



*ISO/IEC 27001:2022 & ISO/IEC 27701:2019 Certified Company*

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15<sup>th</sup> Annual Report

2023



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**Bhutan Insurance Limited**

*Providing Security. Building Confidence*

Post Box# 779, Chorten Lam, Thimphu.  
[www.bhutaninsurance.com.bt](http://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,

We are pleased to present the Directors' Report of Bhutan Insurance Limited (BIL) for the fiscal year ended December 31st, 2023. This report highlights the performance of our company, key achievements, corporate governance practices, and outlines our outlook for the future..

### 1. Business Performance Highlights

The financial performance of our company in the fiscal year 2023 has been commendable. We are delighted to report Profit Before Tax and Profit After Tax of Nu. 333.543 million and Nu. 247.948 million respectively.

	Fiscal year 2023 (figures in million)
Total assets	4098.603
Gross written premium	413.354
Operating profit Insurance Department	198.075
Operating profit Investment Department	219.069
Profit after tax for the year	247.948

Additionally, key performance ratios indicate the robust financial health and profitability of the company:

Performance Ratio	2023
Capital Adequacy as per prudential regulation	33.62 %
Core capital	25.22%
Statutory liquidity ratio	16.07%
Combined Ratio	66.56%
Operating profit	164.94%
Book value per share	19.62
Return on equity	21.65%
Net NPL Ratio	1.02%

### 2. Product Development

- Introduced the Global Travel Insurance Policy, catering to outbound Bhutanese travelers on 12.05.2023.
- Pioneered the provision of Drone Insurance Policy Cover, marking the country's first insurance policy for Unmanned Aerial Vehicles (UAVs) on 15.05.2023.

### 3. Private Provident Fund/Gratuity Fund

In the financial year 2023, the company has segregated PF/GF Assets from Insurance Assets in order to comply with the regulatory requirements. This in turn helped the company mitigate risk by ensuring that assets of one unit are not exposed to the risk associated with other units. Moreover, it enhanced transparency and accountability.

### 4. Distribution Network

Our distribution network continues to expand, reflecting our commitment to reaching and serving customers across the country. Effective from January 01, 2023, the City Extension Office and Babesa Extension Office in Thimphu have been upgraded to branch offices, further strengthening our presence. Currently, our network comprises 6 branches, 14 extensions, and agents, extending our services to both new and existing customers.

Our digital efforts have improved accessibility and made the customer experience smoother

### 5. Awarding of long service award:

Awarded Long Service Award to 33 number of employees during BIL Foundation Day on August 21, 2023, recognizing the dedication and commitment of the employees who have completed 10 years of service with our esteemed organization

### 6. Corporate Governance

Maintaining high standards of corporate governance is a top priority for our company. We have established a robust corporate governance framework, including a comprehensive code of conduct and ethics, to ensure ethical behavior, transparency, and accountability across all levels of the organization. Additionally, our board and committees operate in accordance with regulatory guidelines and best practices, fostering effective oversight and decision-making.

#### 6.1. Code of Conduct and Ethics

Our board-approved code of conduct and ethics establishes consistent standards of behavior and ethical practices across the organization. Violations of this code are addressed in accordance with the company's Human Resource Service Rules.

#### 6.2. Board Directors and Board Committees

The composition of BIL's board adheres to regulatory and statutory guidelines. With seven members, the board convened six times during the fiscal year 2023.

Board Member	No. of Board Meetings attended
Mr. Karma Lotey, Chairman	7
Kutshab Kinzang Dorji, Independent Director	6
Mr. Sangay Wangdi, Ordinary Director	7
Mr. Kalyan Humagai, Independent Director	6
Mr. Tashi Dorji Rinchhen, Ordinary Director	5
Mr. Jigme Ugyen Gyamtsho, Ordinary Director	6
Mr. Karma Dorjee (Ordinary Director)	1
Mr. Damdi Dorji, CEO/Executive - Director	7

Additionally, we have constituted three board committees: the Board Governance Committee, the Board Audit Committee, and the Board Risk Management Committee, each chaired by experienced directors ensuring effective oversight.

## 7. Outlook

Looking ahead, we are positive about the future of our company. We remain committed to leveraging our core strengths and embracing technological advancements to drive growth and innovation. Our objective is to continue providing innovative and customized insurance solutions while adhering to the highest standards of corporate governance. With our dedicated team and strong foundation, we are confident in our ability to maintain our market leadership position and create long-term value for our shareholders.

## Acknowledgement

We extend our sincere gratitude to the Royal Government of Bhutan, RMA, other regulatory bodies, Reinsurers, shareholders, and employees for their continued support and contributions to our success. Your unwavering commitment has been instrumental in achieving our goals, and we look forward to continued collaboration in the years to come.

Tashi Delek!



(Chairman)





# Company Information

## 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
Gelephu	1st floor, Old Building, below NPPF office	06-252273/251198	06-251199
Babesa	Near NGH Office, Babesa	02-350948/7	
City Office	Norzin Lam, Main Town, Near BOBL Corporate office, Thimphu	02-332310	

## 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 Tshongkhong, Lower Market	08-375220	08-375332
Tashiyangtse	Near RSTA office	04-781251/5	
Dagapela	Near BOBL Branch Office	06-483134	06-483137
Lango, Paro	Near Lamgong Middle Secondary School, Paro	08-276909	

## 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 Thumphu Town & Babesa, 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, and Lango which was made possible through the continued support of our clients and employees throughout the years. The Company today employs 148 people.

### 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 – Branch office at Babesa  
 07.07.2020 – Branch 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 spread of local risk, our office has strong reinsurance partnership with well-established companies that have high financial ratings and long histories of supporting their insured client's when losses occur.

- GIC Bhutan Re. Co. Ltd., Bhutan
- Klaption Insurance, Comoros.
- Aveni Re., Cote d'Ivoire
- MISR. Re., Egypt.
- Taiping Re., Hongkong.
- National Insurance company of India, India
- New India Assurance Ltd., India.
- GIC India Ltd., India.
- PT Togu Pratama, Indonesia.
- Kenya Re. Ltd., Kenya.
- Waica Re. Ltd., Kenya.
- Nepal Re. Ltd., Nepal.
- Himalayan Re. Ltd., Nepal.
- Oman Re., Oman.
- Swiss Re., Singapore.
- Liberty International, Singapore.
- Rochester Re., Tanzania.
- Asian Re. Ltd., Thailand.
- China Taiping Insurance, United Kingdom.
- Talbot Syndicate 1183, United Kingdom.
- Almin Syndicate 2001, United Kingdom.
- PVI Re. Ltd., Vietnam.

## SERVICES OFFERED

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

### Motor Insurance:

1. Comprehensive
2. Third Party
3. Road Transit

### Fire Insurance:

1. Standard Fire Policy
2. Special Allied Perils Policy
3. Industrial All Risk Policy
4. Enhanced Rural Fire Policy

**Engineering Insurance:**

1. Contractors All Risk Policy
2. Erection All Risk Policy
3. Contractors Plant and Machinery Policy

**Miscellaneous Insurance:**

1. Group/Personal Accident Insurance
2. Burglary Insurance
3. Money-in-Transit Insurance
3. Fidelity Guarantee Insurance
4. Workmen Compensation Policy
5. Student Care Insurance
6. Loan Protection Insurance
7. Domestic Travel Insurance
8. Global Travel Insurance
9. Commercial General Liability

**Marine Insurance:**

1. All Risk (By Air, Sea, Rail/Road)
2. Basic Road Risk
3. 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. Kutshab Kinzang Dorji (Independent Director)  
Kutshab to Thailand  
Email: kutshabkdorji@gmail.com
3. Mr. Sangay Wangdi (Director)  
Former CEO, BBPL  
Email: sangaywangdi357@gmail.com
4. Mr. Kalyan Humagai (Independent Director)  
General Manager at Bhutan Professional Services, Thimphu  
Email: kal70gai2@gmail.com
5. Mr. Tashi Dorji Rinchen (Ordinary Director)  
CEO of Druk NRG & Druk Ecotec  
Email: tashibnb@gmail.com
6. Mr. Jigme Ugyen Gyamtsho (Ordinary Director)  
Director & Founder at T & K Services  
Email: jimmygyamtsho@gmail.com
7. 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  
Email: sonamom@bil.bt

## 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. Kalyan Humagai (Chairperson)  
General Manager at Bhutan Professional Services, Thimphu  
Email: kal70gai2@gmail.com
2. Mr. Tashi Dorji Rinchhen (Ordinary Director)  
CEO of Druk NRG & druk Ecotec.  
Email: tashibnb@gmail.com
3. Mr. Tandin Dorji (Committee Secretary)  
Internal Audit Department, BIL, Thimphu  
Email: tandin@bil.bt

## Board Risk Committee Members

1. Mr. Karma Lotey (Chairman)  
M/s Yangphel Private Limited, Thimphu  
Email: karma@yangphel.com
2. Mr. Jigme Ugyen Gyamtsho (Ordinary Director)  
Director & Founder at T & K Services  
Email: jimmygyamtsho@gmail.com
3. Mr. Lingi Jamtsho (Committee Secretary)  
Chief Risk Officer, BIL, Thimphu.  
Email: thajams@gmail.com

## **Governance Committee Members**

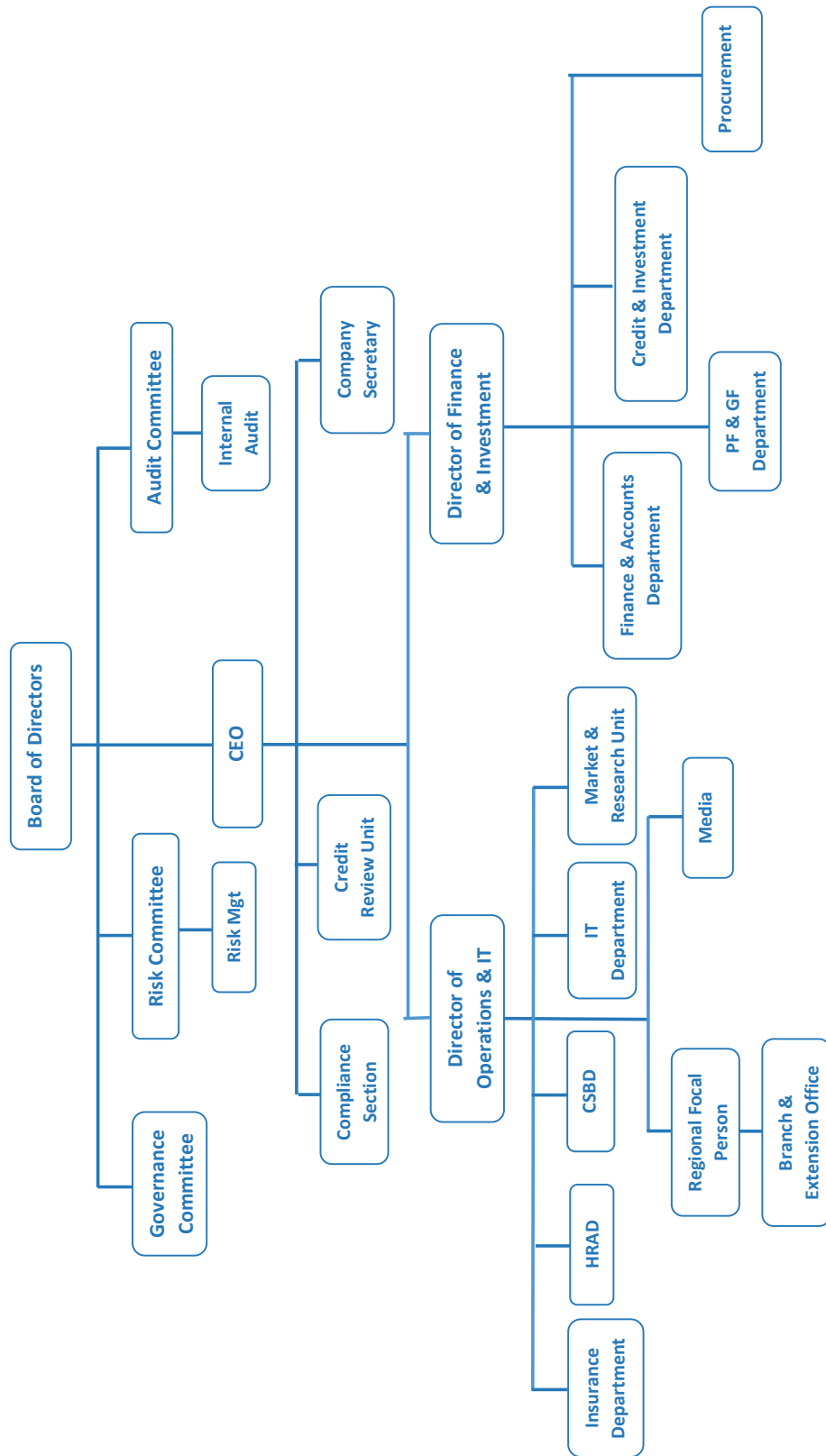
1. Mr. Sangay Wangdi (Chairperson)  
Former CEO, BBPL  
Email:sangaywangdi357@gmail.com
2. Kutshab Kinzang Dorji (Independent Director)  
Ambassador to Thailand  
Email:kutshabkdorji@gmail.com
3. Ms. Sonam Wangmo (Committee Secretary)  
Company Secretary, BIL, Thimphu  
Email: sonamom@bil.bt

## **PRINCIPAL BANKERS**

1. Bhutan National Bank Limited
2. Druk PNB Limited



## Organizational Structure





# ཡུལ་གྱི་བཙུན་པོ་ལྷན་ཁག་ལུ་

## 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](http://www.bhutaninsurance.com.bt)

Post Box: 779, Chorten Lam, Thimphu, Bhutan, Toll Free: 2011, Fix Line: 00975-2-339892/93/94,  
Fax: 339895, Email: [bhutaninsurancelimited@gmail.com](mailto:bhutaninsurancelimited@gmail.com)



# Auditors' Report & Financial Statement

## 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 on 31<sup>st</sup> December, 2023, 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 31<sup>st</sup> December 2023 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 22 with respect to calculation of unexpired risk reserve and its impact.
- ii. We draw our attention to note no. 43 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.





## 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.	We have verified the Non-Performing loans by analyzing the party wise loan accounts, their classification as per Prudential Norms of RMA, 2017. We have also gone through the individual loan files (on sample basis).

## Other Matter Paragraph

We have certified separate report on Financial Statements incorporating loan impairment provisions as per BFRS-9.

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. 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 on 31<sup>st</sup> December, 2023;
- (b) the financial performance;
- (c) change in equity; and
- (d) Its cash flows for the year ended 31<sup>st</sup> December 2023.

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;
- (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, 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**



**CA Gautam Kumar Basu**

**Partner**

**ICAI Member No. 050621**

**UDIN: 24050621BKDCWG9372**

**Place: Kolkata, India**

**Date: 28/05/2024**



**Bhutan Insurance Limited**

**ANNEXURE II TO THE AUDIT REPORT**

**MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS**

**(Referred to in Paragraph 1 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 except Land and Building. It is revalued based on Cost Inflation Index.
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 staff 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 and documentation process.

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 no. 39 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, 2023.
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.
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.
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 re-structuring/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.

## **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 on 31<sup>st</sup> December 2023.

### **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 the Compliance Checklist compiled by the Company and received during the course of our audit 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 data as provided by the management. During the course of 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 made available to us we are of the view that the Company has complied with its Laws, Rules and Regulations, System Procedures, and recommended practices.

