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Bhutan Insurance Limited

Providing Sourcey (andding Confidence

tour insurer of

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



Abridged Prospectus

Bhutan Insurance Limited

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1. General Information

Intormation	Lat I mited
Name	Bhutan Insurance Limited
Registered Office	Above Memorial Chorten, Thimphu
Name & Address of Auditors	Mookherjee Biswas & Pathak, Kolkata
Bankers	BOBL, BNBL, DPNBL, BDBL and T bank
Paid up Capital	600,000,000.00
֡	Name Registered Office Name & Address of Auditors Bankers

2. Bhutan Insurance limited hereby issues Corporate Bond with the following terms and

ondition	s:	1 77700206
1.	Name and contact number)Underwriter/Broker	BOB securities and Contact Number 77789206
2.	Tenure	10years
3.	Face value per unit	Nu. 1,000
4.	Total number of units offered	500,000
5.	Total Value of Bond	Nu. 500,000,000.00
6.	Minimum bid size	The minimum subscription shall be 1,000 scripts for institutions and 10 for private individuals.
7.	Mode of payment	Cash/Cheque/Draft/Others
8.	Coupon rate	8.5% Per annum from the date of allotment
9.	Listing	The Bonds will be listed with RSEB within 15 working days from the date of the allotment.
10.	Opening date	01/08/2025
11.	Closing date	15/08/2025
12.	Allotment date	18/08/2025
13.	Tax	Applicable as per rule of the income tax act of the Kingdom of Bhutan

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Utilization of the fund

The subordinated debt is issued to enhance capital fund as prescribed by the Royal Monetary Authority of Bhutan and meet regulatory capital requirements prescribed therein by the RMA.

The primary objectives of issuing subordinated term debt are to strengthen the company's capital base, enhance its operational capacity, and position it for sustainable growth across its general insurance and investment. This infusion of capital aims to strengthen our financial resilience, enabling us to underwrite larger insurance policies, and expand investment opportunities. Additionally, the issuance seeks to improve our standing with reinsurers, securing more favourable treaty terms such as increase commissions and broader coverage, thereby optimizing risk management and profitability in the general insurance segment. The funds will also facilitate strategic investments in high-return opportunities, driving innovation and market competitiveness across all lines of business.

4. Risk factor

Prospective investors are urged to thoroughly review all details contained within this prospectus, including the risks outlined below, prior to making an investment in the bonds. Investors are encouraged to independently evaluate and analyze prevailing market conditions before committing to this security. The following enumerate key risks that should be carefully considered by potential investors before finalizing their investment decision:

A. Credit Risk

This pertains to the potential for non-payment or delayed repayment of loans by borrowers, stemming from inadequate cash flow management on their part. Bhutan Insurance Limited (BIL) mitigates this risk through structured financing arrangements, a diversified loan portfolio, and adherence to rigorous risk-based credit assessment procedures and policies.

B. Operational Risk

Operational risk arises from the possibility of disruptions in BIL's extensive daily operations. To address this. BIL maintains robust policies and employs a competent management team and committees tasked with regularly refining processes and ensuring effective oversight. Advanced systems are also implemented to adapt to evolving operational demands.

C. Interest Rate Risk

This risk emerges from fluctuations in interest rates that could affect the future cash flows or fair value of financial instruments. BIL manages this exposure through a disciplined approach of daily monitoring of its financial positions, complemented by strategic measures designed to maintain these positions within conservative and prudent limits.

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D. Market Risk.

Market risk reflects the potential decline in the value of BIL's investments in third-party entities, influenced by factors such as falling share prices, interest rate changes, equity price volatility, or foreign exchange movements. BIL addresses this by limiting exposure to such investments, periodically restructuring its investment portfolio, and adjusting interest rates as necessary to safeguard against adverse market shifts.

5. Redemption Terms:

The bonds shall mature and be redeemed at their face value on the expiry of 10 years from the date of allotment. The bonds carry a lock-in period of 5 years during which early redemption by the issuer or bondholders is not permitted.

