



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

ལོ་བསྟར་སྟན་འཛིན་པ། 17TH ANNUAL REPORT 2025



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

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Your insurer of choice



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Post Box# 779, Chorten Lam, Thimphu.

Toll free# 2011 www.bhutaninsurance.com.bt PABX 339892/93/94 Fax#339895

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

Dear Shareholders,

We are pleased to present the Directors' Report of Bhutan Insurance Limited (BIL) for the financial year ended 31 December 2025. This report outlines the Company's financial and operational performance during the year and highlights key developments, governance practices, and strategic initiatives undertaken to strengthen the organization.

Throughout the year, the Company remained focused on enhancing operational efficiency, improving service delivery, and adapting to the evolving needs of the market. Guided by strong corporate governance and prudent management practices, Bhutan Insurance Limited continues to pursue sustainable growth while maintaining its commitment to protecting the interests of policyholders, shareholders, employees and other stakeholders.

I. Business Performance Highlights

The key financial figures for the year are as below:

	Fiscal year 2025 (figures in million)
Total assets	4,989.66
Gross written premium	651.30
Operating profit/loss Insurance Department	245.02
Operating profit/loss Investment Department	51.30
Operating profit/loss PF & GFM Department	(76.04)
Profit before tax for the year	217.39
Total appropriation amount	165.32

Additionally, the key performance ratios further reflect the company's financial position and profitability:

Performance Ratio	2025
Capital Adequacy as per prudential regulation	43.87 %
Core capital	25.78%
Statutory liquidity ratio	21.04%
Combined Ratio	59.74%
Operating profit	42.02%
Book value per share	21.27
Return on equity	12.43%
Net NPL Ratio	0.98%

2. Key Strategic Initiatives

2.1. Digital Innovation Initiative – Cryptocurrency Payment Integration

(In collaboration with DK Bank & Binance Pay | Launched: 27 June 2025)

Bhutan Insurance Limited introduced cryptocurrency payment facilities for Bhutan Travel Insurance, targeting international visitors through a strategic partnership with DK Bank and Binance Pay. This initiative enhances the premium payment and policy issuance processes through our website by enabling seamless, globally accessible transactions aligned with modern digital payment preferences, allowing international travellers to purchase insurance using cryptocurrency while reducing cross-border payment barriers and transaction delays.

Strategically, this milestone positions BIL as a forward-looking insurer embracing global fintech trends while strengthening its digital ecosystem. It demonstrates the Company's readiness to adapt to emerging financial technologies and enhance operational efficiency and customer experience.

2.2 BIL x GCIT Fintech Innovation Lab

(MoU Signed: 20 August 2025 | Aligned with BIL's Foundation Day)

As part of BIL's Five-Year Roadmap and digital transformation agenda, the Company initiated a strategic collaboration with the Gyalpozhing College of Information Technology (GCIT) and established the "BIL x GCIT Fintech Innovation Lab." The initiative responds to the identification of over 50 IT projects across business units, including regulatory compliance systems, digital platforms, automation tools, and data management enhancements.

The collaboration offers a financially prudent and sustainable alternative to long-term recruitment or outsourcing. It mitigates operational risks associated with staff turnover, strengthens internal technical capacity, and establishes a structured talent pipeline. Strategically, the Lab also serves as a pilot foundation for BIL's long-term vision.

2.3 Environmental Leadership – One Tree Initiative & Green Insurance Program

(Implementation Period: 11 November 2025 – 11 November 2026)

In reverence to the 70th Birth Anniversary of His Majesty Jigme Singye Wangchuck, the Fourth Druk Gyalpo, BIL launched two major environmental initiatives reflecting its commitment to sustainability and responsible business practices.

2.3.1 One Tree Initiative

Under this initiative:

One tree will be planted for every new internal combustion engine (ICE/Fuel) vehicle insured under a comprehensive policy.

One tree will also be planted for industries & establishments with environmental impact insured during the initiative period.

The objective is to offset carbon emissions from vehicles and industrial activities while promoting environmentally responsible practices.

The designated plantation site is Tsewang, South Thimphu, a location of royal maternal lineage and cultural significance. Plantation activities will align with appropriate seasons to ensure sustainability.

2.3.2 Green Insurance Program

Theme: “Live Green, Drive Green, Insure Green.”

To support Bhutan’s transition toward a low-carbon economy, BIL introduced the Green Insurance Program to incentivize environmentally responsible behavior across transportation, construction, tourism, and business sectors.

Key Incentives:

- 55% discount on new motor insurance for fully electric and hybrid vehicles.
- 55% discount on new insurance for green-certified buildings, eco-tourism units, and environmentally sustainable hotels.
- Green Insurance Evaluation Form has been developed for cases where formal certification is unavailable.

The 55% discount carries symbolic significance, representing the birth year (1955) of His Majesty the Fourth Druk Gyalpo and honoring His Majesty’s enduring legacy in environmental conservation and sustainable development.

3. Distribution Network

Our distribution network continues to expand, reflecting our commitment to serving customers across Bhutan. We are constantly working to enhance customer accessibility and improve regional service delivery.

With the approval of the Royal Monetary Authority on March 21, 2025, the Samtse Extension Office was upgraded to a Branch Office. With this addition, our network now comprises 7 branch offices and 15 extension offices, supported by a growing number of agents. This expanded network enables us to

serve both new and existing customers more efficiently.

In addition, our ongoing digital initiatives continue to enhance accessibility and streamline the overall customer experience.

4. Awarding of Long Service Award

We recognize that the dedication and hard work of our employees are key to the success and growth of Bhutan Insurance Limited (BIL). In 2025, we proudly honored the commitment of our long-serving employees. A total of ten employees received the 15 Years of Service Award, while two employees were recognized with the 10 Years of Service Award.

These awards reflect their unwavering dedication and valuable contributions to the company's development. We are grateful for their expertise, leadership, and continued efforts in driving BIL's success. As an organization, we remain committed to fostering a culture of appreciation where employees feel recognized for their long-term service and contributions.

We extend our sincere congratulations to the awardees and look forward to their continued contribution toward the future success of BIL.

5. Corporate Governance

The Company is committed to maintaining high standards of corporate governance and recognizes its responsibility to conduct the affairs of the Company with integrity, transparency, accountability, and in compliance with applicable laws and regulations. The Board believes that strong governance practices are essential for sustainable growth, the protection of shareholders' interests, and the maintenance of stakeholders' confidence.

The Company follows sound corporate governance principles based on fairness, transparency, accountability, and responsibility. The Board of Directors ensures that the Company complies with all statutory requirements, regulatory guidelines and recognized best practices related to corporate governance.

Throughout the year, the Company's governance framework has remained robust and effective. The Board of Directors, together with its various committees, has played an active role in overseeing key aspects of the Company's operations, including strategic direction, financial performance, risk management and regulatory compliance.

The Board remains committed to strengthening governance practices and ensuring that the Company continues to operate in a responsible and ethical manner while delivering long-term value to shareholders and stakeholders.

5.1 Code of Conduct and Ethics

In line with our corporate governance framework, we have developed and implemented a **Code of Conduct and Ethics**, which has been formally approved by the Board.

This code outlines the expected standards of behavior and ethical practices for all employees, management and Board members, ensuring consistency and integrity in our operations. It promotes a workplace culture grounded in ethical decision-making, respect for diversity and fair treatment of all stakeholders.

The Code of Conduct covers key areas such as conflict of interest, confidentiality, anti-bribery & corruption, and responsible use of company assets. These guidelines reinforce our commitment to corporate responsibility & contribute to maintaining a positive and transparent work environment.

5.2 Board Directors and Board Committees

The Board of Directors of BIL is composed of seven members, all in compliance with applicable regulatory and statutory provisions. During the financial year 2025, the Board held six meetings. Details of the Directors' attendance at these meetings are provided below.

Board Member	No. of Board Meetings attended	
Mr. Karma Lotey, Chairman	5	
Kutshab Kinzang Dorji, Independent Director	1	(Retired on 8 th April, 2025)
Mr. Kalyan Humagai, Independent Director	6	
Mr. Tashi Dorji Rinchen, Ordinary Director	5	
Mr.Jigme Ugyen Gyamtsho, Ordinary Director	4	
Ms. Karma C Thinley, Independent Director	3	(Appointed on 8 th April, 2025)
Mr. Sangay Wangdi, Ordinary Director	5	(Re-appointed on 8 th April, 2025)
Mr. Damdi Dorji, CEO/Executive - Director	4	

In addition, the Board has established five key committees: the Board Governance Committee, the Board Audit Committee, the Board Risk Management Committee, the Board Credit Committee and the Board HR Committee. Each committee is chaired by an experienced Director and plays a vital role in ensuring effective oversight of the Company's key functional areas.

6. Outlook

We remain optimistic about the future growth and development of the Company. Bhutan Insurance Limited will continue to strengthen its market presence by enhancing its range of insurance products and services while responding effectively to the evolving needs of customers and the changing business environment.

The Company will focus on improving operational efficiency, embracing digital technologies, and fostering innovation to deliver better value and service to its customers. Strategic investments, sound risk management, and prudent financial practices will remain key priorities to ensure sustainable growth and long-term financial stability.

Bhutan Insurance Limited will also continue to invest in human capital development and strengthen its internal systems and processes to maintain high standards of professionalism and service delivery. At the same time, the Company remains committed to upholding the highest standards of corporate governance, transparency, and regulatory compliance.

With a strong foundation, experienced leadership, and the continued support of its stakeholders, the Company is confident in its ability to sustain growth, strengthen its market position, and create long-term value for its shareholders.

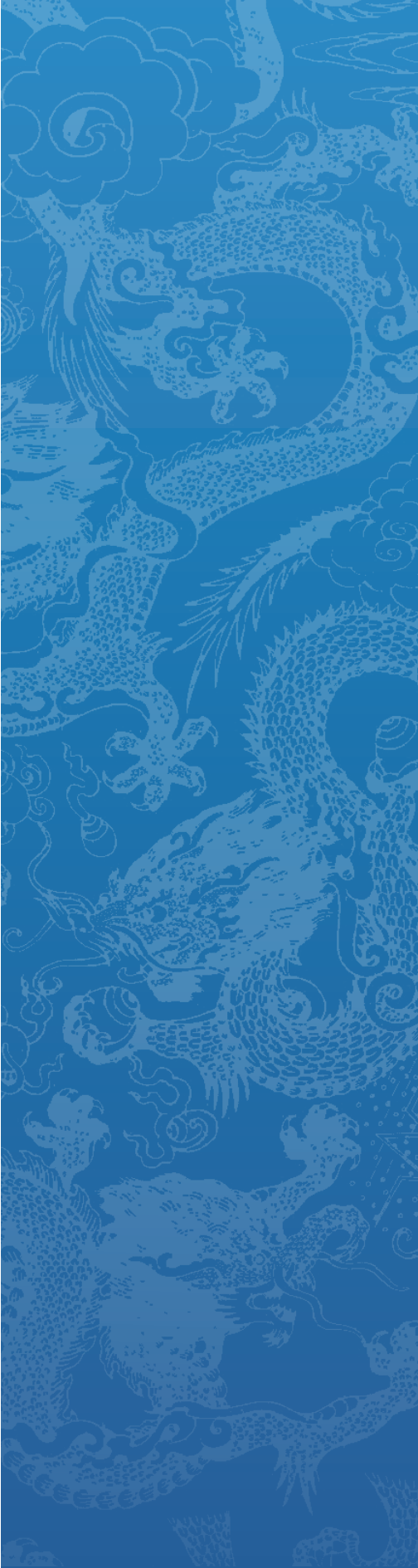
7. Acknowledgment

We would like to extend our sincere gratitude to the Royal Government of Bhutan, the Royal Monetary Authority (RMA), other regulatory bodies, our reinsurers, shareholders and employees for their continued support and valuable contributions. Their trust and commitment have played a significant role in the Company's progress and achievements. We greatly value these strong partnerships and look forward to working together to achieve greater success in the future.

Tashi Delek!

A handwritten signature in blue ink, appearing to read 'Tashi Delek', with a horizontal line underneath.

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	02-481495	
Paro	Above Pizza Explorer Building, Opposite to Children's Park.	08-272985	
Gelephu	1st floor, Opposite of Public Ground, Gelephu Town	06-252273/251198	
Babesa	Near NGN Office, Babesa	02-350948/7	
City Office	Norzin Lam, Main Town, Near BOBL Corporate office, Thimphu	02-332310	
Samtse	First floor, Bafra Building, Samtse town	05-365568	
Samdrup Jongkhar	1st floor, Bhutan Post office building	07-251384/251414	

BIL Extension Offices

Establishments	Address	Telephone No.	Fax No.
Bumthang	Opposite Home Collection Shop, Chamkhar town	03-631271	
Mongar	1st Floor, near BNBL office	04-641407	
Tsirang	Near Damphu Residency/BNBL office, Damphu Town	06-471426	06-471427
Tashigang	KD Building near old Dashedo Dzongda Zimchung	04-521343/344	
Trongsa	3 rd floor, opposite TashiCell office, Threpang Trongsa	03-521583	
Zhemgang	Top floor, KD building, Zhemgang town	03-741165	
Nganglam	near BNBL office, Nganglam town	07-481008	
Khuruthang	Near Dzomla PG, Ugyen Academy, Khuruthang Town	02-584348	
Gedu	Lapsakha, Gedu, Chukha	05-282230	
Haa	Ground floor, Kiba Tshongkhag, Lower Market	08-375220	08-375332
Tashiyangtse	Near RSTA office	04-781251/5	
Dagapela	Near Tashi Cell Branch Office	06-483134	
Lango, Paro	Near Lamgong Middle Secondary School, Paro	08-276909	
Tashichhoeling, Samtse	Belbotay Tashichhoeling Dungkhag	17126257	

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 23 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 Thimphu Town & Babesa, Phuentsholing, Paro, Wangduephodrang, Gelephu and Samtse, 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 158 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
 01.07.2024 - Extension office at Tashichhoeling, Samtse

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. Our reinsurance network spreads to various markets and countries such as:

- United Kingdom
- Germany
- United States of America
- Netherland
- Thailand
- India
- Singapore
- Egypt
- Hongkong
- Indonesia
- Africa
- UAE

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
10. Drone Insurance Policy

Marine Insurance:

1. All Risk (By Air, Sea, Rail/Road)
2. Basic Road Risk
3. Domestic Transit Insurance

Aviation Insurance**Sports Insurance****Gyalsup Insurance Plan**

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

1. Housing Loan
2. Industrial Loan
3. Loan against Shares
4. Loan against PPF
5. Overdraft
6. Personal Loan
7. Venture Loan
8. 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. Kalyan Humagai (Independent Director)

General Manager at Bhutan Professional Services, Thimphu

Email: kal70gai2@gmail.com

4.Mr. Tashi Dorji Rinchen (Ordinary Director)

CEO of Druk NRG & Druk Ecotec, Thimphu

Email: tashibnb@gmail.com

5.Mr. Jigme Ugyen Gyamtsho (Ordinary Director)

Director & Founder at T & K Services, Thimphu

Email: jimmygyamtsho@gmail.com

6.Mr. Sangay Wangdi

Former CEO BBPL

Email: sangaywangdi357@gmail.com

7.Ms. Karma Choezom Thinley

HR Adviser/Counselor to Kuenphen Rabten Resort, Thimphu

Email: karmacthinley@gmail.com

8.Damdi Dorji (CEO/Director - Executive)

Bhutan Insurance Limited,

Email: dmdorji@gmail.com

Company Secretary

Ms. Sonam Wangmo

Bhutan Insurance Limited

Email: sonamom@bil.bt

Auditors

M/s. Mookherji Biswas & Pathak

Chartered Accountants

ICAI Firm Regn. No. 301138E

Sudersan Mukherjee

Partner

ICAI Membership No. 059159

UDIN: 25059159BMMJ0L5554

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. Sangay Wangdi (Member)

Former CEO BBPL

Email: sangaywangdi357@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 (Chairperson)

M/s Yangphel Private Limited, Thimphu Email: karma@yangphel.com

2.Mr. Tashi Dorji Rinchen (Member)

CEO of Druk NRG & Druk Ecotec

Email: tashibnb@gmail.com

3.Mrs. Sabitri Katwal (Committee Secretary)

Chief Risk Officer, BIL, Thimphu.