**For Chunder Khator & Associates**

**Chartered Accountants**

**ICAI Firm Reg. No. 322463E**

  
**CA Gautam Kumar Basu**  
**Partner**

**ICAI Membership No. 050621**

**UDIN : 24050621BKDCWG9372**

**Place : KOLKATA**

**Date : 28/05/2024**





**BHUTAN INSURANCE LIMITED**

**Statement of Financial Position for the year ended 31st. December 2023**

*in Bhutanese Ngultrum*

Particulars	Note No.	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	204,674,737	261,198,274
Loans & Advances	4	622,134,800	527,476,350
Investment Held Till Maturity	5	235,000,000	175,000,000
Insurance Receivable	7	47,245,257	101,206,481
Deferred Tax Assets	16a	9,463,522	6,304,121
Other Assets	8	121,452,027	103,609,747
<b>Total Current Assets</b>		<b>1,239,970,343</b>	<b>1,174,794,972</b>
<b>Non Current Assets</b>			
Loans & Advances	4	2,596,445,273	2,151,388,358
Investment Held Till Maturity	5	5,000,000	-
Equity Investment-FVOCI	6	90,051,205	88,574,687
Property, Plant and Equipment	9	166,465,764	146,067,763
Intangible Assets	10	670,471	788,789
<b>Total Non current Assets</b>		<b>2,858,632,712</b>	<b>2,386,819,597</b>
<b>TOTAL ASSETS</b>		<b>4,098,603,055</b>	<b>3,561,614,569</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Insurance Contract	11	39,068,870	37,132,344
Reinsurance Contract	12	-	-
Subordinate Term Debt	13	120,000,000	-
Borrowed Funds	14	2,183,151	1,560,830
Employee Benefit Obligation	15	19,207,340	16,559,957
Deferred Tax Liability	16b	13,061,256	10,759,532
Tax Payable	17	83,950,887	93,083,821
Provisions & Contingencies	18	188,007,873	202,080,004
Other Liabilities	19	210,562,226	197,810,144
<b>Total Current Liabilities</b>		<b>676,041,603</b>	<b>558,986,631</b>
<b>Non Current Liabilities</b>			
Subordinate Term Debt	13	-	120,000,000
Borrowed Funds	14	2,173,649,111	1,841,397,182
<b>Total Non current Liabilities</b>		<b>2,173,649,111</b>	<b>1,961,397,182</b>
<b>Total Liabilities</b>		<b>2,849,690,713</b>	<b>2,520,383,813</b>
<b>EQUITY &amp; RESERVES</b>			
Share Capital-Paid up	20	600,000,000	300,000,000
General Reserve	21(i)	371,812,866	310,220,875
Retained earnings	21(ii)	205,550,877	380,774,903
CAT Reserve	21(iii)	14,803,938	13,803,938
Investment Revaluation Reserve	21(iv)	56,744,661	36,431,039
<b>Net assets attributable to the Company's owners</b>		<b>1,248,912,342</b>	<b>1,041,230,755</b>
<b>Non Controlling Interest</b>			
<b>Total Equity</b>		<b>1,248,912,342</b>	<b>1,041,230,755</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,098,603,055</b>	<b>3,561,614,569</b>

**Note: -**

i) Contingent Liabilities (Off balance sheet)	176,248,680	290,948,581
ii) Charged off Loans amount (Off balance sheet)	56,693,066	73,493,128
	<b>232,941,746</b>	<b>364,441,709</b>

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  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

 CEO  
 Director  
 Chairman  
 Finance Director

**BHUTAN INSURANCE LIMITED**

**Statement of Comprehensive Income for the year ended 31st. December 2023**

*in Bhutanese Ngultrum*

Particular	Note No.	2023	2022
Net Earned Premium	22	212,438,604	184,368,359
Finance Income	23	11,575,130	7,974,885
Net Fees & Commission Income	24	47,820,695	32,997,950
Net Interest Income on Loans & Advances	25	178,932,093	162,051,112
Other Operating Income	26	61,808,547	53,254,320
<b>Total Operating Income</b>		<b>512,575,070</b>	<b>440,646,627</b>
Net Claims Expenses	27	(75,629,103)	(59,699,063)
Other Operating & Administrative Expenses	28	(109,718,403)	(89,895,662)
Depreciation	9	(7,469,111)	(6,220,000)
Amortization	10	(118,318)	(139,198)
Impairment gain/(Loss) on Loans & Advances	18a(iii)+18c+18d(ii)+18e+18g(ii)	13,903,567	86,964,782
<b>Total Operating Expense</b>		<b>(179,031,368)</b>	<b>(68,989,141)</b>
<b>Profit Before Tax</b>		<b>333,543,702</b>	<b>371,657,486</b>
Income Tax	17	83,950,887	93,083,821
Deferred Tax	29	1,226,807	1,803,100
Prior period adjustment	30	2,870,719	31,231,483
<b>Profit After Tax</b>		<b>247,948,903</b>	<b>249,145,283</b>
Basic Earnings Per Share	32(i)	4.13	8.30
Diluted Earnings Per Share	32(i)	4.13	8.30
<b>Profit Available for Appropriation</b>			
Transfer to Catastrophic Reserve	21(iii)	1,000,000	1,000,000
Transfer to Statement of Other Comprehensive Income		246,948,903	248,145,283
<b>Statement of Other Comprehensive Income</b>			
<i>in Bhutanese Ngultrum</i>			
Profit for the year after appropriation		246,948,903	248,145,283
Remeasurement Gain/(Loss)	15a(iii)	-211,808	-429,879
<b>Total Comprehensive Income before Tax</b>		<b>246,737,095</b>	<b>247,715,404</b>
Deferred Tax	31	-369,129	-7,362,610
<b>Total Comprehensive Income After Tax available for appropriation</b>		<b>246,367,966</b>	<b>240,352,794</b>
Transfer to General Reserve	20B	61,591,991	60,088,198
Transfer to Retained Earnings	20B	184,775,974	180,264,596
<b>Total appropriation amount</b>		<b>246,367,966</b>	<b>240,352,793</b>
Basic Earnings Per Share	32(ii)	4.12	8.05
Diluted Earnings Per Share	32(ii)	4.12	8.05

The Schedules referred to above form an integral part of this Statement of Comprehensive Income.  
This is the Statement of Comprehensive Income 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  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

CEO

Director

Chairman

Finance Director

**BHUTAN INSURANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31st. December 2023**  
*in Bhutanese Ngultrum*

Particulars	Share Capital	Retained Earnings	General Reserve	Investment Revaluation Reserve	Catastrophic Reserve	Total
<b>Opening Balance as on 01.01.2022</b>	300,000,000	200,510,308	250,132,677	6,980,601	12,803,938	770,427,524
Adjustment of Bonus Shares Issued during the year	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-
Earnings for the year as per BAS	-	180,264,596	60,088,198	-	-	240,352,793
Transfer to Catastrophic Reserve	-	-	-	-	1,000,000	1,000,000
Cash Dividend paid	-	-	-	-	-	-
Investment Revaluation during the year	-	-	-	29,450,438	-	29,450,438
<b>Closing Balance as on 31.12.2022</b>	<b>300,000,000</b>	<b>380,774,903</b>	<b>310,220,875</b>	<b>36,431,039</b>	<b>13,803,938</b>	<b>1,041,230,755</b>
<b>Opening Balance as on 01.01.2023</b>	<b>300,000,000</b>	<b>380,774,903</b>	<b>310,220,875</b>	<b>36,431,039</b>	<b>13,803,938</b>	<b>1,041,230,755</b>
Adjustment of Bonus Shares Issued during the year	300,000,000	(300,000,000)	-	-	-	-
Earnings for the year as per BAS	-	184,775,974	61,591,991	-	-	246,367,966
Transfer to Catastrophic Reserve	-	-	-	-	1,000,000	1,000,000
Cash Dividend declared	-	(60,000,000)	-	-	-	(60,000,000)
Investment Revaluation during the year	-	-	-	20,313,622	-	20,313,622
<b>Closing Balance as on 31.12.2023</b>	<b>600,000,000</b>	<b>205,550,877</b>	<b>371,812,866</b>	<b>56,744,661</b>	<b>14,803,938</b>	<b>1,248,912,342</b>

The Schedules referred to above form an integral part of this Statement of Changes In Equity.  
This is the Statement of Changes In Equity 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  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

 CEO  
 Director  
 Chairman  
 Managing Director



**BHUTAN INSURANCE LIMITED**

**Statement of Cash Flow as of 31st. December 2023**

Particulars		2023	2022
<b>1. Cash Flow from Operating Activities</b>			
Profit before tax		333,331,894	371,227,607
Add: Depreciation		7,469,111	6,220,000
Add: Amortisation		118,318	139,198
Add/Less: Increase/(Decrease) in Current Liabilities		17,335,992	(9,151,353)
Add/Less: Increase/(Decrease) in Provision		(14,072,131)	(125,107,603)
Add/Less: Decrease/(Increase) in Current Assets		37,345,750	(61,927,831)
Less: Tax & Dividend Paid for last year profit		(153,083,821)	(59,828,614)
Less: Prior Period Taxes, Penalties Paid & Others		(4,097,526)	(33,034,583)
<b>Net Cash Flow from Operating Activities</b>	<b>( A )</b>	<b>224,347,587</b>	<b>88,536,821</b>
<b>2. Cash Flow from Investing Activities</b>			
Decrease/(Increase) in Investment		(65,000,000)	10,000,000
Decrease/(Increase) in Loans		(539,715,365)	(331,605,045)
Purchase of Property Plant & Equipment		(9,030,008)	(35,693,932)
<b>Net Cash Flow from Investing Activities</b>	<b>( B )</b>	<b>(613,745,374)</b>	<b>(357,298,977)</b>
<b>3. Cash flow from Financing Activities</b>			
Increase/(Decrease) in borrowings		332,874,250	326,035,127
<b>Net Cash Flow from Financing Activities</b>	<b>( C )</b>	<b>332,874,250</b>	<b>326,035,127</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalent</b>	<b>(A+B+C)</b>	<b>(56,523,537)</b>	<b>57,272,971</b>
<b>Change in Cash &amp; Cash Equivalents</b>			
Closing Cash & Cash equivalent		204,674,737	261,198,274
Less: Opening Cash & Cash equivalent		261,198,274	203,925,303
<b>Net changes in Cash &amp; cash equivalent</b>		<b>(56,523,537)</b>	<b>57,272,971</b>

*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  
Place: Kolkata, India  
Date:



**On Behalf of the Board of Directors**

 **CEO**  
 **Director**  
 **Chairman**  
 **Finance Director**

**BHUTAN INSURANCE LIMITED**

**Statement of Financial Position for General Insurance Department as on 31st. December 2023**

Particulars	Note No.	2023	2022
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Intangible Assets (Net block)	10	670,471	788,789
Property, Plant & Equipment (Net block)	9	166,465,764	146,067,763
Investment Held Till Maturity	5a	5,000,000	-
Equity Investment	6a	81,373,884	80,022,569
<b>Total Non current Assets:-</b>		<b>253,510,119</b>	<b>226,879,121</b>
<b>Current Assets</b>			
Cash & cash equivalents	3a	74,681,853	53,959,027
Investment Held Till Maturity	5a	30,000,000	30,000,000
Equity & Short term Investment	6a	498,545,221	453,129,116
Insurance Receivable	7a	47,245,257	101,206,481
Advance & other assets	8a	658,426,009	470,216,789
Deferred Tax Assets	16a(i)	9,463,522	6,304,121
<b>Total current Assets:-</b>		<b>1,318,361,861</b>	<b>1,114,815,533</b>
<b>TOTAL ASSETS:-</b>		<b>1,571,871,982</b>	<b>1,341,694,654</b>
<b>LIABILITIES</b>			
<b>Equity</b>			
Issue,Subscribed & Paid-up capital	20	600,000,000	300,000,000
Retained Earnings	21a(i)	542,874,968	642,816,523
Investment Revaluation Reserve	21a(ii)	52,923,158	32,734,739
<b>Total Shareholders' Equity:-</b>		<b>1,195,798,126</b>	<b>975,551,262</b>
<b>Non Current Liabilities</b>			
Subordinate Term Debt-ESP Bond	13	-	120,000,000
Borrowings & Funds	14d	11,086,284	11,246,122
<b>Total Non Current Liabilities</b>		<b>11,086,284</b>	<b>131,246,122</b>
<b>Current Liabilities</b>			
Insurance Contract Liabilities	11	39,068,870	37,132,344
Reinsurance Contract Liabilities	12	-	-
Subordinate Term Debt-ESP Bond	13	120,000,000	-
Employee Benefits Obligations	15a(i+ii)	19,207,340	16,559,957
Deferred tax Liabilities	16b(i)	13,061,256	10,759,532
Other Liabilities	19a	97,942,348	84,516,257
Provisions	18a	75,707,757	85,929,179
<b>Total current Liabilities:-</b>		<b>364,987,572</b>	<b>234,897,270</b>
<b>TOTAL LIABILITIES &amp; EQUITY:-</b>		<b>1,571,871,982</b>	<b>1,341,694,654</b>

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  
Place: Kolkata, India  
Date:



**On Behalf of the Board of Directors**

 **CEO**  
 **Director**  
 **Chairman**  
 **Finance Director**

# BHUTAN INSURANCE LIMITED

## Revenue Account for General Insurance Department as of 31st. December 2023

Particular	Note No.	2023 Nu.	2022 Nu.
Gross written Premium	22(a+b)	413,354,532	400,115,765
Premium ceded to reinsurers	22c	(211,137,350)	(212,523,919)
<b>Net written premium</b>		<b>202,217,182</b>	<b>187,591,846</b>
Net change in reserve for unearned premium	22d	10,221,422	-3,223,487
<b>Net Earned Premium</b>		<b>212,438,604</b>	<b>184,368,359</b>
Finance Income	23a	37,042,992	35,057,988
Commission income (Reinsurers ceded)	24	55,765,375	38,848,120
Other operating income	26a	45,449,037	43,474,468
<b>Net Income</b>		<b>350,696,008</b>	<b>301,748,936</b>
Gross claims	27	(125,259,940)	(147,635,809)
Reinsures recoveries	27f	49,630,838	87,936,746
<b>Net policyholder claims &amp; benefits paid</b>		<b>(75,629,103)</b>	<b>(59,699,063)</b>
Commission expenses	24(a+b)	(7,944,680)	(5,850,170)
Other operating & administration expenses	28a	(57,834,207)	(45,304,500)
Gratuity & leave Remeasurement Gain/(Loss)	15a(iii)	(211,808)	(429,879)
Depreciation	9	(3,734,555)	(3,110,000)
Amortization	10	(59,159)	(69,599)
Other Expenses (ESP bond)	25d	(8,204,692)	(7,200,000)
Deferred Tax (Comprehensive Income)	29	1,226,807	1,803,100
Deferred Tax (Other Comprehensive Income)	31	(369,129)	(7,362,610)
Prior period adjustment	30a	139,771	4,843,386
<b>Operating Profit/(Loss)</b>		<b>198,075,253</b>	<b>179,369,601</b>

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

Place: Kolkata, India

Date:



