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**BDB** | Bhutan Development Bank Limited

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## Annual Strategic Workshop 2020

A six days annual strategic workshop was held on 5<sup>th</sup> December 2020 in BDB training hall chaired by officiating CEO. The workshop was attended by all the general managers, three regional managers and few division heads.

A week long workshop was conducted mainly to discuss and finalize the annual strategic plan and budget for 2021. All the GMs and RMs presented their respective department and region's annual work plan and budget.

One of the important agenda that was brought to light during the workshop was causes and strategies for NPL reduction.

All the members shared their concerns towards

high NPL and with numerous discussions, some of the strategies were prioritized and will be presented to the Board.



# Greetings from the CEO's desk!

On the last day of 2020 let's reflect on His Majesty The King's 113<sup>th</sup> National Day Address to the nation Dzong on December 17, 2020. The solemn address touched on the capabilities, capacities and endearing nature of Bhutanese. These characteristics have served the Bhutanese well in protecting ourselves from the pandemic. During 2020, Bhutanese from all walks of life kept aside our differences and displayed the concern and love for our country by volunteering, cooperating and engaging meaningfully in bringing out the best in us to serve our Country. Our united efforts and resilience continue to serve us well.

I would also like to reiterate the other powerful message which was, a small nation like Bhutan, cannot afford to remain complacent. We need to evolve, create systems and structures with capable citizens that will propel us from a Least Developed Country (LDC) to an advanced economy. The emphasis is on reforming the civil service and the education sector to create agencies and individuals who can compete with the best in the world. More importantly we all need to unite and ensure our beloved country does not fall behind other nations. A small nation's vulnerabilities can be reduced only if we have the economic power and do not have to depend on others.

This is a reminder we all need to seriously review our own structure and systems to reform our bank and prepare to take on bigger responsibilities. We have done well in the past despite numerous constraints. In the short term we will face system challenges in Finacle when the Kidu and deferment is lifted at the end of June 2021. That will be followed with the rising NPLs if the economy does not recover. Compared to other commercial banks we are in a better position as the majority of our lending is towards agriculture. Agriculture should do well if the pandemic continues.

During this year we have made significant progress on many fronts. Starting with capital injection to help us comply with the statutory requirements. We have finally got the first

tranche of USD 7.5 million as subordinated debt from ADB through the Ministry of Finance. This will enhance our Tier two capital and improve our Capital Adequacy Ratio (CR) to over 10%. The remaining USD 7.5 million and additional USD 5 million from ADB will be released to us in the coming years, helping in reducing our financial costs. To secure this concessional loan from ADB we have committed to increase our lending to the Cottage and Small Industries (CSI) sector and group guaranteed lending. This is slowly steering us back to our social mandate in line with the Charter.

We were blessed with kidu interest repayment during the year which helped improve our bank's liquidity to continue providing loans to those in need. The Royal intervention was fully supported by our dedicated staff who quietly and unassumingly visited all the nooks and corners of our country, even during the lockdowns, to provide banking services despite the high risks. Your efforts attracted a lot of appreciation from our clients and was truly a highlight of the year. When we were challenged in collecting the loan deferment forms from our huge clientele base, our staff once again showed the tenacity and power not to remain second to the other banks.

Our ICT officials by learning, applying their knowledge and skills, and cooperating with external vendors have helped us keep pace with digital transformation in Bhutan. The ePay version 2, National Common Quick Response (NCQR) code, PCI DSS and ISO certification along with ERP and system upgradation were some of the big projects we initiated. While some projects are completed others are in advanced stage which will help improve the efficiency and quality of our service delivery.

