & EQUITY:-		1,066,770,016	942,303,595

Note: The Schedules referred to above form an integral part of this Statement of Financial Position. This is the Statement of Financial Position for General Insurance Department referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors


CEO


Director


Chairman


Bhanu Insurance Limited


Bhanu Insurance Limited


Finance Director

CKA

Revenue Account for General Insurance Department as of 31st December 2021

Particular	Note	2021	2020
Gross written Premium	21	411,710,709	319,465,932
Premium ceded to reinsurers	21	-234,070,524	-142,332,842
Net written premium		177,640,185	177,133,090
Net change in reserve for unearned premium	21	-4,661,802	-3,938,630
Net Earned Premium		172,978,383	173,194,460
Commission income (Reinsurers ceded)	23	40,324,911	33,976,749
Finance Income	22A	32,031,358	30,058,331
Other operating income	25A	31,098,321	39,202,403
Net Income		276,432,974	276,431,944
Gross claims	26	-149,107,331	-157,713,191
Reinsures recoveries	26	74,205,031	60,860,044
Net policyholder claims & benefits paid		-74,902,299	-96,853,147
Commission expenses	23	-5,362,518	-4,944,231
Other operating & administration expenses	27	-43,618,891	-43,216,311
Depreciation	9	-1,507,100	-1,539,189
Amortization	10	-47,250	-
Provision for Doubtful debt		-	-
Other Expenses (ESP bond & Equity)	24A	-7,200,000	-7,200,000
Operating Profit		143,794,916	122,679,066

Note: The Schedules referred to above form an integral part of this Revenue Account. This is the General Insurance Revenue Account referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBCJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors

 CEO
 Director
 Chairman
 Finance Director



CKA

ANNEX-1B

Statement showing Reconciliation of General Reserve as on 31.12.2021 - GIC Department

Particulars	Amount(Nu)
Retained Earnings as per Local GAAP	439,439,322
Less: Actuarial Provision of Gratuity as per BAS 19	-7,990,644
Retained Earnings as on 31.12.2021	431,448,678



CKA

Statement of Financial Position for Financing & Investment Department as on 31st December 2021

Particulars	Note	2021	2020
ASSETS			
Non current Assets			
Loans & advances	4A	1,910,082,150	1,763,594,568
Total Non current Assets		1,910,082,150	1,763,594,568
Current Assets			
Cash & cash equivalents	3B	97,288,494	77,136,570
Investment Held Till Maturity	5B	125,000,000	125,000,000
Loans & Overdraft	4A	413,025,321	285,277,240
Other Assets	8B	46,113,083	9,939,650
Total Current Assets		681,426,898	497,353,460
TOTAL ASSETS:-		2,591,509,048	2,260,948,028
LIABILITIES			
Equity			
Retained Earnings	ANNEX-IC	339,304,334	213,605,292
Investment Revaluation Reserve			
Total Equity		339,304,334	213,605,292
Current Liabilities			
Borrowed Funds	14A	1,859,608,061	1,608,999,280
Other Liabilities	19B	148,205,106	166,390,242
Provisions	18B	244,391,548	271,953,214
Total Current Liabilities		2,252,204,714	2,047,342,736
TOTAL LIABILITIES & EQUITY:-		2,591,509,048	2,260,948,028

Note: The Schedules referred to above form an integral part of this Statement of Financial Position.

This is the Statement of Financial Position for Financing & Investment Department referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E

On Behalf of the Board of Directors


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022




CEO


Director


Chairman


Finance Director



CKA

Revenue Account for Financing & Investment Department as of 31st December 2021

Particulars	Schedule	2021	2020
INCOME			
Interest on Loan	24(i)	241,245,070	101,249,358
Finance Income	22B	6,428,219	6,644,467
Other Income	25B	5,228,016	84,395,599
Total Income:-		252,901,306	192,289,424
EXPENSES			
Interest Expenses	24B	-96,197,569	-102,994,571
Management Expenses	27B	-29,936,468	-32,863,437
Depreciation & Amortization	9&10	-1,068,227	-1,057,731
Provision against Loans	28A	-	-55,523,457
Operating Profit		125,699,042	-149,772

Note: The Schedules referred to above form an integral part of this Revenue Account. This is Finance & Investment Revenue Account referred to in our report of even date.