On Behalf of the Board of Directors

 CEO  
 Director  
 Chairman  
 Finance Director



## BHUTAN INSURANCE LIMITED

Sub Revenue Account for General Insurance Department as of 31st December 2023

Sub Revenue Account for General Insurance Department as of 31st December 2023													Amount in Nu.									
Percentage of sub category of Insurance to total			37%		39%		3%		3%		41%		48%		19%		10%		100%		100%	
PARTICULARS			Note No.	FIRE INSURANCE		MARINE INSURANCE		3%		3%		MOTOR INSURANCE		48%		MISCELLANEOUS INSURANCE		10%		TOTAL		
			2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Premium Earned (Net)	22		79,437,415	72,059,334	5,348,443	6,191,782	86,268,818	88,108,468	41,383,929	18,008,775	212,438,604	184,368,359										
Commission (Net)	24		29,389,764	18,183,549	700,426	1,405,229	4,456,503	4,698,721	13,274,003	8,710,452	47,820,695	32,997,950										
Finance Income	23a		13,851,529	13,702,217	932,610	1,177,379	15,042,723	16,753,990	7,216,130	3,424,402	37,042,992	35,057,988										
Other Income	26a		16,994,811	16,991,751	1,144,244	1,460,036	18,456,319	20,776,172	8,853,663	4,246,509	45,449,037	43,474,468										
Total (A )			139,673,520	120,936,850	8,125,722	10,234,425	124,224,363	130,337,352	70,727,724	34,390,138	342,751,329	295,898,766										
Claims Incurred (Net)	27		20,191,207	4,410,241	(2,861,896)	8,561,086	47,078,152	32,741,706	11,221,640	13,986,030	75,629,103	59,699,063										
Operating Expenses	28a		28,291,487	17,490,516	1,076,876	1,197,681	15,077,737	14,112,410	13,388,107	12,503,893	57,834,207	45,304,500										
Remeasurement Gain/(Loss)	15a(iii)		79,202	168,016	5,333	14,437	86,013	205,436	41,261	41,990	211,808	429,879										
Investment Expenses	25e		3,067,990	2,814,079	206,565	241,803	3,331,829	3,440,834	1,598,308	703,283	8,204,692	7,200,000										
Depreciation	9		1,396,467	1,215,526	94,023	104,445	1,516,559	1,486,249	727,507	303,779	3,734,555	3,110,000										
Amortization	10		22,121	27,202	1,489	2,337	24,024	33,261	11,524	6,798	59,159	69,599										
Total (B )			53,048,474	26,125,580	(1,477,611)	10,121,790	67,114,314	52,019,897	26,988,347	27,545,774	145,673,524	115,813,041										
Deferred Tax (Comprehensive Income)	29		458,741	704,731	30,887	60,555	498,192	861,690	238,987	176,124	1,226,807	1,803,100										
Deferred Tax (Other Comprehensive Income)	31		-138,029	-2,877,634	-9,293	-247,264	-149,899	-3,518,544	-71,908	-719,167	(369,129)	(7,362,610)										
Prior Period Adjustment	30a		(52,265)	(1,893,010)	(3,519)	(162,659)	(56,759)	(2,314,624)	(27,228)	(473,093)	(139,771)	(4,843,386)										
Operating Profit ( A - B )			86,998,023	94,531,377	9,628,445	88,585	57,515,101	77,975,224	43,933,684	6,774,415	198,075,253	179,369,601										

1-3

## Significant Accounting Policies &amp; Notes to Accounts

The notes referred to above form an integral part of this Sub-Revenue Account.  
This is the General Insurance Department Sub-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  
Place: Kolkata, India  
Date:

On Behalf of the Board of Directors

CEO  
Director  
Chairman



**BHUTAN INSURANCE LIMITED**

**Statement of Financial Position for Financing & Investment Department as on 31st. December 2023**

Particulars	Note No.	2023	2022
<b>ASSETS</b>			
<u>Non current Assets</u>			
Loans & advances	4a	1,750,876,796	2,109,823,489
<b>Total Non current Assets</b>		<b>1,750,876,796</b>	<b>2,109,823,489</b>
<u>Current Assets</u>			
Cash & cash equivalents	3b	39,700,449	160,345,288
Investment Held Till Maturity	5b	175,000,000	125,000,000
Loans & Overdraft	4a	245,702,156	525,796,069
Other Assets	8b	35,699,324	50,211,940
<b>Total Current Assets</b>		<b>496,101,929</b>	<b>861,353,298</b>
<b>TOTAL ASSETS:-</b>		<b>2,246,978,725</b>	<b>2,971,176,787</b>
<b>LIABILITIES</b>			
<u>Non current Liability</u>			
Borrowings & Funds	14a	705,280,088	916,793,156
Retained Earnings	21b	728,085,709	509,015,940
<b>Total Non current Liabilities</b>		<b>1,433,365,797</b>	<b>1,425,809,096</b>
<u>Current Liabilities</u>			
Borrowed Funds	14a	500,728,372	1,175,038,616
Other Liabilities	19b	258,433,896	254,632,214
Provisions	18b	54,450,659	115,696,861
<b>Total Current Liabilities</b>		<b>813,612,927</b>	<b>1,545,367,691</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>2,246,978,725</b>	<b>2,971,176,787</b>

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

Gautam Kumar Basu  
Partner  
ICAI Member No. 050621  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

 CEO  
 Director  
 Chairman  
 Finance Director

# BHUTAN INSURANCE LIMITED

## Revenue Account for Financing & Investment Department as of 31st. December 2023

Particulars	Note No.	2023	2022
<b>INCOME</b>			
Interest on Loan	25a	212,429,687	280,164,593
Finance Income	23b	6,312,069	5,086,233
Other Income	26b	10,154,832	9,779,852
<b>Total Income:-</b>		<b>228,896,588</b>	<b>295,030,678</b>
<b>EXPENSES</b>			
Interest Expenses	25d	(70,514,966)	(139,336,989)
Management Expenses	28b	(26,934,696)	(31,737,928)
Amortization Cost of Staff Loan	28b(ii)	(2,259,844)	(677,799)
Depreciation & Amortization	9&10	(1,896,857)	(2,119,142)
Provision against Loans	18c	71,312,357	87,188,807
Asset Pending Reserve adjustment	18d(ii)	23,477,677	139,572
Prior period adjustment	30b	(3,010,490)	(38,775,578)
<b>Total Expense:-</b>		<b>(9,826,819)</b>	<b>(125,319,057)</b>
<b>Operating Profit/(Loss)</b>		<b>219,069,768</b>	<b>169,711,621</b>

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  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

CEO Director Chairman  
Finance Director

**BHUTAN INSURANCE LIMITED**

**Statement of Financial Position for PPF & GFM Department as on 31st. December 2023**

		Amount in Nu.	
Particulars	Note No.	2023	2022
<b>ASSETS</b>			
<b>Non current Assets</b>			
Loans & advances	4b	845,568,477	41,564,869
Equity & other Investment	6c	8,677,320	8,552,118
<b>Total Non current Assets</b>		<b>854,245,798</b>	<b>50,116,987</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	3c	90,292,435	46,893,959
Loan & advances	4b	376,432,644	1,680,280
Investment Held Till Maturity	5c	30,000,000	20,000,000
Equity & other Investment	6c	-	720,348,670
Other Assets	8d	181,246,159	97,607,251
<b>Total Current Assets</b>		<b>677,971,238</b>	<b>886,530,160</b>
<b>TOTAL ASSETS</b>		<b>1,532,217,036</b>	<b>936,647,146</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non current Liabilities</b>			
Member's Contribution Funds	14c	1,457,282,739	913,357,904
Reserve-[Debit balance of Revenue Account]	21c(i)	-142,817,991	-56,991,822
Investment Revaluation Reserve	21c(ii)	3,821,502	3,696,300
<b>Total Non Current Liabilities</b>		<b>1,318,286,250</b>	<b>860,062,382</b>
<b>Current Liabilities</b>			
Other Liabilities	19d	156,081,329	76,130,801
Provisions	18e	57,849,457	453,963
<b>Total Current Liabilities</b>		<b>213,930,785</b>	<b>76,584,764</b>
<b>TOTAL LIABILITIES</b>		<b>1,532,217,036</b>	<b>936,647,146</b>

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



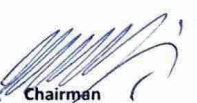

This is the Statement of Financial Position for PPF & GFM Department (New Fund) referred to in our report of even date.

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

Gautam Kumar Basu  
Partner  
ICAI Member No. 050621  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

 CEO
  Director
  Chairman
  Finance Director

## BHUTAN INSURANCE LIMITED

## Revenue Account for PPF &amp; GFM Department as of 31st. December 2023

	Note No	2023	2022
<b>INCOME</b>			
Interest Income	25b	108,251,524	3,949,177
Finance Income	23c	1,672,377	50,040,542
Other Income	26c	6,204,678	-
<b>Total Income</b>		<b>116,128,578</b>	<b>53,989,719</b>
<b>EXPENSES</b>			
Interest Expense	25g	(96,481,767)	(57,735,547)
Management Expense	28c	(22,689,656)	(12,175,435)
Depreciation & Amortization	9&10	(1,896,857)	(1,060,457)
Provision against Loans	18f	(57,395,493)	-363,596
Asset Pending Reserve adjustment	18g(ii)	(23,490,974)	-
Prior Period adjustment	30c	-	2,700,709
<b>Total Expenses</b>		<b>(201,954,748)</b>	<b>(68,634,327)</b>
<b>Operating Profit/(Loss)</b>		<b>(85,826,169)</b>	<b>(14,644,608)</b>

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  
Place: Kolkata, India  
Date:



On Behalf of the Board of Directors

CEO Director Chairman  
Finance Director



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**Notes**

**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 recognized in the financial statements.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 a 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-1 has been presented in Annexure-1A & 1B.

### **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 amortized cost using the Effective Interest Rate (EIR), less allowance for impairment. Amortized Cost is calculated by taking into account any discount or premium on acquisition and fees and Costs that are an integral part of the Effective Interest Rate (EIR). The amortization is included in Interest and similar income in the Income Statement. The loss arising from impairment are recognized 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-recognized 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-recognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, or to realize 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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement convey 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 recognized as an expenses in the Income Statement on a straight line basis over the lease term. Contingent Rental Payable is recognized as an expense in the period in which they are incurred. Right of use of the leasehold properties has not been measured as per BFRS-16 as the lease contracts are short term in nature.

#### **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 is 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 are 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 contact expires, is discharged or is it cancelled.

**Recognition of Revenue**

Revenue is recognized 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 recognized:

**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- principal arrangement with the re-insurers.

**Interest and similar Income and Expense**

Interest and similar income and expense has been recognized 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 recognized 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 recognized as a separate asset as appropriate, only when it is probable that future economic benefit 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
Building	33	3



### 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.

### Impairment of Items of Property, Plant & Equipment and Intangible Assets

The entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. In assessing whether there is any indication that an asset may be impaired, the entity considers the following indications:

- **External Sources of Information**
  - a) There are observable indicators that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
  - b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
  - c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
  - d) The carrying amount of the net assets of the entity is more than its market capitalization.
- **Internal Sources of Information**
  - a) Evidence is available of obsolescence or physical damage of an asset.
  - b) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operations to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
  - c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.



**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.

**Non-Current Assets Held for Sale and Discontinued Operations**

The entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The following conditions must be met for an asset (or disposal group) to be classified as held for sale:

- Management is committed to a plan to sell.
- The asset is available for immediate sale.
- The active program to locate a buyer is initiated.
- The sale is highly probable, within 12 months of classification as held for sale.
- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.
- Actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

**Equity Investments**

Investments in Equity has been recognized at Fair Value on the basis of Level-III technique as stated in BFRS-13. The value of investments is tested for impairment as and when there is presence of “Objective Evidence” as stated in BAS-39. The Company is having investments in the equity shares of financial institutions and as on the reporting date there is no presence of any objective evidence.

An equity investment is said to be impaired when:

- Its fair value has declined to below cost **and**
- There is objective evidence of impairment.

“Objective Evidence” of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in the which the entity operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.



## Share Capital

Ordinary Shares are classified as "Share Capital" in Equity.

## Dividends

Dividends on ordinary shares are recognized 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 assets 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.

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**Bhutan Insurance Limited**  
Notes to Financial Statements-31st. December 2023

**3 Cash & Cash Equivalents**

<i>in Bhutanese Ngultrum</i>	<u>31st. December</u> <u>2023</u>	<u>31st. December 2022</u>
Cash in hand & balances with banks (3a+3b+3c+3d)	204,674,737	261,198,274
<b>Total:-</b>	<b>204,674,737</b>	<b>261,198,274</b>

**3a. General Insurance Dept**

Cash in hand & balance with banks	74,681,853	53,959,027
<b>Total:-</b>	<b>74,681,853</b>	<b>53,959,027</b>

**3b. Financing & Investment Department**

Cash & Bank Balance	39,700,449	160,345,288
<b>Total:-</b>	<b>39,700,449</b>	<b>160,345,288</b>

**3c. Private Provident & Gratuity Fund Department**

Cash in hand & balance with banks	90,292,435	46,893,959
<b>Total:-</b>	<b>90,292,435</b>	<b>46,893,959</b>

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**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Manufacturing/Industry Sector Loan	57,124,644	263,057,622	78,666,695	216,577,822
Service Sector Loan	48,354,605	39,114,035	30,414,550	31,586,951
Trade/Commerce Sector Loan	160,123,995	549,056,484	177,378,981	295,727,377
Housing Sector Loan	19,297,122	885,739,513	7,356,792	804,495,468
Transport Sector Loan	-	669,390,040	-	646,719,860
Loans to Purchase Securities	34,770,155	48,453,303	24,224,241	74,165,282
Personal Loan	-	80,795,331	-	42,770,714
Staff Loan	-	49,748,867	-	28,730,165
Consumer Loan	301,712,852	11,090,079	209,369,489	10,064,921
Agriculture & PSL Loan	-	-	-	549,797
Late Fees	751,426	-	65,603	-
<b>Total Gross Loans &amp; Advances</b>	<b>622,134,800</b>	<b>2,596,445,273</b>	<b>527,476,350</b>	<b>2,151,388,358</b>

**Details of Provision for Loan Impairment are as follows:**

<i>in Bhutanese Ngultrum</i>		
Impairment as per BAS-39-Incurred Loss Model	112,300,116	116,150,825
<b>Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017</b>	<b>112,300,116</b>	<b>116,150,825</b>

Percentage of Provision for Loan Impairment is 3.35 % (P.Y : 4.34% of Total Loans & Advances.)