Creation of few divisions have helped in resolving audit and RMA onsite memos and obtaining audit clearances. Including new targets in our Annual Performance Compact have pushed the concerned Departments to achieve the targets. We have achieved the following among many others:

- rectifying interest discrepancies in the

system,

- increasing ePay registration,
- distribution of additional Drinchen Ama Saving boxes,
- training of the regional ICT and Credit Officers who further trained other staffs in the Branch Offices in Finacle, banking and credit operations,
- GCF accreditation - gender and social safe guard policies done
- increase CD and YE banking accounts
- updating KYC and merging CIF
- handing over of CC to NCSIDBL
- installation of new ATMs
- revision of our HR ISR
- introduction of new loan products
- new SOPs and manuals
- providing loans and achieving a steady credit growth
- enrolled our staffs in online CPDP training
- coordinated and conducted in-country relevant training courses
- participated in many ad-hoc meetings regarding the pandemic, prepared NPL reduction strategy for all the FSP

While we were able to achieve a lot, we could not establish new GFO at Umling, shift Nobding Branch Office to Gangtey and undertake major repair works in the head office due to the pandemic. We are hopeful the spill over works will be completed in 2021.

These were some of the achievements for 2020. We are yet to see the 2020 financial performance as our officials are still very busy with the year-end closing. While we are

expected to experience losses this year, we appreciate the effort put in by everyone to minimize the losses. We would also like to thank His Majesty The King for the Kidu interest repayment made on behalf of our clients which has helped us minimize the losses. Let's wait for the final closing to be completed. I am confident we will be able to restore our CAR with the USD 7.5 million subordinated debt from MoF from the ADB loan.

I would like to earnestly request all our colleagues and your family members to collectively say a prayer on the last day of 2020, seeking the blessings from above to have a pandemic and diseases free 2021. Decades of hard work by Government and NGOs have been rendered futile as millions have slipped back into poverty due to the pandemic. May the global economy recover and help millions come out of poverty. May all of us find the strength to cope with the hardship during these trying times.

I would like to request all our colleagues to abide by the COVID safe protocols to protect yourselves and your loved ones. Let's stay healthy and prepare to undertake important tasks in 2021. We have made efforts to improve our capital and with the ADB loan, we will also be getting a USD 1 million worth technical assistance (TA) to review our vision, policies, structure and systems. It is imperative to evolve and respond to the demand of the market while also building our human capital. We need to review our human resources in line with the restructuring of the civil service. This will be an integral part of our 2021 reform.



# BDB Desuups serving in Southern Border Duty (SBD)

It was on 14th October 2020 when De-suups in BDB were informed about joining the southern border duty by the De-suung Headquarter in Thimphu. It was an honorable moment for De-suups from BDB. They went for COVID-19 southern border duty under Samtse Dzongkhag for 50 days including 7 days of quarantine starting from 18th October 2020.

They worked closely under the command and control of the Royal Bhutan Police (RBP), Samtse Dzongkhag. Serving the country in border area can be tough but with full of memories and pride to look back and be proud of being a part of a team in serving the country in a pandemic situation.

Marketing Division was in touch with some of our staff, the events shared were:

*"I have learned in depth about border pillars of Bhutan and India, Chain of command to be followed while on duty, learned about RBP and their responsibilities that includes communication with public and neighboring Indian citizen to protect from crossing the border, respect and value of time, team work among colleague, living style of people living in southern and neighboring country, Interaction with new people and learned new language".*

- Choki Zangpo

*"All throughout the COVID pandemic, from day one till date, His Majesty the King has and has*

*been travelling all across our Country to protect and guide our people during the pandemic, giving us a ray of hope and strength to fight it. We, the Bhutaneese are very lucky to have been born under the guidance and leadership of the 'Wangchuck' Dynasty and firstly it's our responsibility as a Citizen and secondly as a De-suup to safeguard our Nation and to protect our happiness and peace when in need".*

Long Live His Majesty the King.

- Tashi Tshering

*"Throughout all these phase my muse has always been our Supreme Commander, His Majesty the King who was making frequent visit to southern border risking his own life so that his people can be safe back home, so if our King can sacrifice everything for his people why can't I make a small sacrifices and that too just for a short duration, this way I was able to serve my country"*

During our stay at Samtse our only duty was to manning the OP (Observation Post) and do patrolling during night with Police personal. So each and every one of us was vigilant and with the grace of GOD we successfully completed out 7 weeks duty. The experience that I gained from this Southern border duty will be always in my memories"

- Palden

The BDB family would like to express our gratitude towards His Majesty the King and all the front line workers including the De-suups.