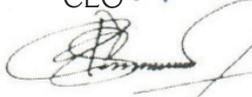
For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E



Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors

 CEO
 Director
 Chairman
 Finance Director



ANNEX-1B**Statement showing Reconciliation of General Reserve as on 31.12.2021 - GIC Department**

Particulars	Amount(Nu)
Retained Earnings as per Local GAAP	439,439,322
Less: Actuarial Provision of Gratuity as per BAS 19	-7,990,644
Retained Earnings as on 31.12.2021	431,448,678



CKA

Statement of Financial Position for PPF & GFM Department as on 31st December 2021 (Old Fund)

Particulars	Note No.	2021	2020
ASSETS			
Current Assets			
Short Term Investment	6B	493,942,035	918,185,239
Cash & Cash Equivalents	3	-	-
Other Assets	8C	36,219,006	61,458,253
Total Current Assets		530,161,041	979,643,491
TOTAL ASSETS		530,161,041	979,643,491
EQUITY AND LIABILITIES			
Non Current Liabilities			
Member's Contribution Funds	14B	493,942,035	918,185,239
Total Non Current Liabilities		493,942,035	918,185,239
Current Liabilities			
Other Liabilities	19C	36,219,006	61,458,253
Total Current Liabilities		36,219,006	61,458,253
TOTAL LIABILITIES		530,161,041	979,643,491

Note: The Schedules referred to above form an integral part of this Statement of Financial Position.

This is the Statement of Financial Position for PPF & GFM Department (Old Fund) referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors


CEO


Director


Chairman


Finance Director




CKA

Revenue Account for PPF & GFM Department as of 31st December 2021 (Old Fund)			
Particulars	Note No.	2021	2020
INCOME			
Interest Income	24C	36,219,006	61,458,253
Total Income		36,219,006	61,458,253
EXPENSES			
Interest Expenses	24C	-36,219,006	-61,458,253
Total Expenses		-36,219,006	-61,458,253
Operating Profit /(Loss) transferred to Comprehensive Income			

Note: The Schedules referred to above form an integral part of this Revenue Account.
This is PPF & GFM Department (Old Fund) Revenue Account referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E

On Behalf of the Board of Directors


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022




CEO

Director

Chairman


Finance Director



CKA

Statement of Financial Position for PPF & GFM Department as on 31st December 2021 (New Fund)

Particulars	Note No.	2021	2020
ASSETS			
Non current Assets			
Loans & advances	4B	20,653,601	8,538,447
Equity Investments	6C	4,855,818	-
Total Non current Assets		25,509,419	8,538,447
Current Assets			
Cash & Cash Equivalents	3C	22,908,954	30,842,756
Short Term Investment	6C	761,923,695	17,685,365
Other Assets	8D	16,056,080	608,710
Total Current Assets		800,888,729	49,136,831
TOTAL ASSETS		826,398,149	57,675,278
EQUITY AND LIABILITIES			
Non current Liabilities			
Member's Contribution Funds	14C	824,930,810	58,024,898
Reserve-[Debit balance of Revenue Account]	ANNEX-ID	-42,347,215	-9,450,311
Total Non Current Liabilities		782,583,594	48,574,587
Current Liabilities			
Other Liabilities	19D	43,724,187	9,010,324
Provisions	18C	90,367	90,367
Total Current Liabilities		43,814,554	9,100,691
TOTAL LIABILITIES		826,398,149	57,675,278

Note: The Schedules referred to above form an integral part of this Statement of Financial Position.