**Over all Economic sector risk concentrations within the gross loans & advances to customers are:-**

<i>in Bhutanese Ngultrum</i>	<u>31st. December</u> <u>2023</u>	<u>%</u>	<u>31st. December</u> <u>2022</u>	<u>%</u>
Manufacturing/Industry Sector Loan	320,182,266	9.95	295,244,517	11.02
Service Sector Loan	87,468,640	2.72	62,001,501	2.31
Trade/Commerce Sector Loan	709,180,479	22.03	473,106,358	17.66
Housing Sector Loan	905,036,635	28.12	811,852,260	30.31
Transport Sector Loan	669,390,040	20.80	646,719,860	24.14
Loans to Purchase Securities	83,223,458	2.59	98,389,523	3.67
Personal Loan	80,795,331	2.51	42,770,714	1.60
Staff Loan	49,748,867	1.55	28,730,165	1.07
Consumer Loan	312,802,931	9.72	219,434,409	8.19
Agriculture & PSL Loan	-	0.00	549,797	0.02
Late Fees	751,426	0.02	65,603	0.00
<b>Total Gross Loans &amp; Advances to Customers</b>	<b>3,218,580,073</b>	<b>100</b>	<b>2,678,864,707</b>	<b>100</b>



**4a. Finance & Investment Department***in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	Current	Non Current	Current	Non Current
Manufacturing/Industry Sector Loan	12,553,738	226,910,415	78,666,695	209,736,114
Service Sector Loan	24,351,477	29,191,285	30,414,550	31,586,951
Trade/Commerce Sector Loan	56,275,753	337,838,041	177,378,981	288,475,287
Housing Sector Loan	4,516,062	597,739,765	7,356,792	804,495,468
Transport Sector Loan	-	437,670,777	-	628,884,151
Loans to Purchase Securities	34,770,155	31,240,622	24,224,241	72,344,876
Personal Loan	-	39,800,923	-	42,770,714
Staff Loan	-	49,748,867	-	28,730,165
Consumer Loan	112,995,641	736,102	207,689,813	2,249,966
Agriculture & PSL Loan	-	-	-	549,797
Late Fees Outstanding	239,331	-	64,998	-
<b>Total Gross Loans &amp; Advances</b>	<b>245,702,156</b>	<b>1,750,876,796</b>	<b>525,796,069</b>	<b>2,109,823,489</b>

**Details of Provision for Loan Impairment are as follows:***in Bhutanese Ngultrum*

Impairment as per BAS-39-Incurred Loss Model	54,450,659	115,696,861
<b>Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017</b>	<b>54,450,659</b>	<b>115,696,861</b>

**Economic sector risk concentrations within the gross loans & advances to customers for FID**

<i>in Bhutanese Ngultrum</i>	<u>31st. December</u>		<u>31st. December</u>	
	2023	%	2022	%
Manufacturing/Industry Sector Loan	239,464,152	11.99	288,402,809	10.94
Service Sector Loan	53,542,762	2.68	62,001,501	2.35
Trade/Commerce Sector Loan	394,113,794	19.74	465,854,268	17.68
Housing Sector Loan	602,255,827	30.16	811,852,260	30.80
Transport Sector Loan	437,670,777	21.92	628,884,151	23.86
Loans to Purchase Securities	66,010,777	3.31	96,569,117	3.66
Personal Loan	39,800,923	1.99	42,770,714	1.62
Staff Loan	49,748,867	2.49	28,730,165	1.09
Consumer Loan	113,731,743	5.70	209,939,778	7.97
Agriculture & PSL Loan	-	0.00	549,797	0.02
Late Fees	239,331	0.01	64,998	0.00
<b>Total Gross Loans &amp; Advances to Customers</b>	<b>1,996,578,952</b>	<b>100</b>	<b>2,635,619,559</b>	<b>100</b>

**4b. PPF & GFM Department***in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	Current	Non Current	Current	Non Current
Manufacturing/Industry loan	44,570,906	36,147,208	-	6,841,708
Service Sector Loan	24,003,129	9,922,750	-	-
Trade & Commerce loan	103,848,243	211,218,442	-	7,252,090
Housing Sector Loan	14,781,060	287,999,748	-	-
Transport Sector Loan	-	231,719,263	-	17,835,709
Personal Loan	-	17,212,681	-	1,820,406
Loans to Purchase Securities	-	40,994,408	-	-
Consumer Loan (Loan against PPF)	-	10,353,977	-	7,814,955
Consumer Loan (Others)	188,717,210	-	1,679,676	-
Late Fees	512,095	-	604	-
<b>Total Loans &amp; Advances</b>	<b>376,432,644</b>	<b>845,568,477</b>	<b>1,680,280</b>	<b>41,564,869</b>

**Economic sector risk concentrations within the gross loans & advances to customers of PF/GF Dept.**

<i>in Bhutanese Ngultrum</i>	<u>31st. December</u>		<u>31st. December</u>	
	2023	%	2022	%
Manufacturing/Industry loan	80,718,114	6.61	6,841,708	15.82
Service Sector Loan	33,925,878	2.78	-	-
Trade & Commerce loan	315,066,685	25.78	7,252,090	16.77
Housing Sector Loan	302,780,808	24.78	-	-
Transport Sector Loan	231,719,263	18.96	17,835,709	41.24
Personal Loan	17,212,681	1.41	1,820,406	4.21
Loans to Purchase Securities	40,994,408	3.35	-	-
Consumer Loan (Loan against PPF)	10,353,977	0.85	7,814,955	18.07
Consumer Loan (Others)	188,717,210	15.44	1,679,676	3.88
Late Fees	512,095	0.04	604	0.00
	<b>1,222,001,121</b>	<b>100</b>	<b>43,245,149</b>	<b>100</b>

**Details of Provision for Loan Impairment are as follows:***in Bhutanese Ngultrum*

Impairment as per BAS-39-Incurred Loss Model	57,849,457	453,963
<b>Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017</b>	<b>57,849,457</b>	<b>453,963</b>



**5 Instruments Held Till Maturity***in Bhutanese Ngultrum*

Investment in DWAL Bond ( 5,000 Bonds @ 1000 per bond)  
Fixed Deposit (Maturing within 12 Months)

<u>31st. December 2023</u>		<u>31st December 2022</u>	
Current	Non-Current	Current	Non-Current
-	5,000,000	-	-
235,000,000	-	175,000,000	-
<b>235,000,000</b>	<b>5,000,000</b>	<b>175,000,000</b>	<b>-</b>

**5a. General Insurance Department***in Bhutanese Ngultrum*

Investment in DWAL Bond ( 5,000 Bonds @ 1000 per bond)  
Fixed Deposit (Maturing within 12 Months)

**Total**

<u>31st. December 2022</u>		<u>31st December 2021</u>	
Current	Non-Current	Current	Non-Current
-	5,000,000	-	-
30,000,000	-	30,000,000	-
<b>30,000,000</b>	<b>5,000,000</b>	<b>30,000,000</b>	<b>-</b>

**5b. Finance & Investment Department***in Bhutanese Ngultrum*

Fixed Deposit (Maturing within 12 Months)

**Total**

<u>31st. December 2023</u>		<u>31st December 2022</u>	
Current	Non-Current	Current	Non-Current
175,000,000	-	125,000,000	-
<b>175,000,000</b>	<b>-</b>	<b>125,000,000</b>	<b>-</b>

**5c. PPF & GFM Department***in Bhutanese Ngultrum*

Fixed Deposit (Maturing within 12 Months)

**Total**

<u>31st. December 2023</u>		<u>31st December 2022</u>	
Current	Non-Current	Current	Non-Current
30,000,000	-	20,000,000	-
<b>30,000,000</b>	<b>-</b>	<b>20,000,000</b>	<b>-</b>

**6 Equity & Other Investment***in Bhutanese Ngultrum*

Equity Investment with BNBL

Equity Investment with CIB

Equity Investment with FITI

**Total**

<u>31st. December 2023</u>		<u>31st December 2022</u>	
Current	Non-Current	Current	Non-Current
-	79,331,181	-	78,186,536
-	4,720,023	-	4,388,151
-	6,000,000	-	6,000,000
<b>-</b>	<b>90,051,205</b>	<b>-</b>	<b>88,574,687</b>

The Equity Investment has valued based on Audited Financial Statements of CIB and FITI of year 2021 as per the Level-III technique as stated in BFRS-13 (in line with IFRS-13). The details of valuation is as follows:

**6a. General Insurance Department***in Bhutanese Ngultrum*

Equity Investment with BNBL

Equity Investment with CIB

Equity Investment with FITI

Investment fund with FID

**Total**

<u>31st. December 2023</u>		<u>31st December 2022</u>	
Current	Non-Current	Current	Non-Current
-	70,653,861	-	69,634,418
-	4,720,023	-	4,388,151
-	6,000,000	-	6,000,000
498,545,221	-	453,129,116	-
<b>498,545,221</b>	<b>81,373,884</b>	<b>453,129,116</b>	<b>80,022,569</b>

The Equity Investment has valued based on Audited Financial Statements of CIB and FITI of year 2021 as per the Level-III technique as stated in BFRS-13 (in line with IFRS-13). The details of valuation is as follows:

**6c. PPF & GFM Department**

Investment Fund with FID

Equity Investment with BNBL

<u>31st. December 2023</u>		<u>31st December 2022</u>	
Current	Non-Current	Current	Non-Current
-	-	720,348,670	-
-	8,677,320	-	8,552,118
<b>-</b>	<b>8,677,320</b>	<b>720,348,670</b>	<b>8,552,118</b>



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st. December 2023**

**7 Insurance Receivable**

*in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Insurance Premium Receivable	16,007,713	-	52,105,448	-
RI Receivable	31,237,544	-	49,101,032	-
<b>Total Insurance Receivable</b>	<b>47,245,257</b>	<b>-</b>	<b>101,206,481</b>	<b>-</b>

**7a. General Insurance Department**

*in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Insurance Premium Receivable	16,007,713	-	52,105,448	-
RI Receivable	31,237,544	-	49,101,032	-
<b>Total Insurance Receivable</b>	<b>47,245,257</b>	<b>-</b>	<b>101,206,481</b>	<b>-</b>

*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**

*in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Rental amount Receivable	120,000	-	-	-
Security Deposit for Office Space	506,807	-	344,395	-
RMA Reserve	30,000	-	30,000	-
Advance CIT & TDS	46,009,487	-	38,572,194	-
RMA Penalty Deposit A/c	100,000	-	100,000	-
Other Advance	2,009,955	-	1,743,465	-
Interest Receivable on Bonds	139,726	-	-	-
BIL Employees Gratuity Fund Investment (RICBL)	11,840,546	-	13,319,407	-
Interest Receivable on BIL Employee Gratuity fund investment (RICBL)	-	-	-	-
Advance Payment for Purchase of building at Gelephu	-	-	-	-
Land development advances	-	-	-	-
Vehicle Scrap Purchase Advance Payment	961,815	-	961,815	-
Tax Refund Receivable from RRCO	-	-	-	-
Differential tax assets	-	-	72,487	-
Interest Receivable on Fixed Deposits	5,772,784	-	2,620,171	-
Prepaid Staff loan Cost	14,337,467	-	6,607,091	-
Loan Charge-off advances	1,463,522	-	1,092,102	-
Asset Pending Foreclosure Account	38,159,918	-	38,146,621	-
<b>Total</b>	<b>121,452,027</b>	<b>-</b>	<b>103,609,747</b>	<b>-</b>

**8a. General Insurance Department**

*in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Rental amount Receivable	120,000	-	-	-
Security Deposit for Office Space	506,807	-	344,395	-
RMA Reserve	30,000	-	30,000	-
Advance CIT & TDS	45,704,162	-	38,225,216	-
RMA Penalty Deposit A/c	100,000	-	100,000	-
Other Advance	2,009,955	-	1,743,465	-
Interest Receivable on Bonds	139,726	-	-	-
Interest Receivable on Fixed Deposits	1,424,208	-	352,603	-
BIL Employees Gratuity Fund Investment (RICBL)	11,840,546	-	13,319,407	-
Interest Receivable on BIL Employee Gratuity fund investment (RICBL)	-	-	-	-
Advance Payment for Purchase of building at Gelephu	-	-	-	-
Land development advances	-	-	-	-
Vehicle Scrap Purchase Advance Payment	961,815	-	961,815	-
Tax Refund Receivable from RRCO	-	-	-	-
Interest receivable on Funds to Finance & Investment Department	33,452,307	-	32,317,886	-
Counter Entry of FID Last Year Reserve	509,015,940	-	339,304,319	-
Differential tax assets	-	-	72,487	-
Management Fees Receivable from FID	28,536,259	-	30,211,237	-
Management Fees Receivable from PPF & GFM dept.	24,584,283	-	13,233,960	-
<b>Total</b>	<b>658,426,009</b>	<b>-</b>	<b>470,216,789</b>	<b>-</b>

*Cka*



**8b. Finance & Investment Department***in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Interest Receivable on Fixed Deposits	4,029,945	-	2,119,623	-
Prepaid Staff Loan Cost	14,337,467	-	6,607,091	-
Advance CIT & TDS	220,087	-	346,978	-
Asset Pending Foreclosure Account	14,668,944	-	38,146,621	-
Loan Charge-off advances	543,355	-	1,092,102	-
GAD control A/c.	1,899,525	-	1,899,525	-
<b>Total</b>	<b>35,699,324</b>	<b>-</b>	<b>50,211,940</b>	<b>-</b>

**8d. PPF & GFM Department***in Bhutanese Ngultrum*

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Interest receivable on investment with FID (New Fund)	-	-	49,891,993	-
Interest receivable on Fixed Deposit	318,630	-	147,945	-
TDS on dividend	85,238	-	-	-
Asset Pending Foreclosure Account	23,490,974	-	-	-
Loan Charge-off advances	920,168	-	-	-
Interest & Late fee transferred control A/c. (Assets Segregation)	113,924,100	-	-	-
Loan Charge-off transferred control A/c. (Assets Segregation)	27,649,414	-	-	-
Investment Dept. control A/c. (Old Fund)	14,857,635	-	47,567,313	-
<b>Total</b>	<b>181,246,159</b>	<b>-</b>	<b>97,607,251</b>	<b>-</b>

Cka



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st. December 2023**

**9 Property, Plant & Equipment**  
*in Bhutanese Ngultrum*

<u>Cost</u>	<u>Office Equipment</u>	<u>Furniture &amp; Fittings</u>	<u>Computer, Printer &amp; Others</u>	<u>Motor Vehicles</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>
Balance as at 1st January	5,203,773	6,406,222	19,421,504	11,282,578	105,322,125	30,241,000	177,877,202
Additions during the year	1,971,100	595,150	6,374,793	-	-	88,965	9,030,008
Disposals during the year adjusted	-	-	-	-	-	-	-
<b>Balance as at 31st. December 2023</b>	<b>7,174,873</b>	<b>7,001,372</b>	<b>25,796,297</b>	<b>11,282,578</b>	<b>105,322,125</b>	<b>30,329,965</b>	<b>186,907,210</b>
<u>Depreciation</u>							
Balance as at 1st January	4,601,102	6,081,337	14,764,544	5,372,591	-	989,866	31,809,440
Depreciation charge for the year	977,757	368,587	3,520,481	1,692,387	-	909,899	7,469,111
Accumulated Depreciation adjusted	-	-	-	-	-	-	-
<b>Balance as at 31st. December 2023</b>	<b>5,578,859</b>	<b>6,449,924</b>	<b>18,285,025</b>	<b>7,064,978</b>	<b>-</b>	<b>1,899,765</b>	<b>39,278,551</b>
Fair valuation Gain/(Loss) during the year as per BFRS 13					16,445,647	2,391,456	18,837,104
<b>Book Value as on 31st. December 2023</b>	<b>1,596,014</b>	<b>551,448</b>	<b>7,511,272</b>	<b>4,217,600</b>	<b>121,767,772</b>	<b>30,821,657</b>	<b>166,465,764</b>
<b>Book value as at 31st. December 2022</b>	<b>602,671</b>	<b>324,885</b>	<b>4,656,960</b>	<b>5,909,987</b>	<b>105,322,125</b>	<b>29,251,135</b>	<b>146,067,763</b>

*All the units of Property, Plant & Equipment has been tested for impairment as on the reporting date owing to lack of objective evidences as per BAS-36.*

**10 Intangible Assets**  
*in Bhutanese Ngultrum*

<u>Cost</u>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Balance as at 1st January	9,999,670	9,949,055
Additions during the year	-	50,615
<b>Balance as on 31st. December</b>	<b>9,999,670</b>	<b>9,999,670</b>
<u>Amortization</u>		
Balance as at 1st January	9,210,881	9,071,683
Amortisation charge for the year	118,318	139,198
<b>Balance as on 31st. December</b>	<b>9,329,199</b>	<b>9,210,881</b>
<b>Book Value as on 31st. December</b>	<b>670,471</b>	<b>788,789</b>

*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. Both the above system softwares got obsolete and replaced by new softwares developed inhouse by our IT staff.*

<u>Segment wise Depreciation</u>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
General Insurance Department	3,734,555	3,110,000
Finance & Investment Department	1,867,278	2,072,755
PF/GF(New) Fund	1,867,278	1,037,244
<b>Total</b>	<b>7,469,111</b>	<b>6,220,000</b>

<u>Segment wise Ammortization</u>		
General Insurance Department	59,159	69,599
Finance & Investment Department	29,580	46,386
PF/GF(New) Fund	29,580	23,213
<b>Total</b>	<b>118,318</b>	<b>139,198</b>