Email: sabitri@bil.bt

Governance Committee Members

1.Mr. Sangay Wangdi (Chairperson)

Former CEO BBPL

Email: sangaywangdi357@gmail.com

2.Mr. Jigme Ugyen Gyamtsho (Member)

Director & Founder at T & K Services, Thimphu

Email: jimmygyamtsho@gmail.com

3.Ms. Sonam Wangmo (Committee Secretary)

Company Secretary, BIL, Thimphu

Email: sonamom@bil.bt

Board Credit Committee Members

1.Mr. Tashi Dorji Rinchen (Chairperson)

CEO of Druk NRG & Druk Ecotec

Email: tashibnb@gmail.com

2.Mr. Kalyan Humagai

General Manager at Bhutan Professional Services, Thimphu

Email: kal70gai2@gmail.com

3.Mr. Samten Wangchuk (Committee Secretary)

Credit Head, BIL

Email: samtemwangchuk@bil.bt

Board Human Resource Committee

1.Ms. Karma Choezom Thinley (Chairperson)

HR Adviser/Counselor to Kuenphen Rabten Resort, Lungtenphu

Email: karmacthinley@gmail.com

2.Mr. Jigme Ugyen Gyamtsho (Member)

Director & Founder at T & K Services, Thimphu

Email: jimmygyamtsho@gmail.com

3.Mrs. Nilu Maya Pradhan (Committee Secretary)

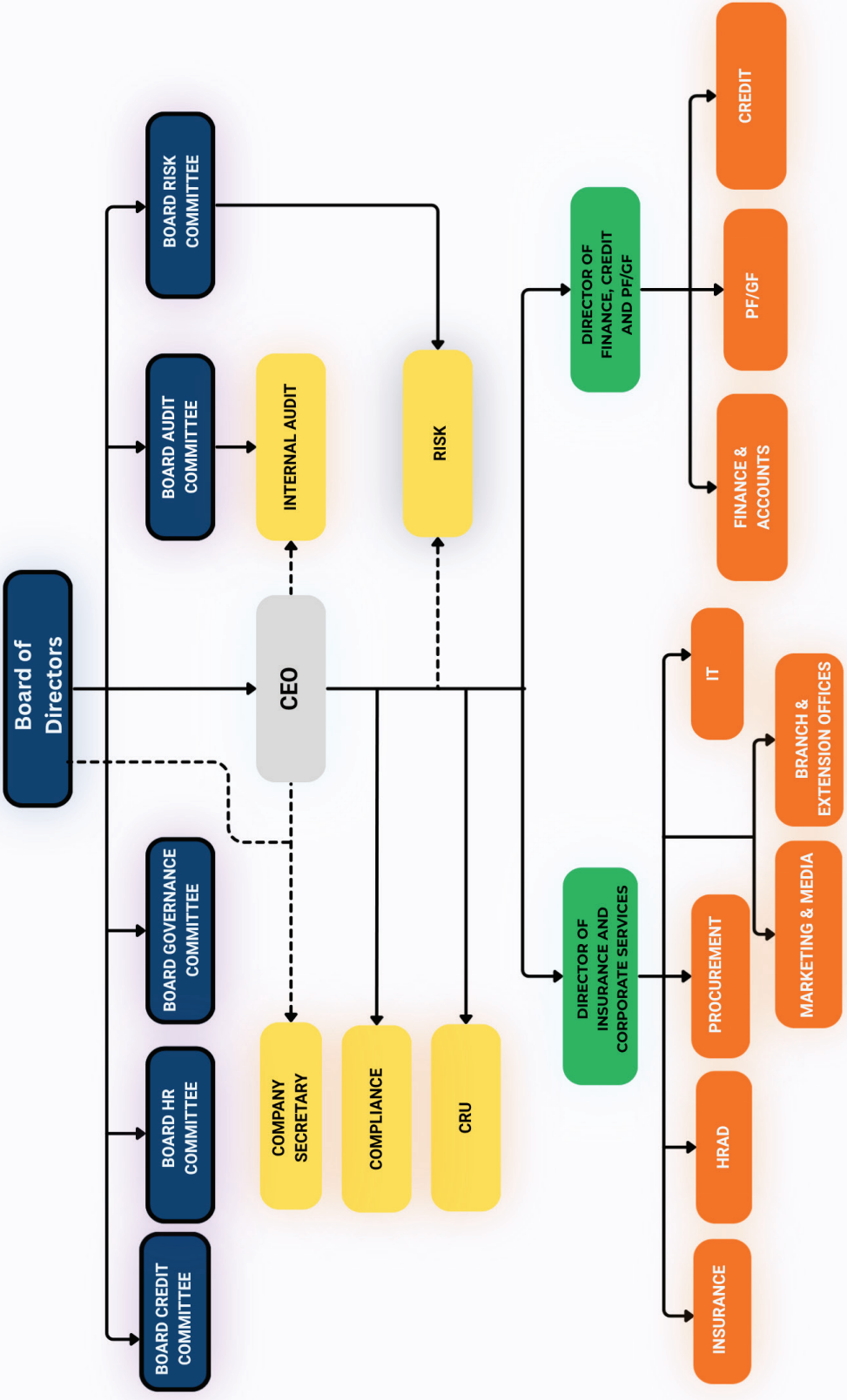
Human Resource Officer, BIL

Email: nilu@bil.bt

PRINCIPAL BANKERS

1.Bhutan National Bank Limited

2.Druk PNB Limited





ཡུལ་ཉེན་བཅོལ་ཚད་འཛིན།
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

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Fax: 339895, Email: bhutaninsurancelimited@gmail.com



Auditor's Report & Financial Statement

Mookherjee Biswas & Pathak
Chartered Accountants

5 & 6 Fancy Lane, Kolkata - 700 001
Phone : 033 2243 8542, 4602 0635
Website : www.mbpkol.com
Email : mbpkol@gmail.com

INDEPENDENT AUDITOR'S REPORT

To The Members of Bhutan Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Bhutan Insurance Limited** ("the Company"), which comprise the Statement of Financial Position as at 31st December, 2025, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the Financial Statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2025 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 Matters

- 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.



Mookherjee Biswas & Pathak

Key Audit Matter	Auditor's Response
Provision for Non-Performing Loans as per RMA regulations. Additional provision of 3% for deferred loans under watch category above 65 days have been provided.	We have verified the Non-Performing loans by analyzing the party wise loan accounts, their classification as per Prudential Norms of RMA, 2024. We have also gone through the individual loan files (on sample basis).

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.

Auditor's 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

- 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.
- As required by Section 264 of the Companies Act of Bhutan 2016, we report that the financial statements present fairly in all material respect:
 - the financial position of the Company as at 31st December, 2025;
 - the financial performance;
 - change in equity; and
 - Its cash flows for the year ended 31st December 2025.

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



Mookherjee Biswas & Pathak

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E



Sudersan Mukherjee
Partner
ICAI Membership No. 059159
UDIN: 26059159MWZHJG1490

Place: Kolkata, India
Date: 09.06.2026



Mookherjee Biswas & Pathak

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.
7. 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 2024 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.
8. No excessive/frequent staff advances are generally granted and the accumulation of large advances against particular individual is generally avoided.
9. 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



Mookherjee Biswas & Pathak

and procedures. However, the management has been advised to strengthen the internal control procedures relating to key reporting areas and documentation process.

10. 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.
11. (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.
12. 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.
13. 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, 2025.
14. 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.
15. 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.
16. 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 2024 of the Royal Monetary Authority of Bhutan.
17. 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.



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Mookherjee Biswas & Pathak

18. 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.
19. 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.
20. The Company has established an effective budgetary control system.
21. 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. 39 of notes to financial statements.
22. According to the information and explanations given to us, the directives of the Board have been complied with.
23. 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.
24. 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

25. 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.
26. 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.
27. 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.
28. 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.
29. Recognition of interest income in respect of non-performing asset has been deferred in terms of Prudential Regulations of RMA.



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Mookherjee Biswas & Pathak

30. 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.
31. 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.
32. 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,
33. 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 at 31st December 2025.



Mookherjee Biswas & Pathak**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 Mookherjee Biswas & Pathak

Chartered Accountants

ICAI Firm Regn. No. 301138E



Sudersan Mukherjee

Partner

ICAI Membership No. 059159

UDIN: 26059159MWZHG1490

Place: Kolkata, India

Date: 09.06.2026



Mookherjee Biswas & Pathak

Annexure – I

Additional Responsibilities of the Auditor:

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

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

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

For Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E



Sudersan Mukherjee
Partner
ICAI Membership No. 059159
UDIN: 26059159MWZHJG1490

Place: Kolkata, India
Date: 09.06.2026




BHUTAN INSURANCE LIMITED
Statement of Financial Position as on 31st. December 2025
in Bhutanese Naultrum

Particulars	Note No.	As on 31.12.2025	As on 31.12.2024
ASSETS			
Non Current Assets			
Loans & Advances	4	3,329,838,282	2,847,428,994
Investment Held Till Maturity	5	5,000,000	5,000,000
Equity Investment-FVOCI	6	68,147,967	104,023,501
Property, Plant and Equipment	9	175,104,214	170,522,614
Intangible Assets	10	1,226,217	3,188,225
Total Non current Assets		3,579,316,680	3,130,163,334
Current Assets			
Cash and cash equivalents	3	280,601,161	260,692,723
Loans & Advances	4	645,295,680	667,900,684
Investment	5	320,000,000	170,000,000
Insurance Receivable	7	23,584,419	101,411,084
Deferred Tax Assets	16a	10,162,627	9,515,854
Other Assets	8	130,703,776	119,464,418
Total Current Assets		1,410,347,664	1,328,984,763
TOTAL ASSETS		4,989,664,344	4,459,148,097
LIABILITIES			
EQUITY & RESERVES			
Share Capital-Paid up	20	600,000,000	600,000,000
General Reserve	21(i)	465,111,941	423,781,984
Retained earnings	21(ii)	211,309,053	185,458,231
CAT Reserve	21(iii)	15,803,938	14,803,938
Equity Investment Revaluation Reserve	21(iv)	16,004,319	51,879,854
Fixed Assets Revaluation Reserve	21(v)	31,299,491	25,492,286
Corporate office construction Reserve	21(vi)	50,000,000	50,000,000
Net assets attributable to the Company's owners		1,389,528,742	1,351,416,293
Non Controlling Interest		-	-
Total Equity		1,389,528,742	1,351,416,293
Non Current Liabilities			
Subordinate Term Debt-(Bond Series-I)	13	500,000,000	-
Borrowed Funds	14	2,354,856,570	2,460,468,717
Total Non current Liabilities		2,854,856,570	2,460,468,717
Current Liabilities			
Insurance Contract	11	45,268,631	56,582,652
Reinsurance Contract	12	71,330,451	75,633,570
Borrowed Funds	14	2,176,548	1,807,964
Employee Benefit Obligation	15	26,541,999	20,555,231
Deferred Tax Liability	16b	531,014	8,236,212
Tax Payable	17	53,959,061	68,301,041
Provisions & Contingencies	18	229,837,606	198,449,824
Other Liabilities	19	315,633,722	217,696,593
Total Current Liabilities		745,279,032	647,263,087
Total Liabilities		3,600,135,602	3,107,731,804
TOTAL EQUITY & LIABILITIES		4,989,664,344	4,459,148,097

Note: -

i) Contingent Liabilities (Off balance sheet)	276,633,465	146,207,229
ii) Charged off Loans amount (Off balance sheet)	197,135,145	126,818,431
	473,768,611	273,025,659

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
Sudersan Mukherjee
Partner
ICAI Member No. 059159
Place: Kolkata, India
Date: 09.06.26



On Behalf of the Board of Directors

[Signature]
Director
[Signature]
Chairman
[Signature]
Finance
[Signature]
Bhutan

CEO

BHUTAN INSURANCE LIMITED

Statement of Comprehensive Income for the year ended 31st. December 2025

in Bhutanese Ngultrum

Particular	Note No.	2025	2024
Net Earned Premium	22	243,382,295	210,177,436
Finance Income	23	13,481,055	13,519,830
Net Fees & Commission Income	24	73,016,281	85,738,664
Net Interest Income on Loans & Advances	25	111,267,962	174,984,943
Other Operating Income	26	76,201,969	60,088,896
Total Operating Income		517,349,563	544,509,769
Net Claims Expenses	27	(76,849,550)	(70,958,747)
Other Operating & Administrative Expenses	28	(150,851,786)	(133,738,842)
Depreciation	9	(10,005,128)	(9,175,862)
Amortization	10	(1,962,008)	(562,628)
Impairment gain/(Loss) on Loans & Advances	18a(iii)+18c+18d(ii)+18e+18g(ii)	(60,292,603)	(57,751,061)
Total Operating Expense		(299,961,075)	(272,187,139)
Profit Before Tax		217,388,488	272,322,630
Income Tax	17	53,959,061	68,301,041
Deferred Tax	29	6,986,579	4,631,648
Prior period adjustment	30	-	39,583
Profit After Tax		170,416,006	208,613,654
Basic Earnings Per Share	32(i)	2.84	3.48
Diluted Earnings Per Share	32(ii)	2.84	3.48
Profit Available for Appropriation			
Transfer to Catastrophic Reserve	21(iii)	1,000,000	-
Transfer to Statement of Other Comprehensive Income		169,416,006	208,613,654
Statement of Other Comprehensive Income			
in Bhutanese Ngultrum			
Profit for the year after appropriation		169,416,006	208,613,654
Gratuity & leave Remeasurement Gain/(Loss)	15a(iii)	-5,461,568	-982,910
Total Comprehensive Income before Tax		163,954,438	207,630,744
Deferred Tax	31	1,365,392	245,728
Total Comprehensive Income After Tax available for appropriation		165,319,830	207,876,472
Transfer to General Reserve	21(i)	41,329,957	51,969,118
Transfer to Retained Earnings	21(ii)	123,989,872	155,907,354
Total appropriation amount		165,319,830	207,876,472
Basic Earnings Per Share	32(ii)	2.76	3.46
Diluted Earnings Per Share	32(ii)	2.76	3.46

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.