After the lock-in period, either the issuer or the investors may opt for early redemption subject to regulatory approvals and mutual consent. In the event of early redemption by either party, a penalty of 2.5% per annum on the principal amount of the bond shall be payable for the entire tenure of the bond.

Redemption payments, including the principal and any applicable penalty, will be made via bank transfer to the registered bondholders' accounts.

6. Private Placement

The Bhutan Insurance Limited will place Nu.500 million of subordinated debt through public offering. If the offering is undersubscribed, BIL may place the remaining securities through private placement.

7. Conditions for premature redemption:

In the event of premature redemption of the subordinated debt, the investors shall be liable to pay a penalty of 2.5% per annum on the principal amount on the bond, for the entire period of the bond tenure and the same conditions to be applied to the issuer in case of premature redemption.

8. Eligibility

The following categories of investors may apply for the Subordinated Term Debt:

- Companies/ Institutions registered within the country
- Individuals holding Bhutanese Citizenship
- · Trusts, Association, and societies registered under the applicable laws in Bhutan

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9. Financial Highlights

Financial ratios based on audited annual reports for the preceding three financial years:

Particulars	2024	2023	2022
Earnings before Interest & Tax	433 million	475 million	493 million
Net Profit Margin	37.56%	48.37%	56.54%
Debt to Equity Ratio	2.30	2.28	2.42
Gearing Ratio	1.82	1.74	1.89
Debt Service Coverage Ratio	9.72	NA	NA

10. Financial statement for the last three years (Audited)

Bhutan Insurance l	imited		
Statement of Comprehensive Income fo	r last three	years(Au	dited)
Figures in Milli			
Particular	2024	2023	2022
Net Earned Premium	210	212	184
Finance Income	12	11	7
Net Fees & Commission Income	85	47	32
Net Interest Income on Loans & Advances	174	178	162
Other Operating Income	60	61	53
Total Operating Income	544	512	440
Net Claims Expenses	(71)	(76)	(60)
Other Operating & Administrative Expenses	(134)	(110)	(90)
Depreciation	(10)	(8)	(7)
Amortization	(1)	(1)	(1)
Provision against loan	(58)	13	86
Total Operating Expense	(273)	(180)	(69)
	- 1	-	-
Profit Before Tax	272	333	371
Income Tax	68	83	93
Deferred Tax	-	1	1
Prior period adjustment	-	2	31
Profit After Tax	204	247	249

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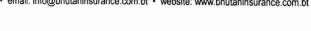
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Bhutan Insurance limited Statement of Financial Position for last three years (Audited) Figures in Million

	2024	2023	2022
Particulars	2024	2023	2022
Current Assets	260	204	261
Cash and cash equivalents	667	622	527
Loans & Advances	170	235	175
Investment Held Till Maturity	101	47	101
Insurance Receivable	9	9	6
Deferred Tax Assets		121	103
Other Assets	119	1,239	1,174
Total Current Assets	1,328	1,239	1,174
Non Current Assets	2 6 4 7	2,596	2,151
Loans & Advances	2,847	5	-,
Investment Held Till Maturity	5	90	88
Equity Investment-FVOCI	104		146
Property, Plant and Equipment	170	166	140
Intangible Assets	3		2 296
Total Non current Assets	3,130	2,858	2,386
TOTAL ASSETS	4,459	4,098	3,561
		-	
Current Liabilities		- 20	37
Insurance Contract	56	39	
Reinsurance Contract	75		
Subordinate Term Debt		120	
Borrowed Funds	1	2	1
Employee Benefit Obligation	20	19	16
Deferred Tax Liability	8	13	10
Tax Payable	68	83	93
Provisions & Contingencies	198	188	202
Other Liabilities	217	210	197
Total Current Liabilities	647	676	558
Non Current Liabilities	-		
Subordinate Term Debt			120
Borrowed Funds	2,460	2,173	1,841
Total Non current Liabilities	2,460	2,173	1,961
	-	-	-
Total Liabilities	3,107	2,849	2,520
EQUITY & RESERVES	-		-
Share Capital-Paid up	600	600	300
General Reserve	423	371	310
Retained earnings	185	205	380
CAT Reserve	14	14	13
Equity Investment Revaluation Reserve	51	37	-
Fixed Assets Revaluation Reserve	25	18	-
Corporate office construction Reserve	50	-	-
Investment Revaluation Reserve	-	-	36
Net assets attributable to the Company's owners	1,351	1,248	1,041
Total Equity	1,351	1,248	1,041
TOTAL EQUITY & LIABILITIES	4,459	4,098	3,561