## Bhutan Insurance Limited

## Notes to Financial Statements-31st. December 2023

**11 Insurance Contract Liabilities**

in Bhutanese Ngultrum

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
Claim Outstanding	35,621,228	-	34,582,924	-
Insurance premium refundable	228,596	-	219,706	-
Referral Fees Payable	3,219,046	-	2,329,714	-
<b>Total Insurance Contract Liabilities</b>	<b>39,068,870</b>	<b>-</b>	<b>37,132,344</b>	<b>-</b>

**12 Reinsurance Contract Liabilities**

in Bhutanese Ngultrum

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
RI Ceded Payable	-	-	-	-
<b>Total Reinsurance Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**13 Subordinate Term Debt**

in Bhutanese Ngultrum

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
ESP Bond	120,000,000	-	-	120,000,000
<b>Total Subordinate Term Debt</b>	<b>120,000,000</b>	<b>-</b>	<b>-</b>	<b>120,000,000</b>

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 Borrowings & Funds**

in Bhutanese Ngultrum

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
Borrowings from GIC Bhutan Re	-	700,000,000	-	450,000,000
Borrowings from BNBL	-	5,280,088	-	10,877,340
Borrowing from T-Bank	493,465	-	-	-
Fund from PPF (Old Fund)	-	-	-	319,466,422
Fund from SWF	1,689,686	-	1,560,830	-
Fund from Gratuity Fund (Old Fund)	-	-	-	136,449,394
Fund from PPF (New Fund)	-	465,500,637	-	78,084,849
Fund from Gratuity Fund (New Fund)	-	991,782,102	-	835,273,055
Borrowing from Druk PNB bank	-	11,086,284	-	11,246,122
<b>Total</b>	<b>2,183,151</b>	<b>2,173,649,111</b>	<b>1,560,830</b>	<b>1,841,397,182</b>

**14a. Finance & Investment**

in Bhutanese Ngultrum

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
Borrowings from GIC Bhutan Re	-	700,000,000	-	450,000,000
Borrowings from BNBL	-	5,280,088	-	10,877,340
Borrowing from T-Bank	493,465	-	-	-
Fund from PPF (Old Fund)	-	-	-	319,466,422
Fund from SWF	1,689,686	-	1,560,830	-
Fund from Gratuity Fund (Old Fund)	-	-	-	136,449,394
Funds Borrowed from PF/GF Department(New)	-	-	720,348,670	-
Fund from General Insurance Dept.	498,545,222	-	453,129,117	-
<b>Total</b>	<b>500,728,372</b>	<b>705,280,088</b>	<b>1,175,038,616</b>	<b>916,793,156</b>

**14c. PPF & GFM Department (New Fund )**

Member's Contribution Fund

less Refund

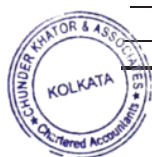
	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
Private Provident Fund	-	465,500,637	-	78,084,849
Gratuity Fund	-	991,782,102	-	835,273,055
<b>Total</b>	<b>-</b>	<b>1,457,282,739</b>	<b>-</b>	<b>913,357,904</b>

**14d. General Insurance Dept.**

in Bhutanese Ngultrum

	<u>31st. December 2023</u>		<u>31st. December 2022</u>	
	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
Borrowing from Druk PNB bank	-	11,086,284	-	11,246,122
<b>Total</b>	<b>-</b>	<b>11,086,284</b>	<b>-</b>	<b>11,246,122</b>

Cka



<b>15 Employees Defined Benefit Obligation</b> <i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>		<b>31st. December 2022</b>	
	Current	Non current	Current	Non current
Employees Gratuity obligation	15,549,645	-	13,686,433	-
Employees Leave Encashment obligation	3,657,695	-	2,873,524	-
<b>Total Employee Benefit Obligation</b>	<b>19,207,340</b>	<b>-</b>	<b>16,559,957</b>	<b>-</b>

<b>15a. Employees Defined Benefit Obligation</b> <i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>		<b>31st. December 2022</b>	
	Current	Non current	Current	Non current
i) Defined benefit obligation (Gratuity) as per last year A/c.	13,686,433	-	13,330,896	-
Add:- Current year obligation	3,342,073	-	355,537	-
Add: Interest Receivable on Gratuity Fund Investment	681,425	-	-	-
Less: Benefits Paid during the year	-2,160,286	-	-	-
<b>Total</b>	<b>15,549,645</b>	<b>-</b>	<b>13,686,433</b>	<b>-</b>
ii) Defined benefit obligation (Leave) as per last year A/c.	2,873,524	-	2,799,182	-
Add:- Current year obligation	784,171	-	74,342	-
<b>Total</b>	<b>3,657,695</b>	<b>-</b>	<b>2,873,524</b>	<b>-</b>
iii) Net Remeasurement (Gain) /Loss on Defined Benefit Plan <i>(Shown separately in Comprehensive Income)</i>				
Gratuity liability	-572,363	-	355,537	-
Leave Liability	784,171	-	74,342	-
<b>Total</b>	<b>211,808</b>	<b>-</b>	<b>429,879</b>	<b>-</b>

**The movement in the Net Defined Benefit Obligation of Gratuity Liability is as follows:**

Opening Balance	13,686,433	13,330,896
Service Cost	2,609,005	2,015,909
Interest Cost	863,531	805,392
Benefits Paid During the year	-2,160,286	-4,164,802
Net Actuarial (Gain) / Loss	550,962	1,699,038
Closing Balance	<b>15,549,645</b>	<b>13,686,433</b>

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(%)	6.85	7.16
c) Rate of Compensation Increase(%)	6	6
d) Average Expected Future Service	24/11/0	24/12/0
e) Average Duration of Liabilities	7	7
f) Superannuation at Age-Male	56/58/60	56/58/60
g) Superannuation at Age-Female	56/58/60	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	10 per thousand p.a 6 above age 45 3 between 29 and 45 1 below age 29

i) Voluntary Retirement	Ignored	Ignored
j) Mortality Table	IALM(2012-2014)	IALM(2012-2014)

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

**The movement in the Net Defined Benefit Obligation of Leave Liability is as follows:**

Opening Balance	2,873,524	2,799,182
Service Cost	830,494	527,264
Interest Cost	143,971	127,561
Benefits Paid During the year	-1,543,520	-2,035,211
Net Actuarial (Gain) / Loss	1,353,226	1,454,728
Closing Balance	<b>3,657,695</b>	<b>2,873,524</b>

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(%)	6.85	7.16
c) Rate of Compensation Increase(%)	6	6
d) Average Expected Future Service	24/11/0	24/12/0
e) Average Duration of Liabilities	7	7
f) Superannuation at Age-Male	56/58/60	56/58/60
g) Superannuation at Age-Female	56/58/60	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	10 per thousand p.a 6 above age 45 3 between 29 and 45 1 below age 29
i) Voluntary Retirement	Ignored	Ignored
j) Mortality Table	IALM(2012-2014)	IALM(2012-2014)

**16a Deferred Tax Assets**

*in Bhutanese Ngultrum*

Deferred Tax Assets

**Total Deferred Tax Assets**

<u>31st. December 2023</u>		<u>31st. December 2022</u>	
<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
9,463,522	-	6,304,121	-
<b>9,463,522</b>	<b>-</b>	<b>6,304,121</b>	<b>-</b>

**16a(i). Deferred Tax Assets**

Deferred tax assets as per last year accounts

Add:- Deferred tax assets current year

**Total**

6,304,121		2,849,248	-
3,159,401	-	3,454,873	-
<b>9,463,522</b>	<b>-</b>	<b>6,304,121</b>	<b>-</b>

**16b Deferred Tax Liabilities**

*in Bhutanese Ngultrum*

Deferred Tax Liabilities

**Total Deferred Tax Liabilities**

<u>31st. December 2023</u>		<u>31st. December 2022</u>	
<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
13,061,256	-	10,759,532	-
<b>13,061,256</b>	<b>-</b>	<b>10,759,532</b>	<b>-</b>

**16b(i). Deferred Tax Liabilities**

Deferred tax liabilities as per last year accounts

Add:- Deferred tax liabilities current year

**Total**

10,759,532		1,745,150	-
2,301,724	-	9,014,382	-
<b>13,061,256</b>	<b>-</b>	<b>10,759,532</b>	<b>-</b>

The detail Deferred Tax Liabilities are as follows:

Deferred Tax Assets

Deferred Tax Liabilities

**Deferred Tax Assets/(Liabilities)**

<u>31st. December 2023</u>		<u>31st. December 2022</u>	
9,463,522	-	6,304,121	-
13,061,256	-	10,759,532	-
<b>-3,597,734</b>	<b>-</b>	<b>-4,455,412</b>	<b>-</b>



**Bhutan Insurance Limited**

**Notes to Financial Statements-31st. December 2023**

**17 Tax Payable**

*in Bhutanese Ngultrum*

Provision for Tax

**Total Tax  
Payable**

31st. December 2023		31st. December 2022	
Current	Non Current	Current	Non Current
83,950,887	-	93,083,821	-
<b>83,950,887</b>	<b>-</b>	<b>93,083,821</b>	<b>-</b>

**18 Provisions & Contingencies**

*in Bhutanese Ngultrum*

Unexpired Risk Reserve

Provision for other doubtful debts

Impairment on Loan

**Total Provisions & Contingencies**

31st. December 2023		31st. December 2022	
Current	Non Current	Current	Non Current
75,537,500	-	85,758,922	-
170,257	-	170,257	-
112,300,116	-	116,150,825	-
<b>188,007,873</b>	<b>-</b>	<b>202,080,004</b>	<b>-</b>

**18a. General Insurance Department**

i) Provision for Unexpired Risk as per Last Account

Add: Provision for Unexpired Risk Current Year

**Total**

ii) Provision for Doubtful Debt as per last year Account

Add: Provision for doubtful debt Current Year

**Total**

**Total**

**(i+ii+iii)**

2023	2022
85,758,922	82,535,435
(10,221,422)	3,223,487
<b>75,537,500</b>	<b>85,758,922</b>
170,257	170,257
-	-
<b>170,257</b>	<b>170,257</b>
<b>75,707,757</b>	<b>85,929,179</b>

*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%
4. Doubtful	181 - 365	50%
5. Loss	> 366	100%
6. Term Expired	-	100%

**18b. Financing & Investment Department**

i) Provision for Standard Loan as per Last Year A/c.

Add:- Additional Provision for Current Year

**Total**

ii) Provision for Watch Loan as per Last Year A/c.

Add:- Additional Provision for Current Year

**Total**

iii) Provision for Sub standard Loan as per Last Year A/c.

Add:- Additional Provision for Current Year

**Total**

iv) Provision for Doubtful Loan as per Last Year A/c.

Add:- Additional Provision for Current Year

**Total**

v) Provision for Loss exposure Loan as per Last Year A/c.

Add:- Additional Provision for Current Year

**Total**

vi) Provision for Term expired Loan as per Last Year A/c.

Add:- Additional Provision for Current Year

**Total**

vii) Dynamic Provision as per last year A/c.

Add:- Additional Provision for Current Year

**Total**

viii) Specific provision adjustment for writeback last year A/c.

Add:- Additional Provision for Current Year

**Total**

**Total ( i + ii + iii + iv + v + vi+vii+viii )**

31st. December 2023	31st. December 2022
19,451,654	18,004,099
(6,512,190)	1,447,555
<b>12,939,464</b>	<b>19,451,654</b>
6,452,866	3,734,077
1,523,681	2,718,789
<b>7,976,547</b>	<b>6,452,866</b>
2,610,011	8,438,436
(335,773)	(5,828,425)
<b>2,274,238</b>	<b>2,610,011</b>
8,170,054	11,665,493
(3,927,559)	(3,495,439)
<b>4,242,495</b>	<b>8,170,054</b>
62,490,927	23,561,864
(52,048,782)	38,929,063
<b>10,442,145</b>	<b>62,490,927</b>
-	21,876,950
1,618,275	(21,876,950)
<b>1,618,275</b>	<b>-</b>
16,521,350	-
(1,563,856)	16,521,350
<b>14,957,494</b>	<b>16,521,350</b>
10,066,155	115,604,749
(10,066,155)	(115,604,749)
<b>-</b>	<b>-</b>
<b>54,450,659</b>	<b>115,696,861</b>



<b>18c. Provision Against Loan Charged for the Year (FID)</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
i) Provision for Standard Loan for the Year	(6,512,190)	1,447,555
ii) Provision for Watch Loan for the Last Year	1,523,681	2,718,789
iii) Provision for Sub-standard Loan for the Year	(335,773)	(5,828,425)
iv) Provision for Doubtful Loan for the Year	(3,927,559)	(3,495,439)
v) Provision for Loss Exposure Loan for the Year	(52,048,782)	38,929,063
vi) Provision for Term Expired Loan for the Year	1,618,275	(21,876,950)
vii) Dynamic Provision for current Year	(1,563,856)	16,521,350
viii) Writeback Provision adjustment for current Year	(10,066,155)	(115,604,749)
<b>Total</b>	<b>(71,312,357)</b>	<b>(87,188,807)</b>

<b>18d(i). Asset Pending Foreclosure Reserve (FID)</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
i) Principal outstanding opening balance	26,973,054	27,068,779
Add/(Less):- during the year	-16,335,531	-95,726
<b>Total</b>	<b>10,637,523</b>	<b>26,973,054</b>
ii) Interest Outstanding opening balance	10,990,558	11,017,612
Add/(Less):- during the year	-7,058,714	-27,054
<b>Total</b>	<b>3,931,844</b>	<b>10,990,558</b>
iii) Late fee outstanding opening balance	183,010	199,802
Add/(Less):- during the year	-83,432	-16,792
<b>Total</b>	<b>99,578</b>	<b>183,010</b>
<b>Total ( i + ii + iii )</b>	<b>14,668,944</b>	<b>38,146,621</b>

<b>18d(ii). Asset Pending Foreclosure Reserve charged for the year(FID)</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
i) Principal amount	-16,335,531	-95,726
ii) Interest amount	-7,058,714	-27,054
iii) Late fee amount	-83,432	-16,792
<b>Total</b>	<b>-23,477,677</b>	<b>-139,572</b>

<b>18e. PPF &amp; GFM Department (New Fund Loan)</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
i) Provision for Standard Loan as per Last Year A/c.	324,805	152,086
Add:- Additional Provision for current Year	6,918,790	172,719
<b>Total</b>	<b>7,243,595</b>	<b>324,805</b>
ii) Provision for Watch Loan as per Last Year A/c.	129,158	66,046
Add:- Additional Provision for current Year	4,855,331	63,112
<b>Total</b>	<b>4,984,489</b>	<b>129,158</b>
iii) Provision for Sub standard Loan as per Last Year A/c.	-	-
Add:- Additional Provision for Current Year	3,854,882	-
<b>Total</b>	<b>3,854,882</b>	<b>-</b>
iv) Provision for Doubtful Loan as per Last Year A/c.	-	-
Add:- Additional Provision for Current Year	5,419,993	-
<b>Total</b>	<b>5,419,993</b>	<b>-</b>
v) Provision for Loss exposure Loan as per Last Year A/c.	-	-
Add:- Additional Provision for Current Year	10,084,295	-
<b>Total</b>	<b>10,084,295</b>	<b>-</b>
vi) Provision for Term Expired Loan as per Last Year A/c.	-	-
Add:- Additional Provision for current Year	23,275,888	-
<b>Total</b>	<b>23,275,888</b>	<b>-</b>
vii) Specific provision adjustment for writeback last year A/c.	-	-127,766
Add:- Additional Provision for current Year	2,986,315	127,766
<b>Total</b>	<b>2,986,315</b>	<b>-</b>
<b>Total (i+ii+iii)</b>	<b>57,849,457</b>	<b>453,963</b>

<b>18f. Provision Against Loan Charged for the Year (PF/GF Dept.)</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
i) Provision for Standard Loan for the Year	6,918,790	172,719
ii) Provision for Watch Loan for the Last Year	4,855,331	63,112
iii) Provision for Sub standard for the Year	3,854,882	-
iv) Provision for Doubtful for the year	5,419,993	-
v) Provision for Loss exposure for the year	10,084,295	-
vi) Provision for Term Expired for the Year	23,275,888	-
vii) Writeback Provision adjustment for current Year	2,986,315	127,766
<b>Total</b>	<b>57,395,493</b>	<b>363,596</b>

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.