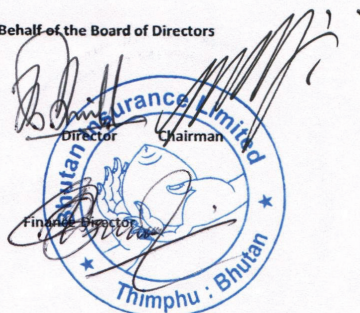
For Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
Sudersan Mukherjee
Partner
ICAI Member No. 059159
Place: Kolkata, India
Date: 09.06.26



On Behalf of the Board of Directors

[Signature]
CEO



BHUTAN INSURANCE LIMITED

Statement of Changes in Equity for the year ended 31st. December 2025
in *Bhutanese Ngultrum*

Particulars	Share Capital	Retained Earnings	General Reserve	Investment Revaluation Reserve	Catastrophic Reserve	Corporate office construction Reserve	Total
Opening Balance as on 01.01.2025	600,000,000	185,458,231	423,781,984	77,372,140	14,803,938	50,000,000	1,351,416,292
Adjustment of Bonus Shares Issued during the year	-	-	-	-	-	-	-
Prior Period Adjustment	-	12,860,950	-	-	-	-	12,860,950
Earnings for the year as per BAS	-	123,989,872	41,329,957	-	-	-	165,319,830
Transfer to Catastrophic Reserve	-	-	-	-	1,000,000	-	1,000,000
Cash Dividend paid	-	(111,000,000)	-	-	-	-	(111,000,000)
Corporate office construction Reserve	-	-	-	-	-	-	-
Investment Revaluation during the year	-	-	-	(30,068,330)	-	-	(30,068,330)
Closing Balance as on 31.12.2025	600,000,000	211,309,053	465,111,941	47,303,810	15,803,938	50,000,000	1,389,528,742
Opening Balance as on 01.01.2024	600,000,000	205,550,877	371,812,866	56,744,661	14,803,938	-	1,248,912,342
Adjustment of Bonus Shares Issued during the year	-	-	-	-	-	-	-
Earnings for the year as per BAS	-	155,907,354	51,969,118	-	-	-	207,876,472
Transfer to Catastrophic Reserve	-	-	-	-	-	-	-
Cash Dividend declared	-	(126,000,000)	-	-	-	-	(126,000,000)
Corporate office construction Reserve	-	(50,000,000)	-	-	-	50,000,000	-
Investment Revaluation during the year	-	-	-	20,627,479	-	-	20,627,479
Closing Balance as on 31.12.2024	600,000,000	185,458,231	423,781,984	77,372,140	14,803,938	50,000,000	1,351,416,293

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
Partner

ICAI Member No. 059159

Place: Kolkata, India

Date: 09.06.26



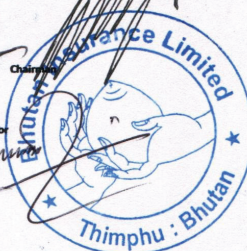
On Behalf of the Board of Directors

CEO

Director

Chairman

Finance Director



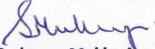
BHUTAN INSURANCE LIMITED

Statement of Cash Flows for the year ended 31.12.2025

Particulars		2025	2024
1. Cash Flow from Operating Activities			
Profit before tax		211,926,919	271,339,720
Add: Depreciation		10,005,128	9,175,862
Add: Amortisation		1,962,008	562,628
Increase/(Decrease) in Current Liabilities		88,306,757	101,629,609
Increase/(Decrease) in Provision		31,387,783	10,441,951
Decrease/(Increase) in Current Assets		66,587,307	(51,620,862)
Add/(Less): Tax & Dividend Paid for last year profit		(179,301,041)	(209,950,885)
Add/(Less): Prior Period Taxes, Penalties Paid & Others		12,860,950	(596,939)
Net Cash Flow from Operating Activities (A)		243,735,810	130,981,083
2. Cash Flow from Investing Activities			
Decrease/(Increase) in Investment		(150,000,000)	65,000,000
Decrease/(Increase) in Loans		(459,804,285)	(296,749,605)
Purchase of Property Plant & Equipment		(8,779,524)	(9,657,912)
Net Cash Flow from Investing Activities (B)		(618,583,809)	(241,407,517)
3. Cash flow from Financing Activities			
Increase/(Decrease) in borrowings		394,756,437	166,444,420
Net Cash Flow from Financing Activities (C)		394,756,437	166,444,420
Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)		19,908,438	56,017,986
Change in Cash & Cash Equivalents			
Closing Cash & Cash equivalent		280,601,161	260,692,723
Less: Opening Cash & Cash equivalent		260,692,723	204,674,737
Net changes in Cash & cash equivalent		19,908,438	56,017,986

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

For Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

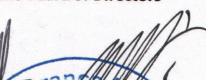

Sudersan Mukherjee
Partner

ICAI Member No. 059159
Place: Kolkata, India
Date:





On Behalf of the Board of Directors

 CEO
 Director
 Chairman
 Finance Director

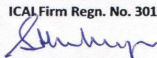

BHUTAN INSURANCE LIMITED

Statement of Financial Position for General Insurance Department as on 31st. December 2025

Particulars	Note No.	2025	2024
ASSETS			
Non Current Assets			
Intangible Assets (Net block)	10	1,226,217	3,188,225
Property, Plant & Equipment (Net block)	9	175,104,214	170,522,614
Investment Held Till Maturity	5a	5,000,000	5,000,000
Equity Investment	6a	62,648,371	93,924,939
Total Non current Assets:-		243,978,802	272,635,777
Current Assets			
Cash & cash equivalents	3a	144,149,213	104,778,326
Investment	5a	130,000,000	30,000,000
Equity & Short term Investment	6a	912,685,272	408,035,071
Insurance Receivable	7a	23,584,419	101,411,084
Advance & other assets	8a	1,009,848,851	887,450,183
Deferred Tax Assets	16a(i)	10,162,627	9,515,854
Total current Assets:-		2,230,430,381	1,541,190,518
TOTAL ASSETS:-		2,474,409,183	1,813,826,296
LIABILITIES			
Equity			
Issue,Subscribed & Paid-up capital	20	600,000,000	600,000,000
Retained Earnings	21a(i)	770,927,910	652,501,777
Equity Investment Revaluation Reserve	21a(ii)	15,360,540	46,637,109
Fixed Assets Revaluation Reserve	21a(iii)	31,299,491	25,492,286
Corporate office construction Reserve	21a(iv)	50,000,000	50,000,000
Total Shareholders' Equity:-		1,467,587,941	1,374,631,173
Non Current Liabilities			
Subordinate Term Debt-(Bond Series-I)	13	500,000,000	-
Borrowings & Funds	14d	10,610,335	10,859,828
Total Non Current Liabilities		510,610,335	10,859,828
Current Liabilities			
Insurance Contract Liabilities	11	45,268,631	56,582,652
Reinsurance Contract Liabilities	12	71,330,451	75,633,570
Employee Benefits Obligations	15a(i+ii)	26,541,999	20,555,231
Deferred tax Liabilities	16b(i)	531,014	8,236,212
Other Liabilities	19a	240,638,341	189,559,451
Provisions	18a	111,900,471	77,768,178
Total current Liabilities:-		496,210,907	428,335,295
TOTAL LIABILITIES & EQUITY:-		2,474,409,183	1,813,826,296

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
Partner
ICAI Member No. 059159
Place: Kolkata, India
Date:



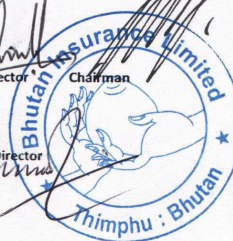
On Behalf of the Board of Directors

CEO

Director

Chairman

Finance Director



BHUTAN INSURANCE LIMITED

Revenue Account for General Insurance Department for the year ended 31st. December 2025

Particular	Note No.	2025 Nu.	2024 Nu.
Gross written Premium	22(a+b)	651,297,752	656,658,280
Premium ceded to reinsurers	22c	(374,184,789)	(444,420,423)
Net written premium		277,112,962	212,237,858
Net change in reserve for unearned premium	22d	(33,730,667)	(2,060,421)
Net Earned Premium		243,382,295	210,177,436
Finance Income	23a	47,953,578	33,353,349
Commission income (Reinsurers ceded)	24	84,967,516	92,671,511
Other operating income	26a	55,172,885	53,534,397
Net Income		431,476,273	389,736,693
Gross claims	27	(124,989,407)	(134,834,226)
Reinsures recoveries	27f	48,139,857	63,875,479
Net policyholder claims & benefits paid		(76,849,550)	(70,958,747)
Commission expenses	24(a+b)	(11,951,234)	(6,932,847)
Other operating & administration expenses	28a	(80,499,821)	(71,584,699)
Depreciation	9	(5,002,564)	(4,587,931)
Amortization	10	(981,004)	(281,314)
Other Expenses (ESP bond)	25d	(16,790,480)	(2,911,943)
Deferred Tax (Comprehensive Income)	29	6,986,579	4,631,648
Deferred Tax (Other Comprehensive Income)	31	1,365,392	245,728
Gratuity & leave Remeasurement Gain/(Loss)	15a(iv)	(2,730,784)	(982,910)
Prior period adjustment	30a	-	(39,583)
Operating Profit/(Loss)		245,022,807	236,334,096

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
Sudersan Mukherjee
Partner
ICAI Member No. 059159
Place: Kolkata, India
Date:



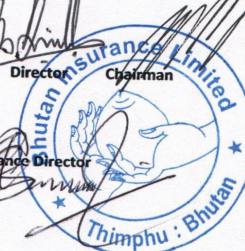
On Behalf of the Board of Directors

CEO

Director

Chairman

Finance Director



BHUTAN INSURANCE LIMITED
Sub Revenue Account for General Insurance Department for the year ended 31st December 2025

Percentage of sub category of Insurance to total											Amount in Nu.				
PARTICULARS		Note No.	FIRE INSURANCE		40%	5%	4%	MOTOR INSURANCE		41%	41%	12%	15%	100%	100%
			2024	2025				2024	2025			2024	2025	TOTAL	TOTAL
22	Premium Earned (Net)	99,726,668	85,014,357	13,338,796	7,704,962	100,408,343	86,590,995	29,908,487	30,867,122	243,382,295	210,177,436				
24	Commission (Net)	52,392,799	35,947,358	952,558	1,117,088	5,429,953	6,475,942	14,240,972	42,198,275	73,016,281	85,738,664				
23a	Finance Income	19,649,131	13,491,046	2,628,141	1,222,711	19,783,441	13,741,245	5,892,865	4,898,347	47,953,578	33,353,349				
26a	Other Income	22,607,265	21,654,048	3,023,802	1,962,535	22,761,795	22,055,634	6,780,023	7,862,180	55,172,885	53,534,397				
Total (A)		194,375,863	156,106,810	19,943,297	12,007,296	148,383,532	128,863,817	56,822,347	85,825,924	419,525,039	382,803,846				
27	Claims Incurred (Net)	16,018,089	1,658,631	74,688	(1,698,014)	55,465,117	37,673,268	5,291,656	33,324,862	76,849,550	70,958,747				
28a	Operating Expenses	42,764,055	25,562,161	2,158,158	1,295,024	19,839,030	13,597,976	15,738,578	31,129,538	80,499,821	71,584,699				
25e	Investment Expenses	6,879,953	1,177,847	920,218	106,750	6,926,980	1,199,691	2,063,330	427,654	16,790,480	2,911,943				
9	Depreciation	2,049,816	1,855,765	274,170	168,190	2,063,828	1,890,181	614,749	673,794	5,002,564	4,587,931				
10	Amortization	401,969	113,788	53,765	(10,313)	404,717	115,899	(120,552)	41,314	981,004	281,314				
Total (B)		68,113,882	30,368,193	3,480,999	(117,737)	84,699,672	54,477,016	23,828,866	69,597,162	180,123,419	150,324,634				
Deferred Tax (Comprehensive Income)		2,862,773	1,873,448	382,906	169,793	2,882,341	1,908,193	858,559	680,214	6,986,579	4,631,648				
31	Deferred Tax (Other Comprehensive Income)	559,474	99,394	74,832	9,008	563,298	101,237	167,789	36,088	1,365,392	245,728				
35a(iv)	Gratuity & leave Remeasurement Gain/(Loss) Or	1,118,947	397,576	149,663	36,033	1,126,596	404,949	335,577	144,352	2,730,784	982,910				
30a	Prior Period Adjustment	-	16,011	-	1,451	-	16,308	-	5,813	-	39,583				
Operating Profit (A - B)		128,565,180	127,297,873	16,770,373	12,266,351	66,002,903	75,974,974	33,884,251	20,794,895	245,022,807	236,334,086				

1-3
 Significant Accounting Policies & 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 Mookherjee Biswas & Pathak
 Chartered Accountants
 ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
 Partner
 ICAI Member No. 059159
 Place: Kolkata, India
 Date:

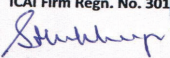
On behalf of the Board of Directors

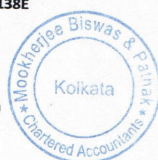
Chairman
 Director
 Finance Director
 CEO

Bhutan Insurance Limited
 Thimphu : Bhutan

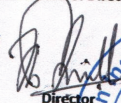
BHUTAN INSURANCE LIMITED			
Statement of Financial Position for Financing & Investment Department as on 31st. December 2025			
Particulars	Note No.	As on 31.12.2025	As on 31.12.2024
ASSETS			
Non current Assets			
Loans & advances	4a	2,217,487,755	1,964,447,463
Total Non current Assets		2,217,487,755	1,964,447,463
Current Assets			
Cash & cash equivalents	3b	73,806,591	21,725,883
Investment	5b	110,000,000	110,000,000
Loans & Overdraft	4a	347,982,337	314,330,493
Other Assets	8b	42,197,757	32,132,710
Total Current Assets		573,986,685	478,189,086
TOTAL ASSETS:-		2,791,474,440	2,442,636,549
LIABILITIES			
Non current Liability			
Borrowings & Funds	14a	150,000,000	710,040,164
Retained Earnings	21b	874,488,484	823,191,890
Total Non current Liabilities		1,024,488,484	1,533,232,054
Current Liabilities			
Borrowed Funds	14a	904,642,029	385,432,223
Other Liabilities	19b	793,393,058	455,677,296
Provisions	18b	68,950,870	68,294,976
Total Current Liabilities		1,766,985,956	909,404,495
TOTAL LIABILITIES & EQUITY		2,791,474,440	2,442,636,549

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

Sudersan Mukherjee
Partner
ICAI Member No. 059159
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 for the year ended 31st. December 2025

Particulars	Note No.	2025	2024
INCOME			
Interest on Loan	25a	198,261,081	216,882,857
Finance Income	23b	7,144,148	7,010,104
Other Income	26b	15,986,200	6,348,466
Total Income:-		221,391,429	230,241,427
EXPENSES			
Interest Expenses	25d	(78,709,869)	(70,633,364)
Management Expenses	28b	(38,189,117)	(33,955,453)
Amortization Cost of Staff Loan	28b(ii)	(249,406)	(881,536)
Depreciation & Amortization	9&10	(2,991,784)	(2,434,622)
Provision against Loans	18c	(48,589,267)	(27,230,270)
Gratuity & leave Remeasurement Gain/(Loss)	15a(v)	(1,365,392)	-
Asset Pending Reserve adjustment	18d(ii)	-	-
Total Expense:-		(170,094,835)	(135,135,245)
Operating Profit/(Loss)		51,296,594	95,106,181

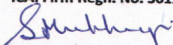
The Schedules referred to above form an integral part of this Revenue Account.

This is Finance & Investment Revenue Account referred to in our report of even date.

For Mookherjee Biswas & Pathak

Chartered Accountants

ICAI Firm Regn. No. 301138E



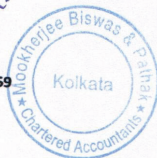
Sudersan Mukherjee

Partner

ICAI Member No. 059159

Place: Kolkata, India

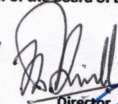
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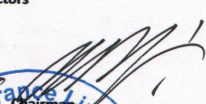
On Behalf of the Board of Directors



CEO



Director



Chairman

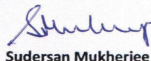

BHUTAN INSURANCE LIMITED
Statement of Financial Position for PPF & GFM Department as on 31st. December 2025

		Amount in Nu.	
Particulars	Note No.	As on 31.12.2025	As on 31.12.2024
ASSETS			
Non current Assets			
Loans & advances	4b	1,112,350,527	882,981,531
Total Non current Assets		1,112,350,527	882,981,531
Current Assets			
Cash & Cash Equivalents	3c	62,645,357	134,188,514
Loan & advances	4b	297,313,343	353,570,190
Investment	5c	80,000,000	30,000,000
Equity & other Investment	6c	5,499,596	10,098,562
Other Assets	8d	631,442,551	367,238,580
Total Current Assets		1,076,900,847	895,095,847
TOTAL ASSETS		2,189,251,375	1,778,077,378
EQUITY AND LIABILITIES			
Non current Liabilities			
Member's Contribution Funds	14c	2,194,246,235	1,739,568,725
Reserve-[Debit balance of Revenue Account]	21c(i)	(274,121,266)	(198,080,755)
Equity Investment Revaluation Reserve	21c(ii)	643,778	5,242,745
Total Non Current Liabilities		1,920,768,748	1,546,730,714
Current Liabilities			
Borrowings & Funds	14c	10,219,791	24,410,812
Other Liabilities	19d	209,276,570	154,549,182
Provisions	18e	48,986,266	52,386,669
Total Current Liabilities		268,482,627	231,346,664
TOTAL LIABILITIES		2,189,251,375	1,778,077,378

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 Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E


Sudersan Mukherjee
Partner
ICAI Member No. 059159
Place: Kolkata, India
Date:



On Behalf of the Board of Directors

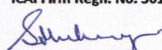
 CEO
 Director
 Chairman
 Finance Director


BHUTAN INSURANCE LIMITED
Revenue Account for PPF & GFM Department for the year ended 31st. December 2025

	Note No	2025	2024
INCOME			
Interest Income	25b	104,517,990	119,480,801
Finance Income	23c	2,468,756	2,260,267
Other Income	26c	5,042,885	206,034
Total Income		112,029,631	121,947,102
EXPENSES			
Interest Expense	25g	(140,096,187)	(116,937,298)
Management Expense	28c	(31,913,442)	(27,317,154)
Depreciation & Amortization	9&10	(2,991,784)	(2,434,622)
Provision against Loans	18f	(11,703,336)	(30,520,791)
Gratuity & leave Remeasurement Gain/(Loss)	15a(vi)	(1,365,392)	-
Asset Pending Reserve adjustment	18g(ii)	-	-
Total Expenses		(188,070,141)	(177,209,866)
Operating Profit/(Loss)		(76,040,510)	(55,262,764)

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.