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11. Financial statement Projected for next three years (forecast)

Bhutan Insurance limited Statement of Financial Position projected for next three years(Forecast) Figures in Million

ASSETS	2025	2026	2027
Current Assets			
Cash and Cash Equivalents	444	348	476
Loans & Advances (Current)	810	900	1,005
Investment Held Till Maturity	175	180	185
Insurance Receivable	109	119	130
Deferred Tax Assets	10	10	10
Other Assets	125	130	134
Total Current Assets	1,675	1,689	1,942
Non-Current Assets			
Loans & Advances (Non-current)	3,245	3,614	4,133
Investment Held Till Maturity	105	105	115
Equity Investment-FVOCI	109	120	179
Property, Plant and Equipment	279	320	369
Intangible Assets	3	3	309
Total Non-Current Assets	3,744	4,163	4,802
TOTAL ASSETS	5,419	5,853	6,745
TO THE HOULTS	3,419	3,633	0,743
LIABILITIES	t		- -
Current Liabilities			
Insurance Contract	60	63	
Reinsurance Contract	67	79	66
Borrowed Funds (Current)	1	2	82
Employee Benefit Obligation	21	22	2
Deferred Tax Liability	8	9	23
Tax Payable	76	92	10
Provisions & Contingencies	245	306	106
Other Liabilities	229	239	400
Total Current Liabilities	712		249
	/12	816	942
Non-Current Liabilities	<u> </u>		
Subordinate Term Debt (incl Bond)	500		<u>-</u>
Borrowed Funds (Non-current)	2,585	500	500
Total Non-Current Liabilities	41444	2,715	3,103
TOTAL LIABILITIES	3,085	3,215	3,603
TOTAL BIRDIETTES		4,031	4,545
EQUITY & RESERVES	ļ		
Share Capital-Paid Up	-	-	-
General Reserve	600	600	600
Retained Earnings	491	573	667
CAT Reserve	387	504	786
Equity Investment Revaluation	15	16	17
Fixed Assets Revaluation	51	51	51
A ANNU CLASSELS REVAILIBITION	25	25	25
Corporate Office Construction		50	50
Corporate Office Construction	50		
Corporate Office Construction Total Equity & Reserves	1,621	1,821	2,199

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Bhutan Insurance limited Statement of Comprehensive Income Projected for next three years(forecast) Figures in Million

Particulars	2025	2026	2027
Net Earned Premium	240	313	358
Net Fees & Commission Income	48	58	71
Net Interest Income	272	321	413
Other Operating Income and Finance Income	96	121	117
Total Operating Income	658	815	960
	-	-	-
Net Claims Expenses	(89)	(109)	(133)
Other Operating & Admin Expenses	(149)	(172)	(197)
Depreciation and Amortization	(11)	(12)	(13)
Provision against loan	(48)	(61)	(94)
Total Operating Expenses	(296)	(352)	(436)
	-	-	-
Operating Profit	363	463	525
Less: Bond Interest (Nu 500M @ 8.5%)	(18)	(43)	(43)
Profit Before Tax	345	421	483
Income Tax (22%)	76	92	106
Profit After Tax	269	328	376

Name of Company secretary: Sonam Wangmo

Contact number: 17456393

Declaration

We hereby declare that we have compiled with the relevant provisions of the Companies Act, the regulations of Royal Securities Exchange of Bhutan, and all prevailing rules and regulations. Furthermore, no statements made in the prospectus contradict the provisions of the Companies Act.

Chief Executive Officer Bhutan Insurance Limited

Thimphu

Date: 01/08/2025



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