<b>18g(i). Asset Pending Foreclosure Reserve (PF/GF Dept.)</b>	<b>2023</b>	<b>2022</b>
i) Principal outstanding opening balance	-	-
Add/(Less):- during the year	16,348,828	-
<b>Total</b>	<b>16,348,828</b>	<b>-</b>
ii) Interest Outstanding opening balance	-	-
Add/(Less):- during the year	7,058,714	-
<b>Total</b>	<b>7,058,714</b>	<b>-</b>
iii) Late fee outstanding opening balance	-	-
Add/(Less):- during the year	83,432	-
<b>Total</b>	<b>83,432</b>	<b>-</b>
<b>Total ( i + ii + iii )</b>	<b>23,490,974</b>	<b>-</b>

<b>18g(ii). Asset Pending Foreclosure Reserve charged for the year (PF/GF dept.)</b>	<b>2023</b>	<b>2022</b>
i) Principal amount	16,348,828	-
ii) Interest amount	7,058,714	-
iii) Late fee amount	83,432	-
<b>Total</b>	<b>23,490,974</b>	<b>-</b>

#### **19 Other Liabilities**

##### *in Bhutanese Ngultrum*

	<b>31st. December 2023</b>		<b>31st. December 2022</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Outstanding Expenses	914,436	-	1,276,554	-
Stale Cheques	928,927	-	909,986	-
Unclaim Dividend	9,041,996	-	10,723,134	-
Unclaim Dividend of the year 2022	3,251,460	-	-	-
Differential Tax Liability	3,408,622	-	-	-
TDS Payable to RRCO	74,459	-	32,813	-
Tax Rebate Payable	-	-	-	-
Interest Payable to ESP Fund	5,266,849	-	5,266,849	-
Interest Payable to DPNB	72,249	-	-	-
Salvage & procurement (EMD & security deposit)	500,727	-	930,703	-
Unearned Insurance Charges	14,132,968	-	15,057,198	-
BIL Employee Gratuity Liabilities	-	-	336,594	-
Gelephu building purchase payable	-	-	5,204,912	-
Other Payables	2,443,819	-	876,355	-
PF/GF Refund payable	886,835	-	5,153,701	-
Unamortization of staff loan	18,646,746	-	8,656,526	-
Interest Payable to BNBL	434	-	894	-
Interest Payable to GIC Re.	-	-	-	-
Interest Payable to PPF A/c (OLD Fund)	-	-	20,269,472	-
Interest Payable to Gratuity Fund (Old Fund)	-	-	14,770,250	-
Interest Payable to PF/GF A/c (New Fund)	28,943,593	-	7,141,737	-
Interest Payable to Gratuity Liability (New Fund)	67,487,936	-	50,593,810	-
Interest Payable to SWF	118,278	-	128,856	-
Interest in Suspense-RMA Provision	13,449,064	-	9,961,849	-
Late Fee Suspense A/c	713,048	-	230,666	-
CRST & CIB Charges Payable	29,200	-	50,000	-
IPS Plough back payable	2,090,662	-	2,090,662	-
Asset Pending Foreclosure Reserve A/c	38,159,918	-	38,146,621	-
<b>Total</b>	<b>210,562,226</b>	<b>-</b>	<b>197,810,144</b>	<b>-</b>

*Cka*



**19a. General Insurance Department***in Bhutanese Ngultrum*

	<b>31st. December 2023</b>		<b>31st. December 2022</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Outstanding Expenses	914,436	-	1,276,554	-
Stale Cheques	852,179	-	852,179	-
Unclaim Dividend	9,041,996	-	10,723,134	-
Unclaim Dividend of the year 2022	3,251,460	-	-	-
Differential Tax Liability	3,408,622	-	-	-
TDS Payable to RRCO	74,459	-	32,813	-
Tax Rebate Payable	-	-	-	-
Interest Payable to ESP Fund	5,266,849	-	5,266,849	-
Interest Payable to DPNB	72,249	-	-	-
Salvage & procurement (EMD & security deposit)	500,727	-	930,703	-
Unearned Insurance Charges	14,132,968	-	15,057,198	-
BIL Employee Gratuity Liabilities	-	-	336,594	-
Gelephu building purchase payable	-	-	5,204,912	-
Other Payables	1,535,057	-	588,581	-
FID control A/c.	1,899,525	-	1,899,525	-
Counter Entry of PF & GFM Last Year Reserve(New Fund)	56,991,822	-	42,347,214	-
<b>Total</b>	<b>97,942,348</b>	<b>-</b>	<b>84,516,257</b>	<b>-</b>

**19b. Finance & Investment Department***in Bhutanese Ngultrum*

	<b>31st. December 2023</b>		<b>31st. December 2022</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Interest Payable to BNBL	434	-	894	-
Interest Payable to GIC Re.	-	-	-	-
Interest Payable to PPF A/c (Old Fund)	-	-	20,269,472	-
Interest Payable to PF/GF A/c (New Fund)	-	-	49,891,993	-
Interest Payable to SWF	118,278	-	128,856	-
Interest Payable to Gratuity Fund (Old Fund)	-	-	14,770,250	-
Interest in Suspense-RMA Provision	3,286,870	-	9,961,849	-
Late Fee Suspense A/c	214,068	-	230,666	-
CRST & CIB Charges Payable	29,200	-	50,000	-
Asset Pending Foreclosure Reserve A/c (schedule 18d(ii))	14,668,944	-	38,146,621	-
Other Payables	908,762	-	287,774	-
Stale Cheques	50,215	-	50,215	-
Interest & Late fee Control A/c. PFGF(Assets Segregation)	113,924,100	-	-	-
Loan Charged off Control A/c. PFGF (Assets Segregation)	27,649,414	-	-	-
PF/GF control A/c. (New Fund)	14,857,635	-	47,567,313	-
Unamortization of staff loan	18,646,746	-	8,656,526	-
Interest Payable to Insurance Department	33,452,307	-	32,317,886	-
IPS Plough back payable	2,090,662	-	2,090,662	-
Management Fees Payable to Insurance Dept.	28,536,259	-	30,211,237	-
<b>Total</b>	<b>258,433,896</b>	<b>-</b>	<b>254,632,214</b>	<b>-</b>

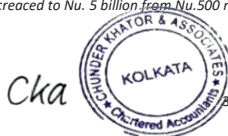
**19d. PPF & GFM Department***in Bhutanese Ngultrum*

	<b>31st. December 2023</b>		<b>31st. December 2022</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
PPF Interest Payable to Member's Contribution	28,943,593	-	7,141,737	-
GFM Interest Payable to Member's Contribution	67,487,936	-	50,593,810	-
Management Expenses Payable to Insurance Dept.	24,584,283	-	13,233,960	-
Stale cheque	26,533	-	7,593	-
PF/GF Refund payable	886,835	-	5,153,701	-
Asset Pending Foreclosure Reserve A/c (schedule 18g(i))	23,490,974	-	-	-
Interest in Suspense A/c	10,162,195	-	-	-
Late Fee Suspense A/c	498,980	-	-	-
	<b>156,081,329</b>	<b>-</b>	<b>76,130,801</b>	<b>-</b>

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**Share Capital***in Bhutanese Ngultrum*

	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Authorized Capital (500,000,000 Equity Shares of Nu.10 each)	<b>5,000,000,000</b>	<b>5,000,000,000</b>
<i>An authorized share capital of the company has been increased to Nu. 5 billion from Nu.500 million in 13th AGM held on 29th April 2022 and same has been amend in the Articles of Incorporation.</i>		
Issued, Subscribed and Paid Up - Opening Balance (30,000,000 Equity Shares of Nu.10 each)	300,000,000	300,000,000
Add:- 1:1 Bonus share issued during the year	300,000,000	-
<b>Total Paid-up Capital</b>	<b>600,000,000</b>	<b>300,000,000</b>



**21 Reserve & Surplus***in Bhutanese Ngultrum*

	<u>31st. December</u> <u>2023</u>	<u>31st. December</u> <u>2022</u>
i) General Reserve as at 1st January	310,220,875	250,132,677
Add:- General Reserve during the year	61,591,991	60,088,198
<b>Total</b>	<b>371,812,866</b>	<b>310,220,875</b>
ii) Retained Earnings as at 1st January	380,774,903	200,510,308
Less:- Adjusted against bonus share & dividend during the year	-360,000,000	
Add:- Retained Earnings during the year	184,775,974	180,264,596
<b>Total</b>	<b>205,550,877</b>	<b>380,774,903</b>
iii) CAT Reserve as at 1st January	13,803,938	12,803,938
Add:- CAT Reserve during the year	1,000,000	1,000,000
<b>Total</b>	<b>14,803,938</b>	<b>13,803,938</b>
iv) Investment Revaluation as at 1st January	36,431,039	6,980,601
Add:- Investment Revaluation Reserve	1,476,518	29,450,438
Add:- Immovable Property Revaluation Reserve during the year	18,837,104	
<b>Total</b>	<b>56,744,661</b>	<b>36,431,039</b>
<b>Total Equity</b>	<b>1,248,912,342</b>	<b>1,041,230,755</b>

**21a. General Insurance Department**

i) Reserve balance as at 1st January	704,799,715	463,446,922
Less:- Adjusted against bonus share & dividend during the year	-360,000,000	
Add:- Reserve transferred during the year	198,075,253	179,369,601
	<b>542,874,968</b>	<b>642,816,523</b>
ii) Investment Revaluation as at 1st January	32,734,739	6,980,601
Add:- Investment Revaluation Reserve during the year	1,351,315	25,754,138
Add:- Immovable Property Revaluation Reserve during the year	18,837,104	-
<b>Total</b>	<b>52,923,158</b>	<b>32,734,739</b>

**21b. Finance & Investment Department**

Reserve as at 1st January	509,015,940	339,304,319
Add:- Reserve transferred during the year	219,069,768	169,711,621
<b>Total</b>	<b>728,085,709</b>	<b>509,015,940</b>

**21c. PF/GF Department**

i) Reserve as at 1st January	-56,991,822	-42,347,214
Add:- Reserve transferred during the year	-85,826,169	-14,644,608
<b>Total</b>	<b>-142,817,991</b>	<b>-56,991,822</b>
ii) Investment Revaluation as at 1st January	3,696,300	-
Add:- Investment Revaluation Reserve during the year	125,202	3,696,300
<b>Total</b>	<b>3,821,502</b>	<b>3,696,300</b>





**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**22 Net Earned Premium**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Fire	202,205,839	154,470,994
Marine	7,696,685	10,577,560
Motor	107,764,095	124,636,575
Misc.	95,687,913	110,430,636
<b>Gross Written Premium (22a+22b)</b>	<b>413,354,532</b>	<b>400,115,765</b>
Premium Ceded to Reinsurers (22c)	-211,137,350	-212,523,919
<b>Net Written Premium</b>	<b>202,217,182</b>	<b>187,591,846</b>
Change in Unexpired Risk Reserve (22d)	10,221,422	-3,223,487
<b>Net Earned Premium</b>	<b>212,438,604</b>	<b>184,368,359</b>

**22a. Premium Direct**

Fire	196,943,405	140,795,503
Marine	7,696,685	10,577,560
Motor	107,764,095	124,636,575
Misc.	95,687,913	110,430,636
<b>Total Premium (Direct)</b>	<b>408,092,098</b>	<b>386,440,274</b>

**22b. Premium Accepted**

Fire	5,262,434	13,675,491
<b>Total Premium (Accepted)</b>	<b>5,262,434</b>	<b>13,675,491</b>

**22c. Premium Ceded to Reinsurers**

Fire	120,990,520	84,686,983
Marine	2,525,018	4,662,819
Motor	28,739,310	32,365,510
Misc.	58,882,501	90,808,607
<b>Total Premium Ceded to Reinsurers</b>	<b>211,137,350</b>	<b>212,523,919</b>

**22d. Net Change in reserve for Unearned Premium**

Opening Balance as per Last Year account	85,758,922	82,535,435
Add/Less: Increase/(Decrease) during the year	-10,221,422	3,223,487
	<b>75,537,500</b>	<b>85,758,922</b>

*Reserves for un-expired risks amounting to Nu. 80,200,191 (PY Nu. 80,808,100) has been recognized in respect of General Insurance Business at 1/24th method.*

**23 Finance Income**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Interest Income on Bond	139,726	2,387,500
Interest Income on Fixed Deposits	9,375,729	5,586,781
Loan late fee income of PF/GF dept.	-	604
Dividend Income	2,059,675	-
<b>Total Finance Income</b>	<b>11,575,130</b>	<b>7,974,885</b>

**23a. General Insurance Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Interest Income on Bond	139,726	2,387,500
Dividend Income	1,856,613	-
Interest Income on Fixed Deposits	1,594,345	352,603
Interest on Funds to Finance & Investment	33,452,307	32,317,886
<b>Total</b>	<b>37,042,992</b>	<b>35,057,988</b>

**23b. Finance & Investment Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Interest Income on Fixed Deposits	6,312,069	5,086,233
<b>Total</b>	<b>6,312,069</b>	<b>5,086,233</b>



**23c. PF/GF Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Interest Income on Funds Disbursed to Finance & Investment Dept	-	49,891,993
Interest Income on Fixed Deposits	1,469,315	147,945
Dividend income	203,062	-
Loan late fee income	-	604
<b>Total</b>	<b>1,672,377</b>	<b>50,040,542</b>

**24 Commission Income (Resinsurance Ceded)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Fire	33,276,163	20,442,099
Marine	848,356	1,559,885
Motor	6,527,730	6,521,057
Misc.	15,113,126	10,325,079
<b>Total Commission income</b>	<b>55,765,375</b>	<b>38,848,120</b>
<b>Commission Expenses (24a+24b)</b>		
Fire	3,886,399	2,258,550
Marine	147,930	154,657
Motor	2,071,227	1,822,335
Misc.	1,839,123	1,614,628
<b>Total Commission expenses</b>	<b>7,944,680</b>	<b>5,850,170</b>
<b>Net Commission Income</b>	<b>47,820,695</b>	<b>32,997,950</b>

**24a. Commission Expenses (Referral Fees)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Fire	3,006,991	1,953,118
Marine	114,457	133,742
Motor	1,602,553	1,575,894
Misc.	1,422,969	1,396,275
<b>Total Commission Expenses (Referral Fees)</b>	<b>6,146,970</b>	<b>5,059,029</b>

**24b. Brokerage Expenses (Broker)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Fire	879,408	305,433
Marine	33,473	20,915
Motor	468,674	246,442
Misc.	416,154	218,352
	<b>1,797,710</b>	<b>791,141</b>

**25 Net interest income on loan & advances**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Manufacturing/Industry sector Loan	32,814,536	26,020,413
Services Sector loan	8,052,820	6,588,497
Trade/Commerce Sector Loan	71,509,190	54,000,926
Housing Sector Loan	84,520,459	82,487,327
Transport Sector Loan	71,178,191	73,567,929
Loan to Purchase Securities	11,604,606	9,981,682
Personal Loan	6,681,117	5,020,794
Consumer Loan	34,220,867	25,498,695
Staff Loan	3,586,642	2,346,819
Agriculture & PSL Loan	-	95,906
<b>Total</b>	<b>324,168,427</b>	<b>285,608,989</b>
Add/(Less): Interest in Suspense-As per RMA Provision	-3,487,215	-1,495,219
<b>Total Interest Income</b>	<b>320,681,211</b>	<b>284,113,770</b>