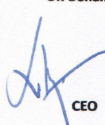
For Mookherjee Biswas & Pathak
Chartered Accountants
ICAI Firm Regn. No. 301138E

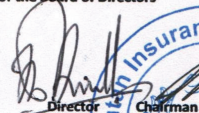

Sudersan Mukherjee

Partner
ICAI Member No. 059159
Place: Kolkata, India
Date:

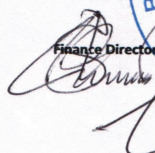


On Behalf of the Board of Directors


CEO


Director


Chairman


Finance Director



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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:



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Bhutan Insurance Limited**Notes to Financial Statements-31st December 2025**

- 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

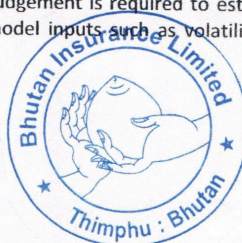
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The management based its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



Bhutan Insurance Limited**Notes to Financial Statements-31st December 2025**

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, 2024. 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.

Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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

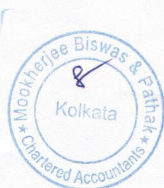
- i) Fair Value through Profit & Loss Account
- ii) Loans & Advances
- iii) Held Till Maturity
- iv) Available for Sale

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).



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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

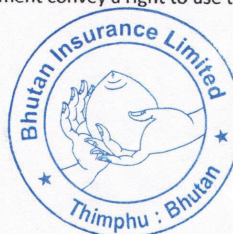
The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and is appropriate. The Company uses active market data for valuing financial assets, held as collateral.

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 expense in the Income Statement on a straight line basis over the lease term. Contingent Rental Payable

Bhutan Insurance Limited

Notes to Financial Statements-31st December 2025

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 contract expires, is discharged or is it cancelled.



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

Recognition of Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity 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 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.

Bhutan Insurance Limited

Notes to Financial Statements-31st December 2025

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:

Bhutan Insurance Limited

Notes to Financial Statements-31st December 2025

- **External Sources of Information**

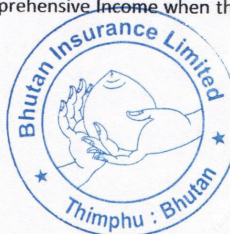
- a) There are observable indicators that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
- b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in 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.



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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.

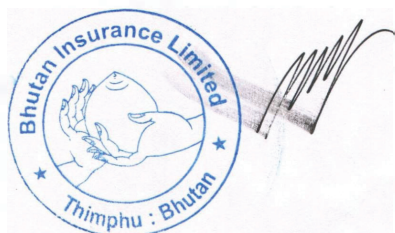
An equity investment is said to be impaired when:

- 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.

Bhutan Insurance Limited Notes to Financial Statements-31st December 2025

Proposed/Declared Dividends

Dividends proposed/declared by the Board of Directors after the reporting date is not recognized as a liability. The 78th Board meeting held on 2nd April'2026 has approved the dividend for the year 2025 at 17.91% of paid-up capital amounting Nu.107.46 million which was endorsed in 17th Annual General Meeting held on same date. It is also approved by Royal Monetary Authority of Bhutan as per Prudential Regulation 2024 vide letter No. RMA/DFRS/22/2025-2026/5482 dated 22nd May'2026 which is disclosed as a Note to the Financial Statement. The dividend declared in year 2024 was 18.5% of Paid-up capital amounting to Nu.111 million.

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 entity 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

Bhutan Insurance Limited

Notes to Financial Statements-31st. December 2025

3 Cash & Cash Equivalents

in Bhutanes Nqultrum

Cash in hand & balances with banks (3a+3b+3c+3d)

Total:-

31st. December

2025

31st. December 2024

280,601,161	260,692,723
280,601,161	260,692,723

3a. General Insurance Dept

Cash in hand & balance with banks

Total:-

144,149,213	104,778,326
144,149,213	104,778,326

3b. Financing & Investment Department

Cash & Bank Balance

Total:-

73,806,591	21,725,883
73,806,591	21,725,883

3c. Private Provident & Gratuity Fund Department

Cash in hand & balance with banks

Total:-

62,645,357	134,188,514
62,645,357	134,188,514

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

in Bhutanes Nqultrum

Manufacturing/Industry Sector Loan

Service Sector Loan

Trade/Commerce Sector Loan

Housing Sector Loan

Transport Sector Loan

Loans to Purchase Securities

Personal Loan

Staff Loan

Agriculture Loan

Consumer Loan

Late Fees

Total Gross Loans & Advances

31st. December 2025

Current

Non Current

31st. December 2024

Current

Non Current

104,778,658	628,258,285	104,465,492	477,242,711
83,824,095	86,139,657	41,648,518	40,305,169
87,782,074	582,769,680	130,718,109	467,510,192
14,110,048	1,222,847,255	14,470,839	1,092,623,398
-	648,302,338	-	634,126,057
-	26,098,675	-	32,394,871
-	49,071,894	-	46,164,533
-	64,461,792	-	47,018,229
-	1,261,409	-	-
354,009,213	20,627,297	376,103,086	10,043,834
791,592	-	494,641	-
645,295,680	3,329,838,282	667,900,684	2,847,428,994

Details of Provision for Loan Impairment are as follows:

in Bhutanes Nqultrum

Impairment as per BAS-39-Incurred Loss Model

Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017

117,937,135

120,681,645

117,937,135

120,681,645

Percentage of Provision for Loan Impairment is 2.97 %

2.97%

3.43%

(P.Y :3.43% of Total Loans & Advances.)

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

in Bhutanes Nqultrum

Manufacturing/Industry Sector Loan

Service Sector Loan

Trade/Commerce Sector Loan

Housing Sector Loan

Transport Sector Loan

Loans to Purchase Securities

Personal Loan

Staff Loan

Agriculture Loan

Consumer Loan

Late Fees

Total Gross Loans & Advances to Customers

31st. December

2025

%

31st. December

2024

%

733,036,943	18.44	581,708,202	16.55
169,963,753	4.28	81,953,688	2.33
670,551,754	16.87	598,228,301	17.02
1,236,957,303	31.12	1,107,094,236	31.49
648,302,338	16.31	634,126,057	18.04
26,098,675	0.66	32,394,871	0.92
49,071,894	1.23	46,164,533	1.31
64,461,792	1.62	47,018,229	1.34
1,261,409	0.03	-	-
374,636,510	9.42	386,146,920	10.98
791,592	0.02	494,641	0.01
3,975,133,963	100	3,515,329,678	100



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

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Manufacturing/Industry Sector Loan	54,191,127	546,554,548	57,344,420	397,100,501
Service Sector Loan	52,486,580	55,219,934	12,348,281	31,023,238
Trade/Commerce Sector Loan	35,711,388	357,915,163	49,670,478	281,984,589
Housing Sector Loan	4,639,051	657,477,048	4,540,888	711,255,554
Transport Sector Loan	-	464,251,370	-	431,644,655
Loans to Purchase Securities	-	26,098,675	-	32,394,871
Personal Loan	-	34,423,410	-	32,025,827
Staff Loan	-	64,461,792	-	47,018,229
Agriculture Loan	-	1,261,409	-	-
Consumer Loan	200,423,538	9,824,406	190,082,774	-
Late Fees Outstanding	530,653	-	343,652	-
Total Gross Loans & Advances	347,982,337	2,217,487,755	314,330,493	1,964,447,463

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

Impairment as per BAS-39-Incurred Loss Model

Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017

68,950,870

68,950,870

68,294,976

68,294,976

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

<i>in Bhutanese Ngultrum</i>	31st. December 2025		31st. December 2024	
	2025	%	2024	%
Manufacturing/Industry Sector Loan	600,745,676	23.42	454,444,920	19.94
Service Sector Loan	107,706,514	4.20	43,371,520	1.90
Trade/Commerce Sector Loan	393,626,552	15.34	331,655,066	14.55
Housing Sector Loan	662,116,099	25.81	715,796,442	31.41
Transport Sector Loan	464,251,370	18.10	431,644,655	18.94
Loans to Purchase Securities	26,098,675	1.02	32,394,871	1.42
Personal Loan	34,423,410	1.34	32,025,827	1.41
Staff Loan	64,461,792	2.51	47,018,229	2.06
Agriculture Loan	1,261,409	0.05	-	-
Consumer Loan	210,247,944	8.20	190,082,774	8.34
Late Fees	530,653	0.02	343,652	0.02
Total Gross Loans & Advances to Customers	2,565,470,092	100	2,278,777,957	100

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

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Manufacturing/Industry loan	50,587,530	81,703,737	47,121,072	80,142,210
Service Sector Loan	31,337,515	30,919,723	29,300,237	9,281,931
Trade & Commerce loan	52,070,686	224,854,516	81,047,631	185,525,604
Housing Sector Loan	9,470,997	565,370,207	9,929,950	381,367,844
Transport Sector Loan	-	184,050,969	-	202,481,403
Personal Loan	-	14,648,484	-	14,138,706
Consumer Loan (Loan against PPF)	-	10,802,892	-	10,043,834
Consumer Loan (Others)	153,585,675	-	186,020,312	-
Late Fees	260,939	-	150,988	-
Total Loans & Advances	297,313,343	1,112,350,527	353,570,190	882,981,531

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

<i>in Bhutanese Ngultrum</i>	31st. December 2025		31st. December 2024	
	2025	%	2024	%
Manufacturing/Industry loan	132,291,267	9.38	127,263,282	10.29
Service Sector Loan	62,257,239	4.42	38,582,168	3.12
Trade & Commerce loan	276,925,202	19.64	266,573,234	21.56
Housing Sector Loan	574,841,204	40.78	391,297,794	31.64
Transport Sector Loan	184,050,969	13.06	202,481,403	16.37
Personal Loan	14,648,484	1.04	14,138,706	1.14
Consumer Loan (Loan against PPF)	10,802,892	0.77	10,043,834	0.81
Consumer Loan (Others)	153,585,675	10.90	186,020,312	15.04
Late Fees	260,939	0.02	150,988	0.01
	1,409,663,870	100	1,236,551,721	100

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

Impairment as per BAS-39-Incurred Loss Model

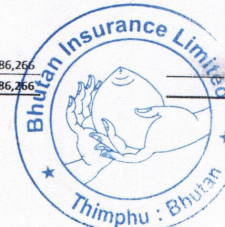
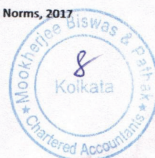
Total Provision for Loan Impairment as per BAS-39/RMA PR Norms, 2017

48,986,266

48,986,266

52,386,669

52,386,669



5 Instruments Held Till Maturity*in Bhutanese Ngultrum*

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

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
-	5,000,000	-	5,000,000
320,000,000	-	170,000,000	-
320,000,000	5,000,000	170,000,000	5,000,000

5a. General Insurance Department*in Bhutanese Ngultrum*

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

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
-	5,000,000	-	5,000,000
130,000,000	-	30,000,000	-
130,000,000	5,000,000	30,000,000	5,000,000

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

Fixed Deposit (Maturing within 12 Months)

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
110,000,000	-	110,000,000	-
110,000,000	-	110,000,000	-

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

Fixed Deposit (Maturing within 12 Months)

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
80,000,000	-	30,000,000	-
80,000,000	-	30,000,000	-

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

Equity Investment with BNBL
Equity Investment with CIB
Equity Investment with FITI

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
-	55,782,870	-	92,324,688
-	6,365,096	-	5,698,814
-	6,000,000	-	6,000,000
-	68,147,967	-	104,023,501

Total

The Equity Investment has valued based on Audited Financial Statements of BNBL, CIB and FITI of the year 2024 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*

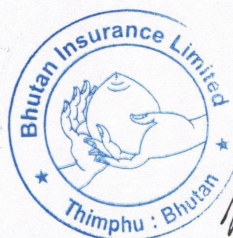
Equity Investment with BNBL
Equity Investment with CIB
Equity Investment with FITI
Investment fund with PF/GF dept.
Investment fund with FID

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
-	50,283,274	-	82,226,125
-	6,365,096	-	5,698,814
-	6,000,000	-	6,000,000
10,219,791	-	24,410,812	-
902,465,481	-	383,624,259	-
912,685,272	62,648,371	408,035,071	93,924,939

Total**6c. PPF & GFM Department**

Equity Investment with BNBL

31st. December 2025		31st December 2024	
Current	Non-Current	Current	Non-Current
-	5,499,596	-	10,098,562
-	5,499,596	-	10,098,562



Bhutan Insurance Limited

Notes to Financial Statements-31st. December 2025

7 Insurance Receivable*in Bhutanese Naultrum*

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Insurance Premium Receivable	23,584,419	-	101,411,084	-
RI Receivable	-	-	-	-
Total Insurance Receivable	23,584,419	-	101,411,084	-

7a. General Insurance Department*in Bhutanese Naultrum*

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Insurance Premium Receivable	23,584,419	-	101,411,084	-
RI Receivable	-	-	-	-
Total Insurance Receivable	23,584,419	-	101,411,084	-

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 Naultrum*

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Security Deposit for Office Space	668,125	-	634,005	-
RMA Reserve	30,000	-	30,000	-
Advance CIT & TDS	40,879,767	-	46,899,238	-
RMA Penalty Deposit A/c	100,000	-	100,000	-
Other Advance & Receivable	4,770,116	-	1,581,841	-
Interest Receivable on Bonds	139,726	-	139,726	-
BIL Employees Gratuity Fund Investment (RICBL)	15,171,053	-	14,645,853	-
Interest Receivable on Fixed Deposits	5,957,260	-	3,916,393	-
Prepaid Staff loan Cost	19,292,089	-	12,317,370	-
Loan Charge-off advances	5,780,540	-	1,238,189	-
Asset Pending Foreclosure Account	37,915,100	-	37,961,803	-
Total	130,703,776	-	119,464,418	-

8a. General Insurance Department*in Bhutanese Naultrum*

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Security Deposit for Office Space	668,125	-	634,005	-
RMA Reserve	30,000	-	30,000	-
Advance CIT & TDS	40,334,510	-	46,518,496	-
RMA Penalty Deposit A/c	100,000	-	100,000	-
Other Advance & Receivable	4,770,116	-	1,581,841	-
Interest Receivable on Bonds	139,726	-	139,726	-
Interest Receivable on Fixed Deposits	2,600,548	-	904,918	-
BIL Employees Gratuity Fund Investment (RICBL)	15,171,053	-	14,645,853	-
Interest receivable on Funds to PF/GF Department	1,738,503	-	1,182,421	-
Interest receivable on Funds to Finance & Investment Department	42,346,924	-	27,921,470	-
Counter Entry of FID Last Year Reserve	823,191,890	-	728,085,709	-
Management Fees Receivable from FID	42,489,568	-	35,968,769	-
Management Fees Receivable from PPF & GFM dept.	36,267,888	-	29,736,976	-
Total	1,009,848,851	-	887,450,183	-

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

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Interest Receivable on Fixed Deposits	2,695,890	-	2,688,525	-
Prepaid Staff Loan Cost	19,292,089	-	12,317,370	-
Advance CIT & TDS	455,302	-	270,325	-
Asset Pending Foreclosure Account	14,578,944	-	14,638,944	-
Loan Charge-off advances	3,276,006	-	318,021	-
GAD control A/c.	1,899,525	-	1,899,525	-
Total	42,197,757	-	32,132,710	-

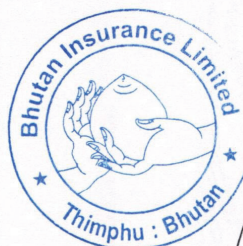


8d. PPF & GFM Department**in Bhutanese Ngultrum**

Interest receivable on Fixed Deposit
TDS on FD & dividend
Asset Pending Foreclosure Account
Loan Charge-off advances
Interest & Late fee transferred control A/c. (Assets Segregation)
Loan Charge-off transferred control A/c. (Assets Segregation)
Credit Dept. control A/c.