This is the Statement of Financial Position for PPF & GFM Department (New Fund) referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGDBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors

 CEO
 Director
 Chairman
 Finance Director



CKA

Revenue Account for PPF & GFM Department as of 31st December 2021 (New Fund)			
Particulars	Note No	2021	2020
INCOME			
Interest Income	24(ii)	1,634,547	547,776
Other Income	22C	16,056,080	714,603
Total Income		17,690,627	1,262,380
EXPENSES			
Interest Expense	24D	-43,361,955	-8,080,463
Management Expense	27C	-6,739,468	-449,043
Depreciation & Amortization	9&10	-486,123	-481,458
Provision against Loans	28B	-	-70,232
Total Expenses		(50,587,546)	(9,081,197)
Operating Loss transferred to Comprehensive Income		(32,896,919)	(7,818,817)
Net Balance transferred to Reserve of PPF & GFM Department (New Fund)		(32,896,919)	(7,818,817)

Note: The Schedules referred to above form an integral part of this Revenue Account. This is PPF & GFM Department (New Fund) Revenue Account referred to in our report of even date.

For Chunder Khator & Associates
Chartered Accountants
ICAI Firm Regn. No. 322463E


Gautam Kumar Basu
Partner
ICAI Member No. 050621
UDIN: 22050621AJGBGJ1773
Place: Kolkata, India
Date: 19.05.2022



On Behalf of the Board of Directors


CEO


Director


Chairman


Finance Director




CKA

ANNEX-ID

Statement showing Reconciliation of General Reserve as on 31.12.2021 - PF/GF(New)

Particulars	Amount(Nu)
Retained Earnings as on 01.01.2021	-9,450,312
Add: Profit as per BAS	-32,896,919
Retained Earnings as on 31.12.2021	-42,347,215

Statement showing calculation of Deferred Tax 2021

Particulars	Local GAAP	BAS	Difference	Deferred Tax	Nature
Gratuity Obligations	8,139,426	14,084,306	5,944,880	1,486,220	DTA
Remeasurement Loss on Gratuity & Leave Encashment	-	-753,410	-753,410	188,353	DTA
Amortization Cost of Staff Loan	-	1,899,521	1,899,521	474,880	DTA
Leave Encashment	-	2,799,182	2,799,182	699,796	DTA
Surplus on Investment Revaluation	-	6,980,601	6,980,601	1,745,150	DTL
Net Deferred Tax Assets				1,104,098	
Deferred Tax Assets	2,849,248				
Deferred Tax Liabilities	1,745,150				
Deferred Tax Assets	1,104,098				
Amount to be recognized in Income Statement		2,660,896			
Amount to be recognized in Other Comprehensive Income Statement		-1,556,798			
Income Tax Provision as per Local GAAP		60,008,451			

Statement showing calculation of Tax Provision

Particulars	Amount (Nu)
Profit before Tax	237,350,449
Add: Provision for Gratuity & Leave as per BAS-19	783,836
Add: Amortization Cost of Staff Loan	1,899,521
Taxable Profit as per Income Tax Act	240,033,805
Provision for Tax at 25%	60,008,451



Sl No.	Performance Ratio	Ratio/Percentage Formula	2021	2020
1	Capital Adequacy As Per Prudential Norms	Tier 1 + Tier 2 Capital/ Total Risk weighted assets	840,165,700	732,006,250
			2,727,088,125	2,325,030,307
			30.81%	31.48%
2	Core Capital	Tier 1 Capital/Total Risk weighted assets	585,586,570	543,386,130
			2,727,088,125	2,325,030,307
			21.47%	23.37%
3	Statutory Liquidity Ratio	Quick Assets/total liabilities excluding capital fund and RMA liabilities	328,925,303	313,457,770
			2,129,617,685	1,747,305,510
			15.45%	17.94%
4	Leverage Ratio	Tier 1 + Tier 2 Capital/ Total Exposure excluding specific provision and margin money	585,586,570	543,386,130
			2,377,805,184	1,917,699,830
			24.63%	28.34%
5	Gross Premium to Shareholder's Fund	Gross Premium/Average Capital employed	411,710,709	319,465,932
			675,095,379	571,466,951
			0.610	0.559
6	Net Retention	Net premium/Gross premium	172,978,383	173,194,460
			411,710,709	319,465,932
			0.420	0.542
7	Commission to Net Premium	Commission net of Re- Insurance/ Net Premium	34,962,393	29,032,517
			172,978,383	173,194,460
			20.21%	16.76%
8	Management Expenses to Gross Premium	Management Expense/ Gross Premium	43,618,891	43,170,599
			411,710,709	319,465,932
			10.59%	13.51%
9	Combined Ratio	(Net Claim + Operating Expenses)*100/Earned Premium	74,902,299	96,853,147
			43,618,891	43,170,599
			118,521,190	140,023,746
			172,978,383	173,194,460
			68.52%	80.85%
10	Technical Reserve	Technical Reserve/Net Premium	144,205,573	137,861,069
			172,978,383	173,194,460
			0.834	0.796