<b>Interest Expense</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Interest on borrowed Funds (GIC Re.)	36,203,082	21,264,726
Interest on PPF Fund (Old Fund)	-	20,269,472
Interest on PPF Fund (New Fund)	29,098,860	7,141,737
Interest on Gratuity fund (New Fund)	67,382,908	50,593,810
Interest on Loan from BNBL	248,934	414,167
Interest on loan from T-Bank	492,365	279,639
Interest on SWF	118,278	128,856
Interest on Staff Gratuity A/c (Old Fund)	-	14,770,250
Interest paid on ESP bond	8,204,692	7,200,000
<b>Total Interest expense</b>	<b>141,749,118</b>	<b>122,062,658</b>
<b>Total Net Interest Income on loan &amp; advances</b>	<b>178,932,093</b>	<b>162,051,112</b>

**25a. Net interest Income on Loan & Advances for FID**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Manufacturing/Industry sector Loan	25,516,766	25,505,705
Services Sector loan	5,476,917	6,588,497
Trade/Commerce Sector Loan	39,719,793	53,499,872
Housing Sector Loan	57,873,212	82,487,327
Transport Sector Loan	47,176,834	71,759,238
Loan to Purchase Securities	7,210,843	9,981,682
Personal Loan	4,815,179	4,782,865
Consumer Loan	14,378,521	24,611,900
Staff Loan	3,586,642	2,346,819
Agriculture & PSL Loan	-	95,906
<b>Total</b>	<b>205,754,708</b>	<b>281,659,812</b>
Add/(Less):Interest in Suspense-As per RMA Provision	6,674,979	-1,495,219
<b>Total Net Interest Income</b>	<b>212,429,687</b>	<b>280,164,593</b>

**25b. Net Interest Income on Loan & Advances for PF/GF Department**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Manufacturing/Industries loan	7,297,769	514,708
Services Sector loan	2,575,903	
Trade & Commerce Loan	31,789,396	501,054
Housing Sector Loan	26,647,246	
Transport Loan	24,001,357	1,808,692
Loan to Purchase Securities	4,393,763	
Personal Loan	1,865,939	237,928
Consumer Loan (Loan against PPF)	1,172,975	687,096
Consumer Loan (Others)	18,669,371	199,699
<b>Total:-</b>	<b>118,413,719</b>	<b>3,949,177</b>
Add/Less: Interest in suspense provision	-10,162,195	-
<b>Net interest Income</b>	<b>108,251,524</b>	<b>3,949,177</b>

**25d. Interest Expense of FID**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Interest on borrowed Funds (GIC Re.)	36,203,082	21,264,726
Interest on PPF Fund (old Fund)	-	20,269,472
Interest on PF/GF (New Fund)	-	49,891,993
Interest on Loan from BNBL	248,934	414,167
Interest on loan from T-Bank	492,365	279,639
Interest on SWF	118,278	128,856
Interest on Staff Gratuity A/c (Old Fund)	-	14,770,250
Interest on Funds Borrowed from General Insurance Department	33,452,307	32,317,886
<b>Total Interest Expense</b>	<b>70,514,966</b>	<b>139,336,989</b>



**25e. Interest Expenses of Insurance Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Interest on ESP Bond	7,200,000	7,200,000
Interest to DPNB Loan	1,004,692	-
<b>Total</b>	<b>8,204,692</b>	<b>7,200,000</b>

**25g. Interest expense of PF/GF Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
PPF Interest to Member's Contribution	29,098,860	7,141,737
GFM Interest to Member's Contribution	67,382,908	50,593,810
<b>Total</b>	<b>96,481,767</b>	<b>57,735,547</b>

**26 Other Operating Income**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Gurantee Commission	4,458,671	6,569,453
Administration & other Charges	314,571	180,195
Charged off loan Recovery (other income)	11,129,288	3,049,233
Late fees Income (Net of Suspense)	456,979	-19,029
Earned Insurance Charges	38,758,801	39,470,063
Sale of Scraps	4,401,622	1,097,181
Gain on sale of old office Vehicle	-	1,793,425
Exchange gain/(loss)	549,942	1,080,099
Rental income	1,040,000	-
Misc Income	698,672	33,701
<b>Total Other Operating Income</b>	<b>61,808,547</b>	<b>53,254,320</b>

**26a. General Insurance Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Earned Insurance Charges	38,758,801	39,470,063
Sale of Scraps (Net)	4,401,622	1,097,181
Gain on sale of old office Vehicle	-	1,793,425
Exchange Gain/(Loss)	549,942	1,080,099
Rental income	1,040,000	-
Misc Income	698,672	33,701
<b>Total</b>	<b>45,449,037</b>	<b>43,474,468</b>

**26b. Finance & Investment Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Gurantee Commission	4,458,671	6,569,453
Administration & other Charges	314,571	180,195
Charged off loan Recovery (other income)	4,965,788	3,049,233
Late fees Income (Net of Suspense)	415,802	-19,029
<b>Total</b>	<b>10,154,832</b>	<b>9,779,852</b>

**26c. PF/GFM Department**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Charged off loan Recovery (other income)	6,163,500	-
Late fees Income (Net of Suspense)	41,177	-
<b>Total</b>	<b>6,204,678</b>	<b>-</b>



**27 Claim Expenses**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Claims Paid (including Advance) (27a)	124,221,636	161,919,085
Add: Claims outstanding at the end of year (27b)	33,216,869	29,902,258
Add: IBNR Claims at the end of the year (27c)	2,404,359	4,680,666
Less: Claims outstanding at the beginning of the year (27d)	29,902,258	47,651,200
Less: IBNR Claims at the beginning of the year (27e)	4,680,666	1,215,000
<b>Total Gross Claims Expenses</b>	<b>125,259,940</b>	<b>147,635,809</b>
Less: Claims Ceded to Reinsurers (27f)	49,630,838	87,936,746
<b>Net claim paid</b>	<b>75,629,103</b>	<b>59,699,063</b>

<b>27a. Claims Paid (including advance)</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Fire	17,756,819	17,601,258
Marine	48,134	39,489,172
Motor	80,161,594	76,138,182
Misc.	26,255,089	28,690,474
<b>Total Claims Paid</b>	<b>124,221,636</b>	<b>161,919,085</b>

<b>27b. Outstanding Claims for the Year</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Fire	8,109,579	2,238,194
Marine	294,300	1,178,840
Motor	20,311,395	22,863,260
Misc.	4,501,595	3,621,964
<b>Total</b>	<b>33,216,869</b>	<b>29,902,258</b>

<b>27c. Outstanding IBNR Claims for the Year</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Fire	-	400,000
Marine	-	-
Motor	2,404,359	1,668,500
Misc.	-	2,612,166
<b>Total</b>	<b>2,404,359</b>	<b>4,680,666</b>

<b>27d. Outstanding Claims at the beginning of the Year</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Fire	2,238,194	7,433,739
Marine	1,178,840	3,702,700
Motor	22,863,260	31,135,961
Misc.	3,621,964	5,378,800
<b>Total</b>	<b>29,902,258</b>	<b>47,651,200</b>

<b>27e. Outstanding IBNR Claims at the beginning of the Year</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Fire	400,000	300,000
Marine	-	-
Motor	1,668,500	300,000
Misc.	2,612,166	615,000
<b>Total</b>	<b>4,680,666</b>	<b>1,215,000</b>

<b>27f. Claims on Reinsurance Ceded</b>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Fire	3,036,997	8,095,472
Marine	2,025,490	28,404,225
Motor	31,267,435	36,492,275
Misc.	13,300,915	14,944,774
<b>Total on Claims on Reinsurance Ceded</b>	<b>49,630,838</b>	<b>87,936,746</b>



**28 Other Operating & Administrative Expenses**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Operating Expenditure-General Insurance Department (28a)	57,834,207	45,304,500
Operating Expenditure-Finance & Investment Department(28b)	26,934,696	25,660,384
Employee Staff loan cost 28b(ii)	2,259,844	677,799
Operating Expenditure-PF/GF(New Fund) (28c)	22,689,656	18,252,979
<b>Total</b>	<b>109,718,403</b>	<b>89,895,662</b>

**28a. Operating Expenses- (General Insurance Department)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Employees remuneration and welfare benefit (28a(i))	41,988,737	33,179,248
Communication expenses	3,044,739	2,473,596
Training & conference expenses	2,510,617	1,189,415
Rental charges	2,768,345	2,432,338
Repairs & Maintenance	626,590	346,167
Printing and stationary	683,708	794,592
Legal and Professional Charges	2,897,874	2,250,485
Advertisement and business promotion	2,199,569	1,460,159
Other Misc. expenses	1,114,028	1,178,501
<b>Total Operating &amp; Administrative Expenses</b>	<b>57,834,207</b>	<b>45,304,500</b>

**Expenses Allocation**

	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Fire Insurance	28,291,487	17,490,516
Marine Insurance	1,076,876	1,197,681
Motor Insurance	15,077,737	14,112,410
Miscellaneous Insurance	13,388,107	12,503,893
<b>Total</b>	<b>57,834,207</b>	<b>45,304,500</b>

**28a(i) Details of Employee Remuneration & Welfare Benefit**

	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Salaries & wages A/c.	18,646,345	17,007,556
PF (BIL Share)	1,723,533	1,333,810
Communication allowance	329,889	216,338
Fuel allowance	405,546	521,149
Cash handling allowance	78,694	52,971
Corporate allowance	4,344,882	4,135,425
Housing allowance	3,453,245	3,090,264
Contract allowance	905,644	930,004
HR, Technical, Professional & other allowance	2,779,929	805,806
Leave Encashment amount	944,559	1,038,617
Staff Insurance premium	122,000	67,750
Staff Canteen & refreshment expenses	688,989	537,614
LTC	823,045	819,830
Staff Gratuity expenses	1,957,218	18,943
Staff incentive expenses	4,785,218	2,603,173
<b>Total</b>	<b>41,988,737</b>	<b>33,179,248</b>

**28b. Operating Expenditure-Finance & Investment Department**

	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Employees remuneration and welfare benefit (28b(i))	19,375,188	16,486,357
Communication expenses	1,401,565	1,066,287
Training & conference expenses	1,160,686	594,707
Rental charges	1,384,173	1,216,169
Repairs & Maintenance	281,821	173,084
Printing & Stationary expenses	330,038	397,296
Legal and Professional Charges	1,348,529	1,157,276
Advertisement and business promotion	1,088,511	747,364
Other Misc. expenses	426,877	342,261
Loan writtenoff expenses	137,307	3,479,581
<b>Total</b>	<b>26,934,696</b>	<b>25,660,384</b>





**28b(i) Details of Employee Remuneration & Welfare Benefit**

	<b><u>31st. December 2023</u></b>	<b><u>31st. December 2022</u></b>
Salaries & wages A/c.	8,463,069	8,379,032
PF (BIL Share)	870,333	775,270
Communication allowance	159,840	159,838
Fuel allowance	158,343	224,856
Cash handling allowance	37,597	26,485
Corporate allowance	2,071,904	2,104,525
Housing allowance	1,661,692	1,567,024
Contract allowance	397,334	430,322
HR, Technical, Professional & other allowance	1,442,264	227,452
Leave Encashment amount	404,340	579,581
Staff Insurance premium	61,000	33,875
Staff Canteen & refreshment expenses	342,746	266,782
LTC	400,652	425,872
Staff Gratuity expenses	978,608	-
Staff incentive expenses	1,925,469	1,285,443
<b>Total</b>	<b>19,375,188</b>	<b>16,486,357</b>

**28b(ii) Employee staff loan cost**

	<b><u>31st. December 2023</u></b>	<b><u>31st. December 2022</u></b>
Amortization Cost of Staff Loan	2,259,844	677,799
<b>Total</b>	<b>2,259,844</b>	<b>677,799</b>

**28c. Operating Expenditure-(PPF & GFM Department)**

	<b><u>31st. December 2023</u></b>	<b><u>31st. December 2022</u></b>
Employees remuneration and welfare benefit (28c(i))	15,696,027	12,740,515
Communication expenses	1,298,740	1,028,680
Training expenses	992,548	538,191
Rental charges	1,384,173	1,216,169
Repairs & Maintainance	281,821	173,084
Printing and stationary	330,038	397,296
Legal and Professional Charges	1,208,564	1,077,160
Advertisement and publicity	1,023,591	762,364
Other Misc. expenses	474,153	319,521
<b>Total</b>	<b>22,689,656</b>	<b>18,252,979</b>

**28c(ii) Details of Employee Remuneration & Welfare Benefit**

	<b><u>31st. December 2023</u></b>	<b><u>31st. December 2022</u></b>
Salaries & wages A/c.	6,638,043	6,459,714
PF (BIL Share)	686,441	586,691
Communication allowance	143,699	134,398
Fuel allowance	160,098	164,366
Cash handling allowance	37,597	26,485
Corporate allowance	1,594,988	1,539,323
Housing allowance	1,294,410	1,149,979
Contract allowance	397,334	430,322
HR, Technical, Professional & other allowance	1,034,184	218,452
Leave Encashment amount	337,725	413,139
Staff Insurance premium	61,000	33,875
Staff Canteen & refreshment expenses	337,966	266,782
LTC	298,437	278,957
Staff Gratuity expenses	978,608	-
Staff incentive expenses	1,695,498	1,038,033
<b>Total</b>	<b>15,696,027</b>	<b>12,740,515</b>



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**29 Deferred Tax (Comprehensive Income)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Gratuity Obligations	465,803	1,747,036
Amortization Cost of Staff Loan	564,961	37,478
Leave Encashment	196,043	18,586
<b>Total</b>	<b>1,226,807</b>	<b>1,803,100</b>

**30 Prior Period Adjustment**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Differential Tax and Penalty	215,766	1,425,466
Prior period adjustment of gratuity obligation of previous year	-355,537	-4,843,386
Charge off loan assets provision variation of previous year	-	20,212,978
Amortization cost of staff loan for previous year	-	-527,885
PF/GF Assets Segregation differential amount	3,010,490	-
IPS Refund (FID)	-	17,665,018
PF/GF liability written back	-	-2,700,709
<b>Total</b>	<b>2,870,719</b>	<b>31,231,483</b>

**30a. Prior Period adjustment (General Insurance Dept.)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Prior period adjustment of gratuity obligation of previous year	-355,537	-4,843,386
Differential tax & Penalty	215,766	-
<b>Total</b>	<b>-139,771</b>	<b>-4,843,386</b>

**30b. Prior Period adjustment (Finance & Investment Dept.)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
Differential tax & Penalty	-	1,425,466
Charge off loan assets provision variation of previous year	-	20,212,978
Amortization cost of staff loan for previous year	-	-527,885
PF/GF Assets Segregation differential amount	3,010,490	-
IPS Refund (FID)	-	17,665,018
<b>Total</b>	<b>3,010,490</b>	<b>38,775,578</b>

**30c. Prior Period adjustment (PF/GF Dept. New fund)**

<i>in Bhutanese Ngultrum</i>	<u>31st. December 2023</u>	<u>31st. December 2022</u>
PF/GF liability written back	-	-2,700,709
<b>Total</b>	<b>-</b>	<b>-2,700,709</b>



**31 Deferred Tax (Other Comprehensive Income)**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Surplus on Investment Revaluation	-369,129	-7,362,610
<b>Total</b>	<b>-369,129</b>	<b>-7,362,610</b>

**32 Earnings Per Share****(i). Comprehensive Income**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Earnings Before Tax	333,543,702	371,657,486
Less:- Income Tax	83,950,887	93,083,821
Less:- Prior period adjustment	2,870,719	31,231,483
Less:- Deferred Tax	1,226,807	1,803,100
<b>Total Earnings after tax attributable to the Equity Shareholders</b>	<b>247,948,903</b>	<b>249,145,283</b>
<b>Basic Earning Per Share</b>	<b>4.13</b>	<b>8.30</b>
<b>Diluted Earning Per Share</b>	<b>4.13</b>	<b>8.30</b>

**(ii). Other Comprehensive Income**

<i>in Bhutanese Ngultrum</i>	<b>31st. December 2023</b>	<b>31st. December 2022</b>
Earnings after Tax	247,948,903	249,145,283
Add:- Remeasurment gain/loss on defined benefit	-211,808	-429,879
Add:- Deferred Tax	-369,129	-7,362,610
<b>Total Earnings after tax attributable to the Equity Shareholders</b>	<b>247,367,966</b>	<b>241,352,794</b>
<b>Basic Earning Per Share</b>	<b>4.12</b>	<b>8.05</b>
<b>Diluted Earning Per Share</b>	<b>4.12</b>	<b>8.05</b>



**Bhutan insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**33 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.