Total

31st. December 2025		31st. December 2024	
Current	Non Current	Current	Non Current
660,822		322,951	
89,955		110,417	
23,336,156		23,322,859	
2,504,533		920,168	
113,924,100		113,924,100	
27,649,414		27,649,414	
463,277,570		200,988,671	
631,442,551	-	367,238,580	-



Bhutan Insurance Limited

Notes to Financial Statements-31st. December 2025

11 Insurance Contract Liabilities*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Claim Outstanding	40,256,016	-	30,333,780	-
Insurance premium refundable	260,138	-	22,232,165	-
Referral Fees Payable	4,752,477	-	4,016,706	-
Total Insurance Contract Liabilities	45,268,631	-	56,582,652	-

12 Reinsurance Contract Liabilities*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
RI Ceded Payable	71,330,451	-	75,633,570	-
Total Reinsurance Liabilities	71,330,451	-	75,633,570	-

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*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Subordinate Term Debt (Bond - Series I)	-	500,000,000	-	-
Total Subordinate Term Debt	-	500,000,000	-	-

The Company has issued Bond Series-I of Nu. 500,000,000 at a coupon rate of 8.5% during the year for the term of 10 years

14 Borrowings & Funds*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Borrowings from GIC Bhutan Re	-	150,000,000	-	700,000,000
Borrowings from BNBL	-	-	-	10,040,164
Borrowing from DPNB	242,027	-	-	-
Staff Welfare Fund	1,934,521	-	1,807,964	-
Private Provident Fund	-	722,787,845	-	617,698,678
Gratuity Fund	-	1,471,458,390	-	1,121,870,047
Borrowing from Druk PNB bank	-	10,610,335	-	10,859,828
Total	2,176,548	2,354,856,570	1,807,964	2,460,468,717

14a. Finance & Investment*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Borrowings from GIC Bhutan Re	-	150,000,000	-	700,000,000
Borrowings from BNBL	-	-	-	10,040,164
Borrowing from DPNB	242,027	-	-	-
Staff Welfare Fund	1,934,521	-	1,807,964	-
Fund from General Insurance Dept.	902,465,481	-	383,624,259	-
Total	904,642,029	150,000,000	385,432,223	710,040,164

14c. PPF & GFM Department*Member's Contribution Fund**less Refund*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Private Provident Fund	-	722,787,845	-	617,698,678
Gratuity Fund	-	1,471,458,390	-	1,121,870,047
Fund from General Insurance Dept.	10,219,791	-	24,410,812	-
Total	10,219,791	2,194,246,235	24,410,812	1,739,568,725

14d. General Insurance Dept.*in Bhutanese Ngultrum*

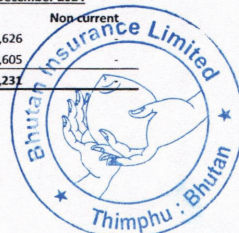
	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Borrowing from Druk PNB bank	-	10,610,335	-	10,859,828
Total	-	10,610,335	-	10,859,828

15 Employees Defined Benefit Obligation*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
Employees Gratuity obligation	20,440,192	-	15,914,626	-
Employees Leave Encashment obligation	6,101,807	-	4,640,605	-
Total Employee Benefit Obligation	26,541,999	-	20,555,231	-



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15a. Employees Defined Benefit Obligation*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non current	Current	Non current
i) Defined benefit obligation (Gratuity) as per last year A/c.	15,914,626	-	15,549,645	-
Add:- Current year obligation	4,261,776	-	1,930,676	-
Add: Interest on Gratuity Fund Investment	680,478	-	155,278	-
Less: Benefits Paid during the year	-416,688	-	-1,720,973	-
Total	20,440,192	-	15,914,626	-
ii) Defined benefit obligation (Leave) as per last year A/c.	4,640,605	-	3,657,695	-
Add:- Current year obligation	1,461,202	-	982,910	-
Total	6,101,807	-	4,640,605	-
iii) Net Remeasurement (Gain) /Loss on Defined Benefit Plan (Shown separately in Comprehensive Income)				
Gratuity liability	4,000,366	-	-	-
Leave Liability	1,461,202	-	982,910	-
Total	5,461,568	-	982,910	-
iv) Net Remeasurement (Gain) /Loss on Defined Benefit Plan (Insurance Department)				
Gratuity liability	2,000,183	-	-	-
Leave Liability	730,601	-	982,910	-
Total	2,730,784	-	982,910	-
v) Net Remeasurement (Gain) /Loss on Defined Benefit Plan (Credit Department)				
Gratuity liability	1,000,092	-	-	-
Leave Liability	365,301	-	-	-
Total	1,365,392	-	-	-
vi) Net Remeasurement (Gain) /Loss on Defined Benefit Plan (PF/GFM Department)				
Gratuity liability	1,000,092	-	-	-
Leave Liability	365,301	-	-	-
Total	1,365,392	-	-	-

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

Opening Balance	15,914,626	15,549,645
Service Cost	3,696,719	2,900,726
Interest Cost	959,654	998,863
Benefits Paid During the year	-416,688	-1,720,973
Net Actuarial (Gain) / Loss	285,881	-1,813,635
Closing Balance	20,440,192	15,914,626

The Employee Benefit Obligations for Gratuity 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(%)	6.8	6.85
c) Rate of Compensation Increase(%)	6	6
d) Average Expected Future Service	24/10/0	24/12/0
e) Average Duration of Liabilities	6	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	4,640,605	3,657,695
Service Cost	822,349	897,074
Interest Cost	283,541	248,723



Benefits Paid During the year

Net Acturial (Gain) / Loss

Closing Balance

355,312	-162,887
6,101,807	4,640,605

The Employee Benefit Obligations for 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(%)	6.8	6.85
c) Rate of Compensation Increase(%)	6	6
d) Average Expected Future Service	24/11/0	24/12/0
e) Average Duration of Liabilities	6	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 Assetsin Bhutanese Ngultrum

Deferred Tax Assets

Total Deferred Tax Assets

31st. December 2025		31st. December 2024	
Current	Non Current	Current	Non Current
10,162,627	-	9,515,854	-
10,162,627	-	9,515,854	-

16a(i). Deferred Tax Assets

Deferred tax assets as per last year accounts

Add:- Deferred tax assets current year

Total

9,515,854	-	9,463,522	-
646,773	-	52,332	-
10,162,627	-	9,515,854	-

16b Deferred Tax Liabilitiesin Bhutanese Ngultrum

Deferred Tax Liabilities

Total Deferred Tax Liabilities

31st. December 2025		31st. December 2024	
Current	Non Current	Current	Non Current
531,014	-	8,236,212	-
531,014	-	8,236,212	-

16b(i). Deferred Tax Liabilities

Deferred tax liabilities as per last year accounts

Add:- Deferred tax liabilities current year

Total

31st. December 2025		31st. December 2024	
8,236,212	-	13,061,256	-
(7,705,198)	-	(4,825,044)	-
531,014	-	8,236,212	-

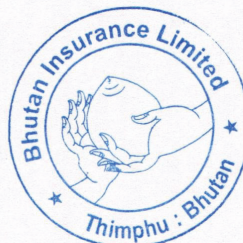
The detail Deferred Tax Liabilities are as follows:

Deferred Tax Assets

Deferred Tax Liabilities

Deferred Tax Assets/(Liabilities)

31st. December 2025		31st. December 2024	
10,162,627	-	9,515,854	-
531,014	-	8,236,212	-
9,631,613	-	1,279,642	-

Bhutan Insurance Limited

Notes to Financial Statements-31st. December 2025

17 Tax Payablein Bhutanese Ngultrum

Provision for Tax

Total Tax Payable**31st. December 2025****Current****Non Current**

53,959,061

-

53,959,061

-

31st. December 2024**Current****Non Current**

68,301,041

-

68,301,041

-

18 Provisions & Contingenciesin Bhutanese Ngultrum

Unexpired Risk Reserve

Provision for other doubtful debts

Impairment on Loan

Total Provisions & Contingencies**31st. December 2025****Current****Non Current**

111,328,589

-

571,882

-

117,937,135

-

229,837,606

-

31st. December 2024**Current****Non Current**

77,597,921

-

170,257

-

120,681,645

-

198,449,824

-

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)**

	31st. December 2025	31st. December 2024
i) Provision for Unexpired Risk as per Last Account	77,597,921	75,537,500
Add: Provision for Unexpired Risk Current Year	33,730,667	2,060,421
Total	111,328,589	77,597,921
ii) Provision for Doubtful Debt as per last year Account	170,257	170,257
Add: Provision for doubtful debt Current Year	401,625	-
Total	571,882	170,257
Total (i+ii)	111,900,471	77,768,178

Provision on Loan has been measured on the basis of Prudential Regulations, 2024 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 as per last year A/c.

Add:- Additional Provision for Current Year

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

	31st. December 2025	31st. December 2024
i) Provision for Standard Loan as per Last Year A/c.	14,914,835	12,939,464
Add:- Additional Provision for Current Year	2,592,885	1,975,371
Total	17,507,721	14,914,835
ii) Provision for Watch Loan as per Last Year A/c.	1,944,686	7,976,547
Add:- Additional Provision for Current Year	6,827,592	474,129
Total	8,772,278	8,450,676
iii) Provision for Sub standard Loan as per Last Year A/c.	-	2,274,238
Add:- Additional Provision for Current Year	14,617,846	(51,221)
Total	14,617,846	2,223,016.36
iv) Provision for Doubtful Loan as per Last Year A/c.	-	(837,017)
Add:- Additional Provision for Current Year	6,571,303	15,402,192
Total	6,571,303	14,565,175
v) Provision for Loss exposure Loan as per Last Year A/c.	-	3,456,841
Add:- Additional Provision for Current Year	16,328,450	16,829,932
Total	16,328,450	20,286,773
vi) Provision for Term expired Loan as per Last Year A/c.	-	297,139
Add:- Additional Provision for Current Year	2,386,938	4,055,280
Total	2,386,938	4,352,419
vii) Dynamic Provision as per last year A/c.	2,040,009	14,957,494
Add:- Additional Provision for Current Year	(2,040,009)	(12,917,485)
Total	-	2,040,009
viii) Specific provision as per last year A/c.	1,462,072	-
Add:- Additional Provision for Current Year	1,304,262	1,462,072
Total	2,766,335	1,462,072
Total (i + ii + iii + iv + v + vi+vii+viii)	68,950,870	68,294,976

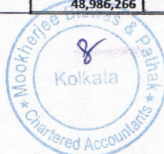


18c. Provision Against Loan Charged for the Year (FID)	31st. December 2025	31st. December 2024
i) Provision for Standard Loan for the Year	2,592,885	1,975,371
ii) Provision for Watch Loan for the Last Year	6,827,592	474,129
iii) Provision for Sub-standard Loan for the Year	14,617,846	(51,221)
iv) Provision for Doubtful Loan for the Year	6,571,303	15,402,192
v) Provision for Loss Exposure Loan for the Year	16,328,450	16,829,932
vi) Provision for Term Expired Loan for the Year	2,386,938	4,055,280
vii) Dynamic Provision for current Year	(2,040,009)	(12,917,485)
viii) Specific Provision for current Year	1,304,262	1,462,072
Total	48,589,267	27,230,270

18d(i). Asset Pending Foreclosure Reserve (FID)	31st. December 2025	31st. December 2024
i) Principal outstanding opening balance	10,637,523	10,637,523
Add/(Less):- during the year	-	-
Total	10,637,523	10,637,523
ii) Interest Outstanding opening balance	3,931,844	3,931,844
Add/(Less):- during the year	-	-
Total	3,931,844	3,931,844
iii) Late fee outstanding opening balance	99,578	99,578
Add/(Less):- during the year	-	-
Total	99,578	99,578
Total (i + ii + iii)	14,668,944	14,668,944

18d(ii). Asset Pending Foreclosure Reserve charged for the year(FID)	31st. December 2025	31st. December 2024
i) Principal amount	-	-
ii) Interest amount	-	-
iii) Late fee amount	-	-
Total	-	-

18e. PPF & GFM Department (New Fund Loan)	31st. December 2025	31st. December 2024
i) Provision for Standard Loan as per Last Year A/c.	7,349,626	7,243,595
Add:- Additional Provision for current Year	1,650,875	106,032
Total	9,000,502	7,349,626
ii) Provision for Watch Loan as per Last Year A/c.	5,181,999	4,984,489
Add:- Additional Provision for current Year	400,489	197,510
Total	5,582,488	5,181,999
iii) Provision for Sub standard Loan as per Last Year A/c.	3,602,451	(1,181,898)
Add:- Additional Provision for Current Year	2,130,253	4,784,348
Total	5,732,704	3,602,451
iv) Provision for Doubtful Loan as per Last Year A/c.	229,554	(356,139)
Add:- Additional Provision for Current Year	3,354,416	585,692
Total	3,583,969	229,554
v) Provision for Loss exposure Loan as per Last Year A/c.	1,846,766	1,604,739
Add:- Additional Provision for Current Year	1,940,621	8,161,949
Total	3,787,387	9,766,689
vi) Provision for Term Expired Loan as per Last Year A/c.	-	6,584,776
Add:- Additional Provision for current Year	2,625,496	599,041
Total	2,625,496	7,183,817
vii) Dynamic Provision as per last year A/c.	1,736,203	-
Add:- Additional Provision for Current Year	(1,736,203)	1,736,203
Total	-	1,736,203
viii) Specific provision as per last year A/c.	17,336,332	2,986,315
Add:- Additional Provision for current Year	1,337,389	14,350,017
Total	18,673,720	17,336,332
Total (i+ii+iii+iv+v+vi+vii+viii)	48,986,266	52,386,669



18f. Provision Against Loan Charged for the Year (PF/GF Dept.)

	31st. December 2025	31st. December 2024
i) Provision for Standard Loan for the Year	1,650,875	106,032
ii) Provision for Watch Loan for the Last Year	400,489	197,510
iii) Provision for Sub standard for the Year	2,130,253	4,784,348
iv) Provision for Doubtful for the year	3,354,416	585,692
v) Provision for Loss exposure for the year	1,940,621	8,161,949
vi) Provision for Term Expired for the Year	2,625,496	599,041
vii) Dynamic Provision for current Year	(1,736,203)	1,736,203
viii) Specific Provision for current Year	1,337,389	14,350,017
Total	11,703,336	30,520,791

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 2024.

18g(i). Asset Pending Foreclosure Reserve (PF/GF Dept.)

	31st. December 2025	31st. December 2024
i) Principal outstanding opening balance	16,348,828	16,348,828
Add/(Less):- during the year	-	-
Total	16,348,828	16,348,828
ii) Interest Outstanding opening balance	7,058,714	7,058,714
Add/(Less):- during the year	-	-
Total	7,058,714	7,058,714
iii) Late fee outstanding opening balance	83,432	83,432
Add/(Less):- during the year	-	-
Total	83,432	83,432
Total (i + ii + iii)	23,490,974	23,490,974

18g(ii). Asset Pending Foreclosure Reserve charged for the year (PF/GF Dept.)