11	Operating Profit	(Underwriting profit + Investment Income)/Net Premium	143,794,916	122,679,066	
			125,699,041	(149,772)	
			(32,885,754)	(7,818,817)	
			236,608,203	114,710,477	
			172,978,383	173,194,460	
			136.78%	66.23%	
12	Net Earning Ratio	PAT/Net Premium*100	165,056,414	87,345,393	
			172,978,383	173,194,460	
			95.42%	50.43%	
13	Return on Net Worth	PAT/Net Worth	165,056,414	87,345,393	
			750,642,985	585,586,570	
			21.99%	14.92%	
14	Book Value Per Share	(Share Capital + Free Reserves)/ No. of Shares	300,000,000	300,000,000	
			450,642,985	285,586,570	
			750,642,985	585,586,570	
			30,000,000	30,000,000	
			25.02	19.52	
15	Earnings Per Share	PAT/No. of Shares	165,137,875	87,345,393	
			30,000,000	30,000,000	
			5.50	2.91	
16	Net Worth of the Company	Share Capital + Reserves	750,642,985	585,586,570	
17	Return of Equity	PAT/Average Capital Employed	165,056,414	87,345,393	
			675,095,379	571,466,951	
			24.45%	15.28%	
18	Net Worth to Total Liabilities	Net Worth/Total Liabilities	750,642,985	585,586,570	
			3,051,367,467	2,651,018,288	
			24.60%	22.09%	
19	Gross NPL Ratio	Total NPL O/s. balance/ Total Loan O/s. balance	7.13%	12.00%	
20	Net NPL Loan/Net Total Loan	Net NPL Loan/Net Total Loan	1.78%	2.77%	
21	Solvency Ratio as per Insurance Regulation	Net Financial Resources/ Total Risk Requirement	510%	373%	
22	CAR as per Insurance Regulation	Total Financial Resources/ Total Risk Requirement	469.34%	448.75%	
23	Underwriting Balance Ratio	Underwriting profit/Net Premium			
			FIRE	46.42%	50.61%
			MARINE	1.05%	2.27%
			MOTOR	27.31%	16.77%
			MISC.	3.06%	2.86%



Bhutan Insurance Limited

Providing Security. Building Confidence

*Your Insurer
of Choice*



STUDENT CARE INSURANCE

This policy can be bought by the parent/guardian for their school & college going children (including other educational or vocational institutes) which can serve as backup for the student to continue their education.

COVER UNDER THIS POLICY

In the event of demise of the parent/guardian due to accident, an annual education allowance to tune of Sum Ensured shall be paid over a period of 4 years.

DETAILS OF RISK COVER

This policy covers two perils for both the student and parent

1. Accidental demise, and
2. Permanent total disability due to accident

WHO CAN BUY?

1. Parent or guardian up to the age of 65 for their school or college children
2. Students aged 18 years of age and above
3. Schools & Institutions

CATEGORIES OF THE STUDENT CARE INSURANCE

1. School Students (age 3 and above - between KG to class 12)
2. College students (up to age 25)

2011 (Toll Free)

Chorten Lam, Post Box: 779, EPABX:00975-02-339893/339894, Fax 00975-02-339895,
Email us at: bhutaninsurancelimited@gmail.com. website: <http://www.bhutaninsurance.com.bt>



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- Office Transfer Transit Policy
- Contractor's Transit Policy
- Merchant Transit Policy
- Sanampa Transit Policy

Providing Security. Building Confidence.
Your Insurer of Choice.



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Insurance you need for the surprises you meet.

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- Family Travel Insurance
- *Nyamro* Travel Insurance
- Office Travel Insurance
- *Ney-Kora* Travel Insurance

Providing Security. Building Confidence.
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