## Two new ATMs Inauguration

November 6, 2020 gave the people of Rangjung an option to withdraw cash and transfer fund beyond banking hours. An Automated Teller Machine (ATM) was installed by the Eastern Regional Office in close coordination with Trashigang Branch and Rangjung Field Office.

The installation of ATM was one of the components of Bank's non-financial Annual Compact for Financial Year 2020. This particular activity has been successfully completed with close coordination with Rangjung GFO & Trashigang Branch by the Eastern Region Office. The ATM operation was inaugurated on November 6, 2020.

My colleagues and the local community felt incomplete without the presence of our CEO and other colleagues from Head Office due to the COVID-19 pandemic, nevertheless, the Khempo and monks of Rangjung Dratsang blessed the event with 'lhapsang thruesel'. Suja & desi were served to those who came forward to witness the new machine that started to stand there representing the bank. They were informed about ATM services and encouraged to avail the same if they haven't already.



Installation of the machine at the growing town of Rangjung hasn't just re-emphasized the bank's presence, but at the same time it signifies that BDB gives importance and puts in effort to include more people financially, to provide longer banking hours and to provide an option for people to use machines.

A resident who have been banking with BDB for the last 2 decade, Ap Wangdi expressed his satisfaction that BDB bringing an ATM to his town not just means that the bank has answered the people's needs, but is an indication that their town is developing too. To express their gratitude, some residents presented us with tsogchang, keeping vibrant the traditions of the region.

Establishment of ATM at Rangjung signifies the growth of the Banking services and widespread of the financial inclusivity in distance remote places in the East.

Rangjung GFO has always been one of the busiest GFO. GFO officials were pleased with such noble initiative taken by BDB Management. The GFO officials informed that ATM can positively reduce workloads at GFO and contribute in efficient services.

Region would also like to acknowledge the support rendered by Research Division for conducting exclusive study and identifying Rangjung as the potential location, ICT Department for rendering necessary technical





support, Administration Division for consistent follow-up & guidance, Management Team for invariable support and Branch Management especially Rangjung GFO's officials for making this event successful.

BDB also inaugurated an ATM in Babena, Thimphu on 28<sup>th</sup> November 2020. Babena has total of 400 households and the new ATM will benefit an estimated bankable population of 6,000. It has around 30-40 small retails and restaurants, a Twins Mart, an Olympic office and a playground and few tourists based Hotels.

The chosen location is at Lhaki Yangchak Residency of Thimphu Dzongkhag. It is located near the main road and gives access to both the customers of Samteling and Babena as there were no other ATM around that area.

*Contributed by:  
Region Office,  
East, Trashigang.*



## Training on Data Analysis

A five day training program of two batches were attended by the Head Office staff at Financial Institutions Training Institute (FITI). The first batch of the training was conducted from 19<sup>th</sup> to 23<sup>rd</sup> October and the second batch training was conducted from 16<sup>th</sup> to 20<sup>th</sup> November 2020 with the total of 42 trainees.

The training mainly focused on descriptive data analysis with the aim to familiarize the simplest and easiest techniques of data analysis and

also on the excel knowledge, online techniques like Azure machine learning and online course “Coursera” – A Global online course initiated by Department of Employment and Human Resources in Bhutan where various online courses are available free of cost.

At the end of the training, the trainees after acquiring knowledge from a week program formed teams and delivered presentation to the Management Committee.