	31st. December 2024	31st. December 2023
i) Principal amount	-	-
ii) Interest amount	-	-
iii) Late fee amount	-	-
Total	-	-

19 Other Liabilities***in Bhutanese Ngultrum***

Outstanding Expenses	
Stale Cheques	
Unclaim Dividend	
Unclaim Dividend of the year 2024	
Differential Tax Liability	
TDS Payable to RRCO	
Interest Payable to ESP Fund	
Interest Payable to DPNB	
Salvage & procurement (EMD & security deposit)	
Unearned Insurance Charges	
Other Payables	
PF/GF Refund payable	
Unamortization of staff loan	
Interest Payable to GIC Re.	
PPF Interest Payable to Member's Contribution	
GFM Interest Payable to Member's Contribution	
Interest Payable to SWF	
Interest in Suspense-RMA Provision	
Deferred loan Account AUJR	
FEIF Accounts AUJR	
Late Fee Suspense A/c	
Asset Pending Foreclosure Reserve A/c	



Total

315,633,722	-	217,696,593	-
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19a. General Insurance Department*in Bhutanese Ngultrum*

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Outstanding Expenses	942,897	-	879,725	-
Stale Cheques	975,865	-	966,123	-
Unclaim Dividend	12,600	-	15,398,544	-
Unclaim Dividend of the year 2024	1,577,377	-	-	-
Differential Tax Liability	-	-	3,363,622	-
TDS Payable to RRCD	105,243	-	118,161	-
Interest Payable to Bond-Series I	15,835,616	-	-	-
Interest Payable to DPNB	69,854	-	71,496	-
Salvage & procurement (EMD & security deposit)	537,174	-	291,017	-
Unearned Insurance Charges	19,145,564	-	22,296,285	-
Other Payables	1,455,871	-	1,456,961	-
FID control A/c.	1,899,525	-	1,899,525	-
Counter Entry of PF & GFM Last Year Reserve(New Fund)	198,080,755	-	142,817,991	-
Total	240,638,341	-	189,559,451	-

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

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
Interest Payable to GIC Re.	2,583,562	-	10,670,492	-
Interest Payable to SWF	135,417	-	126,557	-
Interest in Suspense-RMA Provision	16,874,240	-	5,288,787	-
Deffered loan Account AUJR	22,950,014	-	-	-
FEIF Accounts AUJR	20,671,711	-	-	-
Late Fee Suspense A/c	381,346	-	301,354	-
Asset Pending Foreclosure Reserve A/c (schedule 18d(i))	14,668,944	-	14,668,944	-
Other Payables	657,723	-	610,338	-
Stale Cheques	50,215	-	50,215	-
Interest & Late fee Control A/c. PFGF(Assets Segregation)	113,924,100	-	113,924,100	-
Loan Charged off Control A/c. PFGF (Assets Segregation)	27,649,414	-	27,649,414	-
PF/GF control A/c. (New Fund)	463,277,570	-	200,988,671	-
Unamortization of staff loan	24,732,310	-	17,508,184	-
Interest Payable to Insurance Department	42,346,924	-	27,921,470	-
Management Fees Payable to Insurance Dept.	42,489,568	-	35,968,769	-
Total	793,393,058	-	455,677,296	-

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

	31st. December 2025		31st. December 2024	
	Current	Non Current	Current	Non Current
PPF Interest Payable to Member's Contribution	25,748,660	-	24,260,612	-
GFM Interest Payable to Member's Contribution	92,810,841	-	72,596,192	-
Management Expenses Payable to Insurance Dept.	36,267,888	-	29,736,976	-
Interest Payable to Insurance Department	1,738,503	-	1,182,421	-
Stale cheque	19,333	-	26,533	-
PF/GF Refund payable	363,913	-	549,980	-
Asset Pending Foreclosure Reserve A/c (schedule 18g(i))	23,490,974	-	23,490,974	-
Interest in Suspense A/c	7,767,463	-	2,564,415	-
Deffered loan Account AUJR	6,486,319	-	-	-
FEIF Accounts AUJR	14,450,201	-	-	-
Late Fee Suspense A/c	132,476	-	141,080	-
	209,276,570	-	154,549,182	-

20 Share Capital*in Bhutanese Ngultrum*

31st. December 2025	31st. December 2024
5,000,000,000	5,000,000,000

Authorized Capital

(500,000,000 Equity Shares of Nu.10 each)

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 amended in the Articles of Incorporation.



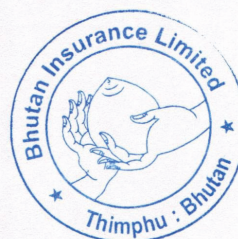
Issued, Subscribed and Paid Up - Opening Balance	600,000,000	600,000,000
(60,000,000 Equity Shares of Nu.10 each)		
Add:- Bonus share issued during the year	-	-
Total Paid-up Capital	600,000,000	600,000,000

21 Reserve & Surplus

	<u>31st. December</u> <u>2025</u>	<u>31st. December</u> <u>2024</u>
<u>in Bhutanese Ngultrum</u>		
i) General Reserve as at 1st January	423,781,984	371,812,866
Add:- General Reserve during the year	41,329,957	51,969,118
Total	465,111,941	423,781,984
ii) Retained Earnings as at 1st January	185,458,231	205,550,877
Add:- Corporate tax refund from RRCO	9,605,703	-
Add:- Differential Tax balance adjusted	3,255,247	-
Less:- Adjusted against bonus share & dividend during the year	(111,000,000)	(126,000,000)
Less:- Adjusted against Corporate office construction Reserve during the year	-	(50,000,000)
Add:- Retained Earnings during the year	123,989,872	155,907,354
Total	211,309,053	185,458,231
iii) CAT Reserve as at 1st January	14,803,938	14,803,938
Add:- CAT Reserve during the year	1,000,000	-
Total	15,803,938	14,803,938
iv) Equity Investment Revaluation as at 1st January	51,879,854	37,907,557
Add:- Revaluation Reserve during the year	-35,875,535	13,972,297
Total	16,004,319	51,879,854
v) Fixed Assets Revaluation as at 1st January	25,492,286	18,837,104
Add:- Revaluation Reserve during the year	5,807,205	6,655,182
Total	31,299,491	25,492,286
vi) Corporate office construction Reserve as at 1st January	50,000,000	-
Add:- Reserve transferred during the year	-	50,000,000
Total	50,000,000	50,000,000
Total Equity	1,389,528,742	1,351,416,293
<u>21a. General Insurance Department</u>		
i) Reserve balance as at 1st January	624,044,153	592,167,681
Add:- Corporate tax refund from RRCO	9,605,703	-
Add:- Differential Tax balance adjusted	3,255,247	-
Less:- Adjusted against bonus share & dividend during the year	-111,000,000	-126,000,000
Less:- Adjusted against Corporate office construction Reserve during the year	-	-50,000,000
Add:- Reserve transferred during the year	245,022,807	236,334,096
	770,927,910	652,501,777
ii) Equity Investment Revaluation as at 1st January	46,637,109	34,086,054
Add:- Revaluation Reserve during the year	-31,276,569	12,551,055
Total	15,360,540	46,637,109
iii) Fixed Assets Revaluation as at 1st January	25,492,286	18,837,104
Add:- Revaluation Reserve during the year	5,807,205	6,655,182
Total	31,299,491	25,492,286
iv) Corporate office construction Reserve as at 1st January	50,000,000	-
Add:- Reserve transferred during the year	-	50,000,000
Total	50,000,000	50,000,000
<u>21b. Finance & Investment Department</u>		
Reserve as at 1st January	823,191,890	728,085,709
Add:- Reserve transferred during the year	51,296,594	95,106,181



Total	874,488,484	823,191,890
21c. PF/GF Department		
i) Reserve as at 1st January	-198,080,755	-142,817,991
Add:- Reserve transferred during the year	-76,040,510	-55,262,764
Total	-274,121,266	-198,080,755
ii) Equity Investment Revaluation as at 1st January	5,242,745	3,821,502
Add:- Investment Revaluation Reserve during the year	-4,598,966	1,421,242
Total	643,778	5,242,745



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

22 Net Earned Premium

in Bhutanese Ngultrum

	31st. December 2025	31st. December 2024
Fire	345,989,997	234,485,926
Marine	17,460,948	11,879,469
Motor	160,511,109	124,736,484
Misc.	127,335,697	285,556,402
Gross Written Premium (22a+22b)	651,297,752	656,658,280
Premium Ceded to Reinsurers (22c)	(374,184,789)	(444,420,423)
Net Written Premium	277,112,962	212,237,858
Change in Unexpired Risk Reserve (22d)	(33,730,667)	(2,060,421)
Net Earned Premium	243,382,295	210,177,436

22a. Premium Direct

Fire	340,852,275	225,810,574
Marine	17,460,948	11,879,469
Motor	160,511,109	124,736,484
Misc.	127,335,697	285,556,402
Total Premium (Direct)	646,160,030	647,982,928

22b. Premium Accepted

Fire	5,137,722	8,675,353
Total Premium (Accepted)	5,137,722	8,675,353

22c. Premium Ceded to Reinsurers

Fire	239,026,372	145,047,255
Marine	3,692,658	3,693,182
Motor	38,872,541	40,946,482
Misc.	92,593,218	254,733,504
Total Premium Ceded to Reinsurers	374,184,789	444,420,423

22d. Net Change in reserve for Unearned Premium

Opening Balance as per Last Year account	77,597,921	75,537,500
Add/Less: Increase/(Decrease) during the year	33,730,667	2,060,421
	111,328,589	77,597,921

Reserves for un-expired risks amounting to Nu. 111,328,589 (PY Nu. 77,597,921) has been recognized in respect of General Insurance Business at 1/24th method.

23 Finance Income

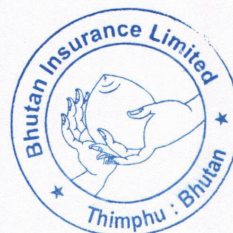
in Bhutanese Ngultrum

	31st. December 2025	31st. December 2024
Interest Income on Bond	375,000	375,000
Interest Income on Fixed Deposits	12,230,137	9,509,265
Loan Late fee income	1,722,414	1,582,124
Add/(Less) Late fees Suspense provision	-846,496	-819,658
Dividend Income	-	2,873,098
Total Finance Income	13,481,055	13,519,830

23a. General Insurance Department

in Bhutanese Ngultrum

	31st. December 2025	31st. December 2024
Interest Income on Bond	375,000	375,000
Dividend Income	-	2,589,842
Interest Income on Fixed Deposits	3,493,151	1,284,617
Interest on Funds invested to PF/GF dept.	1,738,503	1,182,421
Interest on Funds to Finance & Investment	42,346,924	27,921,470
Total	47,953,578	33,353,349



23b. Finance & Investment Department*in Bhutanese Ngultrum*

Interest Income on Fixed Deposits	
Loan Late fee income	
Add/(Less) Late fees Suspense provision	
Total	

<u>31st. December 2025</u>	<u>31st. December 2024</u>
6,600,000	6,578,484
1,139,896	818,221
-595,748	-386,601
7,144,148	7,010,104

23c. PF/GF Department*in Bhutanese Ngultrum*

Interest Income on Fixed Deposits	
Dividend Income	
Loan Late fee income	
Add/(Less) Late fees Suspense provision	
Total	

<u>31st. December 2025</u>	<u>31st. December 2024</u>
2,136,986	1,646,164
-	283,256
582,517	763,903
(250,747)	(433,057)
2,468,756	2,260,267

24 Commission Income (Resinsurance Ceded)*in Bhutanese Ngultrum*

Fire	
Marine	
Motor	
Misc.	
Total Commission Income	

<u>31st. December 2025</u>	<u>31st. December 2024</u>
58,741,673	38,423,007
1,272,965	1,242,509
8,375,312	7,792,881
16,577,566	45,213,114
84,967,516	92,671,511

Commission Expenses (24a+24b)

Fire	
Marine	
Motor	
Misc.	
Total Commission expenses	

6,348,874	2,475,649
320,406	125,421
2,945,359	1,316,939
2,336,595	3,014,839
11,951,234	6,932,847

Net Commission Income

73,016,281	85,738,664
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24a. Commission Expenses (Referral Fees)*in Bhutanese Ngultrum*

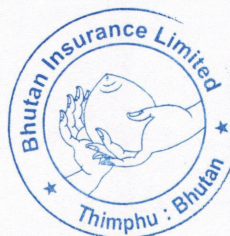
Fire	
Marine	
Motor	
Misc.	
Total Commission Expenses (Referral Fees)	

<u>31st. December 2025</u>	<u>31st. December 2024</u>
3,597,325	2,027,746
181,545	102,729
1,668,865	1,078,674
1,323,934	2,469,384
6,771,669	5,678,533

24b. Brokerage Expenses (Broker)*in Bhutanese Ngultrum*

Fire	
Marine	
Motor	
Misc.	

<u>31st. December 2025</u>	<u>31st. December 2024</u>
2,751,549	447,903
138,861	22,692
1,276,494	238,265
1,012,661	545,455
5,179,565	1,254,314



25 Net interest income on loan & advances*in Bhutanese Ngultrum*

	31st. December 2025	31st. December 2024
Manufacturing/Industry sector Loan	62,953,240	41,639,323
Services Sector loan	9,224,679	7,357,951
Trade/Commerce Sector Loan	73,388,514	71,798,675
Housing Sector Loan	119,551,202	103,457,824
Transport Sector Loan	66,217,192	65,692,084
Loan to Purchase Securities	2,827,663	3,246,089
Personal Loan	5,578,605	6,089,737
Agriculture Loan	51,409	-
Consumer Loan	50,339,826	40,458,093
Staff Loan	3,002,722	3,763,868
Total	393,135,053	343,503,644
Add/(Less): Interest in Suspense-As per RMA Provision	(25,797,737)	(7,139,986)
Add/(Less): Accrued but Unpaid Interest amount of deferred loan	(29,436,333)	-
Add/(Less): FEIF Account with fair valuation adjusted	(35,121,912)	-
Total Interest Income	302,779,071	336,363,658

Interest Expense

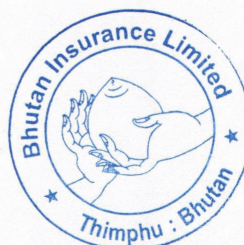
	31st. December 2025	31st. December 2024
Interest on borrowed Funds (GIC Re.)	28,139,589	42,450,000
Interest on PPF Fund (New Fund)	44,742,965	38,098,626
Interest on Gratuity fund (New Fund)	93,614,719	77,656,251
Interest on Loan from BNBL	4,495,294	119,063
Interest on loan from T-Bank	3,592,645	16,274
Interest on SWF	135,417	126,557
Interest paid on ESP bond	16,790,480	2,911,943
Total Interest expense	191,511,109	161,378,715

Total Net Interest Income on loan & advances

111,267,962	174,984,943
--------------------	--------------------

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

	31st. December 2025	31st. December 2024
Manufacturing/Industry sector Loan	51,067,415	32,755,536
Services Sector loan	5,879,286	4,157,578
Trade/Commerce Sector Loan	46,566,743	39,590,516
Housing Sector Loan	71,175,812	71,672,808
Transport Sector Loan	47,525,110	44,084,275
Loan to Purchase Securities	2,827,663	3,199,214
Personal Loan	3,904,905	4,199,198
Agriculture Loan	51,409	-
Consumer Loan	28,213,221	18,555,979
Staff Loan	3,002,722	3,763,868
Total	260,214,286	221,978,973
Add/(Less): Interest in Suspense-As per RMA Provision	(18,331,480)	(5,096,116)
Add/(Less): Accrued but Unpaid Interest amount of deferred loan	(22,950,014)	-
Add/(Less): FEIF Account with fair valuation adjusted	(20,671,711)	-
Total Net Interest Income	198,261,081	216,882,857



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

	31st. December 2025	31st. December 2024
Manufacturing/Industries loan	11,885,825	8,883,787
Services Sector loan	3,345,394	3,200,373
Trade & Commerce Loan	26,821,771	32,208,158
Housing Sector Loan	48,375,391	31,785,016
Transport Loan	18,692,082	21,607,808
Loan to Purchase Securities	-	46,875
Personal Loan	1,673,701	1,890,540
Consumer Loan (Loan against PPF)	1,095,609	1,064,964
Consumer Loan (Others)	21,030,995	20,837,150
Total:-	132,920,767	121,524,671
Add/(Less): Interest in Suspense-As per RMA Provision	(7,466,258)	(2,043,870)
Add/(Less): Accrued but Unpaid Interest amount of deferred loan	(6,486,319)	-
Add/(Less): FEIF Account with fair valuation adjusted	(14,450,201)	-
Net Interest Income	104,517,990	119,480,801

25d. Interest Expense of FID*in Bhutanese Nqultrum*

	31st. December 2025	31st. December 2024
Interest on borrowed Funds (GIC Re.)	28,139,589	42,450,000
Interest on Loan from BNBL	4,495,294	119,063
Interest on loan from DPNB/ T-Bank	3,592,645	16,274
Interest on SWF	135,417	126,557
Interest on Funds from General Insurance Department	42,346,924	27,921,470
Total Interest Expense	78,709,869	70,633,364

25e. Interest Expenses of Insurance Department*in Bhutanese Nqultrum*

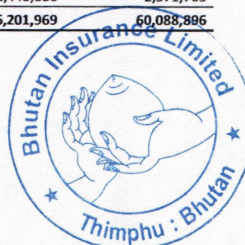
	31st. December 2025	31st. December 2024
Interest on Bond Series-I/ESP Bond	15,835,616	1,933,151
Interest to DPNB Loan	954,864	978,792
Total	16,790,480	2,911,943

25g. Interest expense of PF/GF Department*in Bhutanese Nqultrum*

	31st. December 2025	31st. December 2024
PPF Interest to Member's Contribution	44,742,965	38,098,626
GFM Interest to Member's Contribution	93,614,719	77,656,251
Interest on Funds from Insurance Department	1,738,503	1,182,421
Total	140,096,187	116,937,298