**Credit:**

The Company provides both funds 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.

*Cka*



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**34) 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 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 behavior. 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 honor 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 Companies 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.



**Bhutan Insurance Limited**

**Notes to Financial Statements-31st December 2023**

**35 Statement showing details of Maturity Analysis**

*in Bhutanese Ngultrum*

**Liabilities**

	<u><b>Within 12 Months</b></u>	<u><b>More than 12 Months</b></u>	<u><b>Total</b></u>
ESP Bond	-	-	-
Borrowed Funds	2,183,151	2,173,649,111	2,175,832,261
Insurance Contract Liabilities	39,068,870	-	39,068,870
Reinsurance Contract Liabilities	-	-	-
<b>Total Potential future payments for financial obligations</b>	<b>41,252,021</b>	<b>2,173,649,111</b>	<b>2,214,901,132</b>

*in Bhutanese Ngultrum*

**Assets**

	<u><b>Within 12 Months</b></u>	<u><b>More than 12 Months</b></u>	<u><b>Total</b></u>
Cash & Cash Equivalents	204,674,737	-	204,674,737
Loans & Advances to Customers	622,134,800	2,596,445,273	3,218,580,073
Investment held till Maturity	235,000,000	-	235,000,000
Equity Investment	-	90,051,205	90,051,205
Insurance Receivable	47,245,257	-	47,245,257
<b>Total Potential future receipts from financial assets</b>	<b>1,109,054,794</b>	<b>2,686,496,478</b>	<b>3,795,551,272</b>

*Cka*



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023****36. 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 Instrument and Related Disclosure							
in Bhutanese Ngultrum							
Fair Value of Financial Assets and Financial Liabilities with Fair Value Hierarchy							
As at 31st December, 2023							
Financial assets and financial liabilities at fair value			Level 1	Level 2	Level 3	Amortised Cost	Total
Financial assets							
Financial assets at FVTPL							
- Investments			-	-	-	-	-
Financial assets at OCI							
- Investments			-	-	90,051,205	-	90,051,205
Financial assets at Amortised cost							
- Cash & Cash Equivalents			-	-	-	204,674,737	204,674,737
- Loans			-	-	-	3,218,580,073	3,218,580,073
- Investments			-	-	-	235,000,000	235,000,000
- Other Financial Assets			-	-	-	5,000,000	5,000,000
Total Financial assets			-	-	90,051,205	3,663,254,810	3,753,306,015
Financial Liabilities							
Financial Liabilities at Amortised Cost							
- Subordinate Term Debt			-	-	-	120,000,000	120,000,000
- Borrowed Funds			-	-	-	2,175,832,261	2,175,832,261
- Other Financial Liabilities			-	-	-	39,068,870	39,068,870
Total Financial Liabilities			-	-	-	2,334,901,132	2,334,901,132
As at 31st December, 2022							
Financial assets and financial liabilities at fair value			Level 1	Level 2	Level 3	Amortised Cost	Total
Financial assets							
Financial assets at FVTPL							
- Investments			-	-	-	-	-
Financial assets at OCI							
- Investments			-	-	88,574,687	-	88,574,687
Financial assets at Amortised cost							
- Cash & Cash Equivalents			-	-	-	261,198,274	261,198,274
- Loans			-	-	-	2,678,864,707	2,678,864,707
- Investments			-	-	-	175,000,000	175,000,000
- Other Financial Assets			-	-	-	101,206,481	101,206,481
Total Financial assets			-	-	88,574,687	3,216,269,462	3,304,844,149
Financial Liabilities							
Financial Liabilities at Amortised Cost							
- Subordinate Term Debt			-	-	-	120,000,000	120,000,000
- Borrowed Funds			-	-	-	1,842,958,012	1,842,958,012
- Other Financial Liabilities			-	-	-	37,132,344	37,132,344
Total Financial Liabilities			-	-	-	2,000,090,356	2,000,090,356

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**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**37 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 2017 issued by Royal Monetary Authority of Bhutan of at least 10%.

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

The 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 develop 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.

**The Capital Adequacy Ratio (CAR) shall be computed as the ratio of the entity's capital as defined above to the sum of:**

- Its total risk weighted assets for credit risk, including off-balance sheet items calculated in accordance with the requirements of the Prudential Regulations, 2017.
- Its risk weighted assets for operational risk calculated in accordance with the requirements of the Prudential Regulations, 2017.
- The entity at all times maintains a Core Capital Adequacy Ratio (Tier 1) of not less than 5 Percent. The Core Capital Adequacy Ratio shall be computed as the ratio of the entity's total Tier 1 capital to its total risk weighted assets.
- The minimum capital adequacy ratios shall be observed by the entity.

**Limit on the use of Different Forms of Capital for Capital Adequacy Ratio purposes:**

- Total of subordinated term debts of the entity shall not exceed 50% of the Tier 1 capital.
- Total Tier 2 Capital shall be included in the capital fund, only up to the extent of 100 percent of the total Tier 1 capital.
- All items that are deducted from capital are excluded from total assets in calculating the capital adequacy ratios.
- Impaired Loans of related parties of the entity shall be deducted from its capital fund.



### Capital Conservation Buffer:

- The Capital Conservation Buffer is designed to ensure that the entity builds up capital buffers during normal times (i.e. outside periods of stress) which can be drawn down as losses are incurred during a stressing period. The requirement is based on simple capital conservation rules designed to avoid breaches of minimum capital requirements.

The entity shall maintain a Capital Conservation Buffer of 2.5% of total risk weighted assets (RWA) over and above the minimum ratios as set out in the Prudential Regulations, 2017.

The Capital Conservation Buffer must be met by Tier 1 Capital.

The minimum capital requirement ratios including the Capital Conservation Buffer are as follows:

SL No.	Regulatory Capital	As a % to RWA
1	Core Capital Ratio (Tier 1)	5%.
2	Capital Conservation Buffer	2.5%
3	Core Capital Ratio Plus Capital Conservation Buffer (1+2)	7.5%
4	Tier 2 Capital	5%
5	Capital Adequacy Ratio	10%.
6	Capital Adequacy Ratio plus Capital Conservation Buffer	12.5%

### The position of Capital as on 31.12.2023:

#### in Bhutanese Ngultrum

	2023	2022
<b>Tier 1 Capital</b>		
Paid up Share Capital	600,000,000	300,000,000
General Reserve	357,836,349	306,072,377
Retained Earnings	217,017,507	411,659,435
Non-Controlling Interest	-	-
	<b><u>1,174,853,856</u></b>	<b><u>1,017,731,812</u></b>
<b>Tier 2 Capital</b>		
Foreign Exchange Fluctuation Reserve	-	-
Investment Revaluation Reserve	56,744,661	36,431,039
Subordinate debt	-	120,000,000
CAT Reserve	14,803,938	13,803,938
	<u>71,548,599</u>	<u>170,234,977</u>
<b>Total</b>	<b><u>1,246,402,455</u></b>	<b><u>1,187,966,789</u></b>

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





**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**38 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 up to a stipulated amount under specific terms and conditions, are collaterized 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:

<i>in Bhutanese Ngultrum</i>	2023	2022
Financial Guarantees	176,248,680	290,948,581
Import Letters of Credit	-	-
Export Letters of Credit	-	-
Total Credit Related Commitments	<b>176,248,680</b>	<b>290,948,581</b>
Performance Guarantees	-	-
Total Credit Related Commitments and Performance Guarantees	<b>176,248,680</b>	<b>290,948,581</b>

**Assets pledged and restricted:**

The Company had the following assets pledged as collateral:

<i>in Bhutanese Ngultrum</i>	
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	-



*Cka*

**Charge-Off and transfer of NPLs to Off-Balance Sheet**

Charge-Off means it is a removal of Non-Performing Loans from the books of the financial service providers by charging it off against the provisions (specific provisions) kept against it through the Balance Sheet. The charge-off of NPLs does not mean forgiveness of loan obligations by the lender and the lender shall continue to recover these loans charged-off until the right to recover is decided to be waived-off by the boards of respective FSPs or as declared by the court.

Details of Charged-Off Loan Amount as on 31.12.2023 is as follows:

Charged-Off Loan Amount is Nu. 56,693,066 (Previous Year is Nu. 73,493,128)



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

**39 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	Outstanding
			Amount	Amount
			as on	as on
			31.12.2023	31.12.2022
Mr. Karma Lotey	Chairman	Commercial Establishment Loan	398,193.88	572,182.72
Mr. Karma Lotey	Chairman	Housing Loan	2,518,208.12	2,856,191.03
Mr. Karma Lotey	Chairman	Housing Loan (FEIF Account)	439,402.00	-
Mr. Sangay Wangdi	Director	Overdraft	207.04	5,071.08
Mr. Kalyan Humagai	Director	Personal Loan	480,891.76	-
Mr. Tashi Dorji Rinchen	Director	Nil	-	-
Mr. Jigme Ugyen Gyamtsho	Director	Nil	-	-
Damdi Dorji	Chief Executive Officer	Staff Establishment & Personal Guarantee	717,747.85	993,822.44
			<b>4,554,650.65</b>	<b>4,427,267.27</b>

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 are as follows:

**Key Management Compensation expense for the year**

*in Bhutanese Ngultrum*

	2023	2022
<b>Compensation paid to Chief Executive Officer:</b>		
i) Salary, Gratuity, Leave Encashment, LTC and Allowance	3,195,000	2,829,024
ii) Contribution to Provident Fund	242,666	162,132
iii) Performance Based Incentive (PBI)	519,999	
iv) Sitting fees	105,000	90,000
<b>Total</b>	<b>4,062,665</b>	<b>3,081,156</b>
<b>Compensation paid to Other Directors</b>		
Sitting Fees paid to other Directors	695,000	595,000
Conveyance Allowance Paid to Chairman	180,000	-
<b>Total</b>	<b>4,937,665</b>	<b>3,676,156</b>

*Cka*



**Bhutan Insurance Limited**  
**Notes to Financial Statements-31st December 2023**

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% P.a under Economic Stimulus Plan as formulated by Royal Government of Bhutan.

42. The Company has the following Rental Liability payable:

Over 6 months	405,389.75
Over 12 months	4,864,677.00
Over 18 months	7,297,015.50
Over 24 months	9,729,354.00

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.

**Following are the three phases of monetary measures issued by RMA:**

**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 up to 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.

e) In case of project financing/business loans, the FSPs may provide loans up to the LTV limit of 10 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.

f) 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.

### iv) Phase 4 (July 2022-June 2024):

a) All loans outstanding as of June 30, 2022 whose repayment status is 'Performing' shall be eligible for the targeted support measures. However, following shall not be eligible for the support measures under this targeted support framework:

- i) Loans to Government, Loans to Financial Institutions, Staff Incentive Loans & Credit Cards;
- ii) Soft Working Capital/ Bridging Loans granted under the previous Monetary Measures;
- iii) Fixed Equated Instalment Facility (FIEF) accounts;



iv) Non-Performing Loans, including loans suspended, under litigation or Assets Pending Foreclosure.

b) As per the risk and impact assessment, the sectors and subsectors are classified into three different risk categories viz., High, Moderate and Low. Based on these risk classifications and the affordability of the borrowers, the FSPs may provide one or more loan restructuring measures.

c) The maximum loan term for the construction or setting-up of hotels and restaurants shall be up to 30 years (excluding gestation period). It shall be applicable for both existing loans as well as new loans.

d) The FSPs shall not capitalize the interest accrued for loans under deferment of repayment of partial repayment (if interest portion is uncovered by partial repayment) provided under this Monetary Measures. At the end of the deferment period, the total accumulated interest for the entire deferment period provided from Phase I to Phase IV Monetary Measures shall be converted into 'Fixed Equated Installment Facility (FIEF)' payable in equal installments for a period up to five years.

e) For those loans, including soft working capital loans whose deferment or gestation period is ending on June 30, 2022, the FSPs shall open FIEF accounts for the transfer of accumulated interest and commencement of repayment.

f) Since FIEF account is created out of the accumulated interest during the deferment period, the FSPs shall not charge interest on this facility.

44. Previous Figures have been regrouped, rearranged and restated wherever applicable.

45. 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.

46 The audit fees and expenses are as follows:

Particulars	2023	2022
a. Audit fees	90,000	90,000
b. Audit Expenses	145,000	145,000

47 Based on the directives on segregation of PF/GF asserts from Insurance assets issued by RMA, the company has transferred 552 loan accounts to PF/GF Department amounting to Nu. 1,225,334,620.56. Balance amount of Nu. 51,513,767.48 has been transferred as cash.

Particulars	Amount
PF/GF Fund to be Transferred	1,276,848,388.04
Less: Loan Transfer (552 loan accounts)	-1,225,334,620.56
Balance amount transferred as cash	51,513,767.48

48 Inline with RMA directives RMA/DFRS/47/2021-2022/208 dated 14th July 2022 and Framework for Charge off and transfer of NPLs to Off Balance Sheet, June 2022, 32 loan accounts were charged-off amounting to Nu. 74,153,394.31 on 1st October, 2022. As on 31st December 2023, there are 27 loan accounts amounting to Nu. 56,693,066.32 under charged -off loans.





# 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)**

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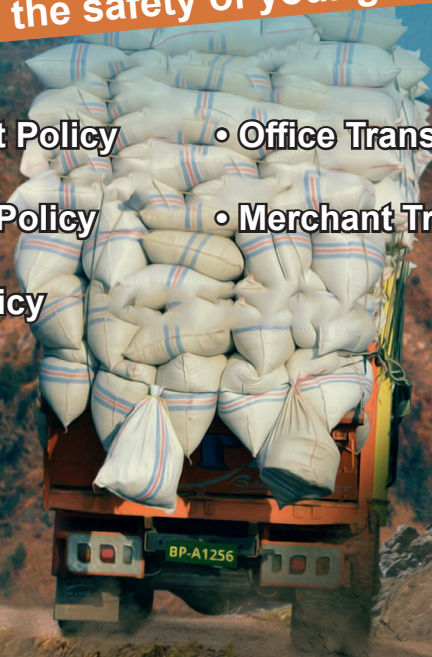




# DOMESTIC TRANSIT INSURANCE

Insure the safety of your goods.

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



*Providing Security. Building Confidence.*

**Your Insurer of Choice.**





# DOMESTIC TRAVEL INSURANCE

Insurance you need for the surprises you meet.

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

*Providing Security. Building Confidence.*  
**Your Insurer of Choice.**