# CAPACITY BUILDING TRAINING ON NATIONAL CREDIT GUARANTEE SCHEME ( NCGS) AT PUNAKHA

The National Credit Guarantee Scheme was launched on 5<sup>th</sup> October 2020 with the objective to boost exports, promoting of innovation and technology, import substitution and generating employment. For implementation and its procedures, the Capacity building training on National Credit Guarantee Scheme (NCGS) was conducted at Punakha from 3<sup>rd</sup> December to 5<sup>th</sup> December 2020 for a period of three days. Branch Managers from western and central region and officials from credit department, Head office attended the program. The training was conducted by the NCGS team comprising from RMA and Ministry of Finance. The training focused on the sectors eligible for the NCGS loan scheme and also on the assessments to be done by the participating banks in accordance with the credit policies and internal loan assessment procedures. The NCGS loan application received by the branches was also represented by Branch Managers during the program and a jointly practical assessments was done. The floor was also briefed on the Guarantee coverage which are applicable based on the following conditions:

- i. NCGS shall cover loans up to Nu. 30 million by way of term loan; Debt to Equity Ratio under the NCGS shall be 90:10;



- ii. For start-ups under CSI category, equity requirement shall be exempted;
- iii. The Guarantee shall be limited to debt financing of the project; and
- iv. Large and Medium Industries shall ensure that at least 80% of the employees are Bhutanese.
- v. NCGS aspires all Bhutanese desiring to start a new project or upgrade the existing projects under the category of cottage and small, medium and large industries. The three days training concluded successfully.

*Yangchen Lhamo  
BM, Punakha*

## Fighting the Invisible Battle

In the history, world had fought many dangerous and drastic wars. Numerous countries had used so many sophisticated weapons to safeguard their sovereignty. Many lives were lost; economy were hampered in those historic world wars.

The world now is facing a different invisible evil which has come in the form of a virus termed as corona virus or briefly COVID- 19. All people

around the globe are being affected by this invisible evil and battling with it every single day. Many lives are lost; economy of the world has been paralyzed. Someone had rightly said that without firing a bullet it has taken so many innocent lives. It has brought everything in the world to a pause or in a static state, i.e. many activities of the world were stopped at an instant. This evil virus didn't have any mercy on anyone, it infected everyone such

as rich, poor, world leaders, celebrities; every individual who came in touch with it, has been gulfed by it. Great fear hovered all around the world in fear of getting infected by invisible evil virus.

Not yet a concrete scientific vaccine developed to cure people, who have been infected by this evil virus. People started to die in tens, thousands and in millions. News channels and newspapers were flooded with death and covid19 positive cases report respectively every day. Those who were living were living in trauma. Many lost their beloved ones, eyes were full of tears, hearts were full of sorrows, hospitals and graves were flooded with bodies of sick and dead. As to slow down the spread of evil virus the movement from country to country; within country, within community was stopped and a new rule such as lock down was imposed by many nations. Hence citizens were not allowed to move outside their home.

In the mist of all this chaos caused by the evil invisible virus, our country couldn't escape its wave and was also affected by it. Tourism sector was badly affected due to which many people lost their jobs. Bhutanese overseas worker returned home and lost their jobs and businesses of people were also badly affected. Every point of entry with foreign country was closed to save people from getting infected with virus from foreign people. Whole world was shaken with fear of this invisible evil virus. Every world leader were trying their best to save their subjects.

After every dark night there will be a new sunrise, our beloved king was a sun rise for every Bhutanese in this dark year of pandemic. Like the brightest shining star in the dark sky, our king has shined in our hearts with hope, love and strength. When the world leaders were working from home in this pandemic, our king emerged as a great warrior to lead in the front. Nothing could stop our mighty king, he travelled on foot to the hills, mountains, rivers and no barrier could stop him. Action speaks more than words; action of our caring king clearly depicts how much he loves, cares and worried for individual citizen. Like a caring mother our king cared for every Bhutanese,

He has faced every danger to keep us save at home. He visits border areas several times risking his own life, to make sure that the country and fellow citizen are kept save. Several programs such as Royal kidu and loan deferment were initiated under the wisdom of our great king. Our king has left the entire comfort zone, so that we are being comforted in dark times. Under the wisdom of our supreme commander many desuups are working day and night in various border areas in heavy rain and in scorching sun to make sure that the country is safe from the evil virus. Our king is our precious stone; no leader had ever shown so much love for his citizen like our beloved king.