26 Other Operating Income*in Bhutanese Nqultrum*

	31st. December 2024	31st. December 2023
Guarantee Commission	3,732,914	3,481,825
Administration & other Charges	393,800	425,650
Charged off loan Recovery (other income)	16,885,768	545,610
Earned Insurance Charges	50,806,800	52,819,190
Sale of Scraps	2,437,757	643,156
Gain/(loss) on assets held for sale	-	-756,815
Exchange gain/(loss)	-216,676	337,516
Rental income	721,000	21,000
Misc Income	1,440,606	2,571,765
Total Other Operating Income	76,201,969	60,088,896



26a. General Insurance Department*in Bhutanese Naultrum*

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Earned Insurance Charges	50,806,800	52,819,190
Sale of Scraps (Net)	2,437,757	643,156
Gain/(loss) on assets held for sale	-	-756,815
Exchange Gain/(Loss)	(216,676)	337,516
Rental income	721,000	21,000
Misc Income	1,424,003	470,350
Total	55,172,885	53,534,397

26b. Finance & Investment Department*in Bhutanese Naultrum*

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Gurantee Commission	3,732,914	3,481,825
Administration & other Charges	393,800	425,650
Charged off loan Recovery (other income)	11,851,217	340,161
Other Misc. income	8,269	2,100,830
Total	15,986,200	6,348,466

26c. PF/GFM Department*in Bhutanese Naultrum*

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Charged off loan Recovery (other income)	5,034,551	205,449
Other Misc. income	8,334	585
Total	5,042,885	206,034

27 Claim Expenses*in Bhutanese Naultrum*

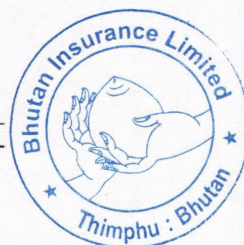
	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Claims Paid (including Advance) (27a)	115,067,171	140,121,673
Add: Claims outstanding at the end of year (27b)	39,806,016	30,333,780
Add: IBNR Claims at the end of the year (27c)	450,000	-
Less: Claims outstanding at the beginning of the year (27d)	30,333,780	33,216,869
Less: IBNR Claims at the beginning of the year (27e)	-	2,404,359
Total Gross Claims Expenses	124,989,407	134,834,226
Less: Claims Ceded to Reinsurers (27f)	48,139,857	63,875,479
Net claim paid	76,849,550	70,958,747

27a. Claims Paid (including advance)

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Fire	15,172,888	16,894,024
Marine	84,274	865,129
Motor	67,494,192	63,258,095
Misc.	32,315,816	59,104,425
Total Claims Paid	115,067,171	140,121,673

27b. Outstanding Claims for the Year

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Fire	13,919,334	9,536,035
Marine	-	-
Motor	22,345,405	13,860,117
Misc.	3,541,277	6,937,629
Total	39,806,016	30,333,780

27c. Outstanding IBNR Claims for the Year

	31st. December 2025	31st. December 2024
Fire	-	-
Marine	-	-
Motor	400,000	-
Misc.	50,000	-
Total	450,000	-

27d. Outstanding Claims at the beginning of the Year

	31st. December 2025	31st. December 2024
Fire	9,536,035	8,109,579
Marine	-	294,300
Motor	13,860,117	20,311,395
Misc.	6,937,629	4,501,595
Total	30,333,780	33,216,869

27e. Outstanding IBNR Claims at the beginning of the Year

	31st. December 2025	31st. December 2024
Fire	-	-
Marine	-	-
Motor	-	2,404,359
Misc.	-	-
Total	-	2,404,359

27f. Claims on Reinsurance Ceded

	31st. December 2025	31st. December 2024
Fire	3,538,099	16,661,849
Marine	9,586	2,268,843
Motor	20,914,363	16,729,190
Misc.	23,677,809	28,215,597
Total on Claims on Reinsurance Ceded	48,139,857	63,875,479

28 Other Operating & Administrative Expenses***in Bhutanese Ngultrum***

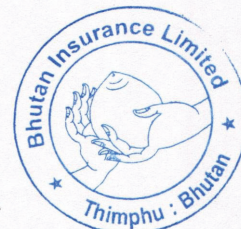
	31st. December 2025	31st. December 2024
Operating Expenditure-General Insurance Department (28a)	80,499,821	71,584,699
Operating Expenditure-Finance & Investment Department(28b)	38,189,117	33,955,453
Employee Staff loan cost 28b(ii)	249,406	881,536
Operating Expenditure-PF/GF(New Fund) (28c)	31,913,442	27,317,154
Total	150,851,786	133,738,842

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

	31st. December 2025	31st. December 2024
Employees remuneration and welfare benefit	57,480,882	53,728,794
Communication expenses	3,849,101	3,670,021
Training & conference expenses	4,531,522	3,056,881
Rental charges	3,857,109	3,163,781
Repairs & Maintenance	383,786	840,828
Printing and stationary	991,565	911,874
Legal and Professional Charges	4,505,037	2,291,143
Advertisement and business promotion	2,737,615	2,617,383
Other Misc. expenses	2,163,205	1,303,995
Total Operating & Administrative Expenses	80,499,821	71,584,699

Expenses Allocation

	31st. December 2025	31st. December 2024
Fire Insurance	42,764,055	25,562,161
Marine Insurance	2,158,158	1,295,024
Motor Insurance	19,839,030	13,597,976
Miscellaneous Insurance	15,738,578	31,129,538
Total	80,499,821	71,584,699



28b. Operating Expenditure-Finance & Investment Department

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Employees remuneration and welfare benefit	27,590,941	24,974,642
Communication expenses	1,772,726	1,888,923
Training & conference expenses	2,098,635	1,402,893
Rental charges	1,926,555	1,583,891
Repairs & Maintenance	185,333	417,040
Printing & Stationary expenses	495,783	455,937
Legal and Professional Charges	1,842,679	1,513,833
Advertisement and business promotion	1,282,101	1,209,650
Other Misc. expenses	994,365	506,719
Loan writtenoff expenses	-	1,925
Total	38,189,117	33,955,453

28b(ii) Employee staff loan cost

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Amortization Cost of Staff Loan	249,406	881,536
Total	249,406	881,536

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

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Employees remuneration and welfare benefit	21,671,603	19,025,383
Communication expenses	1,507,625	1,599,457
Training expenses	2,088,085	1,320,328
Rental charges	1,928,555	1,581,891
Repairs & Maintainance	185,333	417,040
Printing and stationary	495,783	455,937
Legal and Professional Charges	1,800,929	1,160,272
Advertisement and publicity	1,282,101	1,209,650
Other Misc. expenses	953,429	547,197
Total	31,913,442	27,317,154



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

29A Deferred Tax (Comprehensive Income)

in Bhutanese Ngultrum

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Gratuity	131,300	91,245
Amortization Cost of Staff Loan	62,352	220,384
Leave Encashment	(581,712)	-
Surplus on Investment Revaluation	7,374,640	4,320,019
Total	6,986,579	4,631,648

29B Deferred Tax (Comprehensive Income)

in Bhutanese Ngultrum

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Remeasurement (Gain)/Loss on Gratuity Valuation	1,000,092	-
Remeasurement (Gain)/Loss on Leave Valuation	365,301	245,728
Total	1,365,392	245,728

30 Prior Period Adjustment

in Bhutanese Ngultrum

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Differential Tax and Penalty	-	39,583
Total	-	39,583

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

in Bhutanese Ngultrum

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Differential tax & Penalty	-	39,583
Total	-	39,583

31 Deferred Tax (Other Comprehensive Income)

in Bhutanese Ngultrum

	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Remeasurement Gain/Loss on Actuarial Valuation	1,365,392	245,728
Total	1,365,392	245,728

32 Earnings Per Share

(i). Comprehensive Income

in Bhutanese Ngultrum

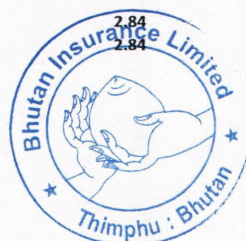
	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Earnings Before Tax	217,388,488	272,322,630
Less:- Income Tax	53,959,061	68,301,041
Less:- Prior period adjustment	-	39,583
Add/(Less):- Deferred Tax	6,986,579	4,631,648
Total Earnings after tax attributable to the Equity Shareholders	170,416,006	208,613,654

Basic Earning Per Share

Diluted Earning Per Share

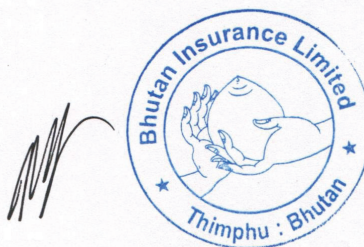
2.84
2.84

3.48
3.48



(ii). Other Comprehensive Income

<u>in Bhutanese Ngultrum</u>	<u>31st. December 2025</u>	<u>31st. December 2024</u>
Earnings after Tax	170,416,006	208,613,654
Add/(Less):- Transfer to CAT reserve	(1,000,000)	-
Add:- Remeasurment gain/loss on defined benefit	(5,461,568)	(982,910)
Add:- Deferred Tax	1,365,392	245,728
Total Earnings after tax attributable to the Equity Shareholders	165,319,830	207,876,472
Basic Earning Per Share	2.76	3.46
Diluted Earning Per Share	2.76	3.46



Performance Ratio			31st. Dec. 2025	31st. Dec. 2024						
A. Earnings Ratio										
1	Gross Premium to Shareholder's fund	$\frac{\text{Gross Premium}}{\text{Average Capital Employed}}$	<table><tr><td>651,297,752</td><td>656,658,280</td></tr><tr><td>1,370,472,518</td><td>1,300,164,318</td></tr><tr><td>47.52%</td><td>50.51%</td></tr></table>	651,297,752	656,658,280	1,370,472,518	1,300,164,318	47.52%	50.51%	
651,297,752	656,658,280									
1,370,472,518	1,300,164,318									
47.52%	50.51%									
2	Premium Growth	$\frac{\text{Gross premium current year} - \text{Gross premium previous year}}{\text{Gross premium previous year}}$	<table><tr><td>-5,360,529</td><td>243,303,748</td></tr><tr><td>656,658,280</td><td>413,354,532</td></tr><tr><td>-0.82%</td><td>58.86%</td></tr></table>	-5,360,529	243,303,748	656,658,280	413,354,532	-0.82%	58.86%	
-5,360,529	243,303,748									
656,658,280	413,354,532									
-0.82%	58.86%									
3	Persistency Ratio	$\frac{\text{Total No. of active policies during the year}}{\text{Total No. of Policies issued during the year}}$	<table><tr><td>34,550</td><td>30,436</td></tr><tr><td>34,705</td><td>30,549</td></tr><tr><td>99.55%</td><td>99.63%</td></tr></table>	34,550	30,436	34,705	30,549	99.55%	99.63%	
34,550	30,436									
34,705	30,549									
99.55%	99.63%									
4	Risk Retention	$\frac{\text{Net Premium}}{\text{Gross premium}}$	<table><tr><td>277,112,962</td><td>212,237,858</td></tr><tr><td>651,297,752</td><td>656,658,280</td></tr><tr><td>42.55%</td><td>32.32%</td></tr></table>	277,112,962	212,237,858	651,297,752	656,658,280	42.55%	32.32%	
277,112,962	212,237,858									
651,297,752	656,658,280									
42.55%	32.32%									
5	Commission to Net Premium	$\frac{\text{Net Commission}}{\text{Net Premium}}$	<table><tr><td>73,016,281</td><td>85,738,664</td></tr><tr><td>277,112,962</td><td>212,237,858</td></tr><tr><td>26.35%</td><td>40.40%</td></tr></table>	73,016,281	85,738,664	277,112,962	212,237,858	26.35%	40.40%	
73,016,281	85,738,664									
277,112,962	212,237,858									
26.35%	40.40%									
6	Management Expenses to Gross premium	$\frac{\text{Management Expenses (Insurance)}}{\text{Gross Premium}}$	<table><tr><td>80,499,821</td><td>71,584,699</td></tr><tr><td>651,297,752</td><td>656,658,280</td></tr><tr><td>12.36%</td><td>10.90%</td></tr></table>	80,499,821	71,584,699	651,297,752	656,658,280	12.36%	10.90%	
80,499,821	71,584,699									
651,297,752	656,658,280									
12.36%	10.90%									
7	Claim Settlement Ratio	$\frac{\text{No. of claims settled during the year}}{\text{No. of claim registered during the year}}$	<table><tr><td>368</td><td>248</td></tr><tr><td>389</td><td>322</td></tr><tr><td>94.60%</td><td>77.02%</td></tr></table>	368	248	389	322	94.60%	77.02%	
368	248									
389	322									
94.60%	77.02%									
8	Loss Ratio	$\frac{\text{Net Claim}}{\text{Earned Premium}}$	<table><tr><td>76,849,550</td><td>70,958,747</td></tr><tr><td>243,382,295</td><td>210,177,436</td></tr><tr><td>31.58%</td><td>33.76%</td></tr></table>	76,849,550	70,958,747	243,382,295	210,177,436	31.58%	33.76%	
76,849,550	70,958,747									
243,382,295	210,177,436									
31.58%	33.76%									
9	Expense Ratio	$\frac{\text{Management expenses} + (\text{Net commission paid} / \text{Earned})}{\text{Earned Premium}}$	<table><tr><td>68,548,586</td><td>64,651,852</td></tr><tr><td>243,382,295</td><td>210,177,436</td></tr><tr><td>28.16%</td><td>30.76%</td></tr></table>	68,548,586	64,651,852	243,382,295	210,177,436	28.16%	30.76%	
68,548,586	64,651,852									
243,382,295	210,177,436									
28.16%	30.76%									
10	Combined Ratio	Loss Ratio + Expense Ratio	<table><tr><td>59.74%</td><td>64.52%</td></tr></table>	59.74%	64.52%					
59.74%	64.52%									
11	Technical Reserve	$\frac{\text{Unexpired risk} + \text{CAT Reserve} + \text{Claims O/s}}{\text{Net Premium}}$	<table><tr><td>167,388,543</td><td>122,735,640</td></tr><tr><td>277,112,962</td><td>212,237,858</td></tr><tr><td>0.604</td><td>0.578</td></tr></table>	167,388,543	122,735,640	277,112,962	212,237,858	0.604	0.578	
167,388,543	122,735,640									
277,112,962	212,237,858									
0.604	0.578									
12	Operating Profit	$\frac{\text{Profit before Tax}}{\text{Net Operating Income}}$	<table><tr><td>217,388,488</td><td>272,322,630</td></tr><tr><td>517,349,563</td><td>544,509,769</td></tr><tr><td>42.02%</td><td>50.01%</td></tr></table>	217,388,488	272,322,630	517,349,563	544,509,769	42.02%	50.01%	
217,388,488	272,322,630									
517,349,563	544,509,769									
42.02%	50.01%									
13	Net Earning Ratio	$\frac{\text{Profit after Tax}}{\text{Net Premium}}$	<table><tr><td>170,416,006</td><td>208,613,654</td></tr><tr><td>517,349,563</td><td>544,509,769</td></tr><tr><td>32.94%</td><td>38.31%</td></tr></table>	170,416,006	208,613,654	517,349,563	544,509,769	32.94%	38.31%	
170,416,006	208,613,654									
517,349,563	544,509,769									
32.94%	38.31%									
14	Return on net worth	$\frac{\text{Profit after Tax}}{\text{Average Net worth (Paid-up Capital with free Reserve)}}$	<table><tr><td>170,416,006</td><td>208,613,654</td></tr><tr><td>1,276,420,994</td><td>1,209,240,215</td></tr><tr><td>13.35%</td><td>17.25%</td></tr></table>	170,416,006	208,613,654	1,276,420,994	1,209,240,215	13.35%	17.25%	
170,416,006	208,613,654									
1,276,420,994	1,209,240,215									
13.35%	17.25%									
15	Book value per share	$\frac{\text{Share Capital} + \text{Free Reserve}}{\text{No. of share outstanding}}$	<table><tr><td>1,276,420,994</td><td>1,209,240,215</td></tr><tr><td>60,000,000</td><td>60,000,000</td></tr><tr><td>21.27</td><td>20.15</td></tr></table>	1,276,420,994	1,209,240,215	60,000,000	60,000,000	21.27	20.15	
1,276,420,994	1,209,240,215									
60,000,000	60,000,000									
21.27	20.15									



16	Earning per share	Profit After Tax No. of share outstanding	170,416,006 60,000,000 2.84	208,613,654 60,000,000 3.48
17	Net-Worth of the Company	Paid-up Capital + Free Reserve	1,276,420,994	1,209,240,215
18	Return of Equity	Profit after Tax Average Capital Employed	170,416,006 1,370,472,518 12.43%	208,613,654 1,300,164,318 16.05%
19	Net-worth to Total Liabilities	Net-worth Total Liabilities	1,276,420,994 4,989,664,344 25.58%	1,209,240,215 4,459,148,097 27.12%
20	Gross NPL Ratio	Total NPL Loan O/s. balance Total Loan O/s. balance	166,643,081 3,975,133,963 4.19%	107,855,384 3,515,329,613 3.07%
21	Net NPL Ratio	Total Net NPL Loan o/s. balance Total Net Loan o/s. balance	37,743,410 3,846,224,891 0.98%	37,349,856 3,444,824,085 1.08%
22	Underwriting Balance Ratio	Underwriting profit/Net Premium FIRE MARINE MOTOR MISC.	46.39% 6.05% 23.82% 12.16%	59.98% 5.78% 35.80% 9.80%

B. Liquidity Ratio

1	Statutory Liquidity Ratio	Liquid Assets Total liabilities excluding capital fund & RMA liabilities	600,601,161 2,854,991,086 21.04%	430,692,723 3,111,364,548 13.84%
2	Quick Ratio	Liquid current Assets Liquid current Liabilities	754,889,357 514,910,412 1.47	651,568,225 440,577,051 1.48
3	Current Ratio	Current Assets Current Liabilities	1,410,347,664 745,279,032 1.89	1,328,984,763 647,263,087 2.05
4	Liquid Assets to Technical Reserve Ratio	Liquid Assets Technical Reserve	600,601,161 167,388,543 358.81%	430,692,723 122,735,640 350.91%

C. Solvency Parameters

1	Capital Adequacy Ratio as per PR	Tier I & Tier II Capital Total Risk weighted Assets	2,057,599,111 4,690,556,048 43.87%	1,366,685,950 4,291,038,998 31.85%
2	Core Capital Ratio	Tier I Capital Total Risk Weighted Assets	1,209,240,215 4,690,556,048 25.78%	1,001,363,743 4,291,038,998 23.34%
3	Leverage Ratio	Tire I Capital Total Exposure excluding specific provision & margin money	1,209,240,215 4,305,800,512 28.08%	1,001,363,743 3,708,809,047 27.00%
4	Operating Leverage Ratio	Net Premium written Total Networth	277,112,962 1,276,420,994 21.71%	212,237,858 1,209,240,215 17.55%
5	Solvency Ratio as per Insurance Regulation	Net Financial Resources Total Risk Requirement	3,133,287,624 829,920,015 377.54%	2,767,907,689 492,763,444 561.71%
6	CAR as per Insurance Regulation	Total Financial Resources Total Risk Requirement	4,526,724,655 748,982,056 604.38%	3,997,423,503 749,865,883 533.09%



Bhutan insurance Limited**Notes to Financial Statements-31st December 2025****33) Segment Analysis**

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

Non-Life Insurance:

The Company deals with fire, marine, motor and misc. insurance.

Finance & Investment:

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, Equity & Term Deposits.

Gratuity Fund Management:

The Company manages the Gratuity fund of various private corporates domiciled in Bhutan.

Private Provident Fund Management:

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

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 Board Audit Committee and Board Risk Committee are 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 the development of the risk management framework as well as its views on the quality of risk management and compliance.

The Board committees of the Company is responsible for monitoring and implementing 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).

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



Bhutan Insurance Limited**Notes to Financial Statements-31st December 2025**

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 is 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.

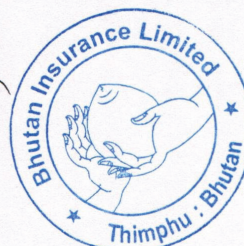
Categories of Risk

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 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.

Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

Market Risk:

Market Risk is 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



Bhutan Insurance Limited**Notes to Financial Statements-31st December 2025**

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.

35. Statement showing details of Maturity Analysis

Liabilities (in Bhutanese Ngultrum)	Within 12 Months	More than 12 Months	Total
Borrowed Funds	2,176,548	2,354,856,570	2,357,033,118
Insurance Contract Liabilities	45,268,631	-	45,268,631
Reinsurance Contract Liabilities	71,330,451	-	71,330,451
Total Potential future payment for financial obligations	118,775,630	2,354,856,570	2,473,632,200

Assets (in Bhutanese Ngultrum)	Within 12 Months	More than 12 Months	Total
Cash & Cash Equivalents	280,601,161	-	280,601,161
Loan & Advances to customers	645,295,680	3,329,838,282	3,975,133,963
Investment held till Maturity	320,000,000	-	320,000,000
Private Bond	-	5,000,000	5,000,000
Equity Investment	-	68,147,967	68,147,967
Insurance Receivable	23,584,419	-	23,584,419
Total Potential future receipts from financial assets	1,269,485,770	3,402,986,249	4,672,472,019



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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 specifies the following techniques for the 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 price 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 Liabilities with Fair Value Hierarchy as at 31st December 2025

Financial Assets & Liabilities at fair value	Level 1	Level 2	Level 3	Amortized Cost	Total
Financial Assets at FVTPL					
✓ Investments	-	-	-	-	-
Financial Assets at OCI					
✓ Investments	-	-	68,147,967	-	68,147,967
Financial assets at Amortized cost					
✓ Cash & Cash equivalents	-	-	-	280,601,161	280,601,161
✓ Loans	-	-	-	3,975,133,963	3,975,133,963
✓ Investments	-	-	-	320,000,000	320,000,000
✓ Private Bond	-	-	-	5,000,000	5,000,000
✓ Other Financial Assets	-	-	-	23,584,419	23,584,419
Total Financial Assets	-	-	68,147,967	4,599,324,053	4,667,472,020
Financial Liabilities at Amortized cost					
✓ Subordinate Term Debts	-	-	-	500,000,000	500,000,000
✓ Borrowed Fund	-	-	-	2,357,033,118	2,357,033,118
✓ Other Financial liabilities	-	-	-	116,599,082	116,599,082
Total Financial Liabilities	-	-	-	2,973,632,200	2,973,632,200



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

Fair Value of Financial Assets and Liabilities with Fair Value Hierarchy as at 31st December 2024

Financial Assets & Liabilities at fair value	Level 1	Level 2	Level 3	Amortized Cost	Total
Financial Assets at FVTPL ✓ Investments	-	-	-	-	-
Financial Assets at OCI ✓ Investments	-	-	104,023,501	-	104,023,501
Financial assets at Amortized cost ✓ Cash & Cash equivalents	-	-	-	260,692,723	260,692,723
✓ Loans	-	-	-	3,515,329,678	3,515,329,678
✓ Investments	-	-	-	175,000,000	175,000,000
✓ Other Financial Assets	-	-	-	101,411,084	101,411,084
Total Financial Assets	-	-	101,023,501	4,052,433,485	4,153,456,986
Financial Liabilities at Amortized cost ✓ Subordinate Term Debts	-	-	-	-	-
✓ Borrowed Fund	-	-	-	2,462,276,681	2,462,276,681
✓ Other Financial liabilities	-	-	-	132,216,222	132,216,222
Total Financial Liabilities	-	-	-	2,594,492,903	2,594,492,903

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 2024 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 sufficiently to keep the confidence of stakeholders and to secure the future development of the Company. The Royal Monetary Authority establishes and monitors capital adequacy limits for the Company. The Company performs medium and long-term planning of growth in the asset side considering sufficiency of capital. When necessary, the Company develops and implements measures to increase its capital base. To ensure compliance with the Capital adequacy ratios in the short run, the Company monitors use of capital by business segments. Responsibility for approval procedures and monitoring of the Capital use is with the management of the Company.




Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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, 2024.
- Its risk weighted assets for operational risk calculated in accordance with the requirements of the Prudential Regulations, 2024.
- The entity at all times shall maintain a Core Capital Ratio of not less than 5% Percent. The Core Capital 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, 2024.

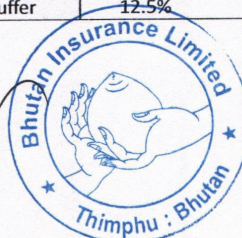
The Capital Conservation Buffer must be met by Tier 1 Capital.

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%



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Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

The position of Capital as on 31.12.2025:

in Bhutanese Ngultrum	2025	2024
Tier 1 Capital		
Paid up Share Capital	600,000,000	600,000,000
General Reserve	465,111,941	423,781,984
Retained Earnings	211,309,053	185,458,231
Non-Controlling Interest	-	-
	<u>1,276,420,994</u>	<u>1,209,240,215</u>
Tier 2 Capital		
Foreign Exchange Fluctuation Reserve	-	-
Investment Revaluation Reserve	16,004,319	51,879,854
Fixed Assets Revaluation Reserve	31,299,491	25,492,286
CAT Reserve	15,803,938	14,803,938
Construction Reserve	50,000,000	50,000,000
	<u>113,107,748</u>	<u>142,176,078</u>
Total (Tier 1 + Tier 2)	<u>1,389,528,742</u>	<u>1,351,416,293</u>

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

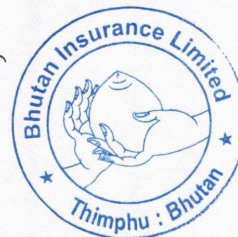
38. Contingencies and Commitments

Credit Related Commitments: The Primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial Guarantees represent irrevocable assurances that the Company will make payments if a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Outstanding credit-related commitments guarantees were as follows:

<u>in Bhutanese Ngultrum</u>	2025	2024
Financial Guarantees	276,633,465	146,207,229
Import Letters of Credit	-	-
Export Letters of Credit	-	-
Total Credit Related Commitments	<u>276,633,465</u>	<u>146,207,229</u>
Charged Off Loan Amount (Off Balance Sheet)	<u>197,135,145</u>	<u>126,818,431</u>
Total Credit Related Commitments and Performance Guarantees	<u>473,768,611</u>	<u>273,025,659</u>



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Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

Assets pledged and restricted:

The Company had the following assets pledged as collateral:

in Bhutanese Ngultrum

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	-

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

Charge-Off means it is a removal of Non-Performing Loans with overdue days of 365 days and more from the books of the company by adjusting it off against the provisions (specific provisions) kept. The charge-off of NPLs does not mean forgiveness of loan obligations by the lender and the lender shall continue to recover these loans until the right to recover is decided to be waived-off by the board or as declared by the court.

Details of Charged-Off Loan Amount as on 31.12.2025 is as follows:

Charged-Off Loan Amount is Nu. 197,135,145 (Previous Year is Nu. 126,818,431)

39. Related Party Transactions

For the purpose of these financial statement 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 Disclosure". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.



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Bhutan Insurance Limited**Notes to Financial Statements-31st December 2025**

The outstanding balance as at end of the year and income and expenses items as well as other transactions for the year with related parties were as follows:

Parties	Nature of Relationship	Nature of Transaction	Outstanding amount as at 31/12/2025	Outstanding amount as at 31/12/2024
Mr. Karma Lotey	Chairman	Commercial establishment loan	-	398,193.88
Mr. Karma Lotey	Chairman	Housing loan	-	2,518,208.12
Mr. Karma Lotey	Chairman	Housing loan (FEIF Account)	361,461.00	439,402.00
Mr. Kalayan Humagai	Director	Personal loan	443,278.57	480,891.76
Mr. Tashi Dorji Rinchen	Director	Nil	-	-
Mr. Jigme Ugyen Gyamtsho	Director	Nil	-	-
Kutshab Kinzang Dorji	Director	Nil	-	-
Mr. Sangay Wangdi	Director	Nil	-	-
Ms. Karma C Thinley	Director	Nil	-	-
Mr. Damdi Dorji	CEO/Executive Director	Staff personal loan & Personal guarantee	990,652.18	717,747.85
Total			1,795,391.75	4,554,443.61

The Key Management of the Company represents members of the Board of Directors and the Executive Board of the Company.

The Key Management Compensation expenses for the year are as follows:

Compensation paid to CEO	31 st December 2025	31 st December 2024
1. Salary, allowance, LTC & Leave encashment	4,271,502.72	3,195,000.00
2. PF contribution	454,446.72	242,666.00
3. Performance Based Incentive (PBI)	247,520.00	519,999.00
4. Sitting Fees	90,000.00	105,000.00
Total	5,063,469.44	4,062,665.00
Compensation paid to other Directors		
1. Sitting Fees	1,205,000.00	695,000.00
Total	6,268,469.44	4,757,665.00

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 Subordinate Term debt (bond Series-I) of Nu.500,000,000 at a coupon rate of 8.5% per annum during the year for the term of 10 years which is redeemable in year 2035.




Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

42. The Company has the following Rental Liability payable:

6 months	4,034,899.74
12 months	8,069,799.48
18 months	12,104,699.22
24 months	16,139,598.96

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.

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 2020-30th June 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.



Bhutan Insurance Limited**Notes to Financial Statements-31st December 2025**

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 one year.

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 by creating Fixed Equated Installment facility.

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) 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.



Bhutan Insurance Limited
Notes to Financial Statements-31st December 2025

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 ended on June 30, 2024, the FSPs shall open FIEF accounts for the transfer of accumulated interest and commencement of repayment.

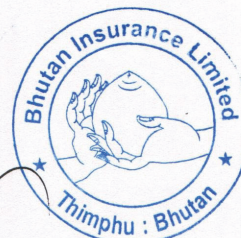
f) Since FIEF account is created out of the accumulated interest during the deferment period, the FSPs shall not charge interest in this facility.

v) Phase 5 (July 2024-June 2025):

The Loan deferment measures shall come into effect from **1st July 2024**.

FIs are required to comply with the following conditions while extending loan deferment (full or partial):

- a) All loans that are deferred as of 30th June 2024 are eligible to apply for further deferment except for Share Loans and Housing/ Home Loans.
- b) Housing/Home Loans shall be allowed to extend the tenure of their loans by a further period of 10 years, over and above the current maximum tenure of 30 years. This extended tenure shall be exclusive of the deferred period.
- c) Subject to assessment, all currently deferred loans shall be further eligible for deferment for a period between one (1) and twelve (12) months from July 1, 2024. No further deferments shall be allowed after June 30, 2025.
- d) The deferment facility may be extended either by allowing partial payments (partial payment of either interest or principal) to loans, or by splitting of the existing loans based on affordability to repay. Split loans shall have the same general terms as the loan sanctioned previously.
- e) No FEIF facility shall be made available for loans deferred after July 1, 2024. The borrower is expected to either clear all the interest accrued post June 2024, or capitalize the interest portion to the principal, before starting the repayment of EMLs on completion of the deferment period.



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Notes to Financial Statements-31st December 2025

vi) Phase 6 (July 2025 onwards)

The loan deferment support measures came into effect from 1 July 2025 in the form of loan restructuring facilities vide RMA directive letter No. RMA/DFRS/34/2024-2025/5178 dated 6 June 2025. Financial Institutions (FIs) were directed to facilitate loan clients whose loans were under deferment through the following seven restructuring facilities:

- a) Interest-only payment facility (allowed for a maximum period of two years)
- b) Payment moratorium (allowed for a maximum period of two years)
- c) Capitalization of interest
- d) Extension of maturity term
- e) Enhancement of credit facility
- f) Loan splitting
- g) Conversion of overdraft loans into term loans

In addition to the above facilities directed by the RMA, BIL introduced three additional facilities with the approval of the Board of Directors during the 74th Board Meeting held on 28 August 2025, as specified below:

- a) Conversion of business loans into personal loans for non-operational businesses
- b) 50% interest waiver upon full liquidation of the loan and 30% interest waiver upon payment of 50% of the total outstanding amount for transport and non-operational business loans
- c) One-time bulk repayment with interest deferral

A total of 39 loan accounts amounting to Nu. 319.93 million were restructured under the above-mentioned restructuring measures.

44. The audit fees and expenses are as follows:

Particulars	2025	2024
a. Audit fees	185,000	95,000
b. Audit Expenses	145,000	145,000

45. Interest accrued but not realized on deferred loan accounts during the year, amounting to Nu. 29.44 million, was transferred to the Accrued but Unearned Interest Reserve (AUIR) account for deferred loans. Similarly, interest accrued on the FEIF loan account amounting to Nu. 35.12 million, net of the fair valuation adjustment, was also transferred to the AUIR account for FEIF loans in accordance with the Royal Monetary Authority directive letter No. RMA/DFRS/34/2025-26/4832 dated 8 April 2026.

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