When there was a sudden lock down in the country on 11<sup>th</sup> August 2020, every individual were locked inside four walls for twenty-one days. There were panic and worries inside every Bhutanese hearts and minds but our king comforted us, even animals were cared during the lockdown. Many front liners such as de-suups, health workers, police personals and forester worked tirelessly to make sure every individual citizen is safe under the guidance of our supreme commander. People were in need of food supplies in which de-suups worked day and night to provide door to door service.

Money was one thing people needed during the lockdown, in which most offices were closed but under the mighty wisdom of our beloved king, RMA was commanded to form task forces in every financial institutes during lockdown. Hence Bhutan Development Bank too formed task forces in various branches. Bhutan development is the only bank in the country which gives more importance to rural people. We do know the fact that most of the people are clustered in rural regions, in which they need to do financial transaction to buy their necessities during the situations like lockdown. Bhutan Development bank had made sure people need not have to travel to bank but made suitable arrangements, so that the bank reaches to people's door. Task forces in various branches had worked so tirelessly to give door to door financial services to people. Even De-suup employee had helped to guard the bank. Every citizen had shown positive



gesture to fight towards the evil virus. Many fellow citizens had cooperated in making donation in citizen giving back initiative. All people have united together to fight for a common cause and tried to help one another.

Battle with the evil virus is not yet over, our supreme commander is still at the front leading us, risking his own life, walking on hills, mountains and crossing rivers to us safe from all dangers. He is our hope, faith and inspiration. He is our light in the darkness, he has taught us to be a good human being. When our super hero, our dear king is doing so much for us, it's our individual responsibility to follow all the protocols which was design for our safety. As our dear king has advised us that, "we do not need a leader to lead us but we need the leadership of the self". Let's lead ourselves to be responsible enough to

follow all the covid19 protocols which was framed for our safety. The Least we can do is, act responsible to show our heartfelt gratitude towards our dear King. "Ask not what country can do for you but ask what you can do for your country". It's our individual duty and responsibilities to do little things with big heart for Tsa Wa Sum. For an instance when many small ants unite together, they can even kill a giant snake. As same as that if we all keep uniting together under the wisdom of our great king, there is no doubt that we cannot win this evil virus and all dark situations. We will be victorious over all the challenges that we are encountering in these dark days of pandemic. Let's keep on working as one team under the wisdom of our loving and caring king.

*Budhi Man Sinchuri  
Teller, TMB*

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# DRINCHEN AMA SAVING



**O**ur branch approached NFE Centre of Rangthaling NFE center to promote Drinchen Ama Saving Account since most of the NFE learners are women. We explained the importance of saving and further stressed out about Drinchen Ama Saving account and its benefits. After explaining thoroughly all of them were attentive and was eager in opening the saving account.

On 24/11/2020 we visited Ranthangling NFE Center and opened 20 accounts, box was distributed to them. They were excited and told us that by opening the drinchen ama account they will inculcate the saving habits and will be able to save the money in the box as and when needed rather than having to carry the burden going to office to deposit little sum of money. The clients were very optimistic that they would able to secure the family by saving the money for the future use.

# Investing Yourself

A young boy aiming to become a great professional footballer will practice daily to develop the skills, stamina, and the team coordination in order for him to one-day play in a world cup match which is every footballer's dream. Similarly, a person who wants to become a writer will study overnight the dictionary to develop the good, exciting vocabularies, scribble anything, and write daily journals, articles, reads a book or two in a week to publish the book one day. From the above-cited examples, whatever they do, they are doing it for themselves from the scratch with consistent hard work, determination and perspiration to create the new and best version of themselves. They are investing in themselves.

Without consistent hard work, it will take time to shape who you would be in future. If you want to live a successful life, you need to work on yourself every day. No improvement will happen automatically if you are not investing yourself. Therefore, the person who you are today remains the same person in future. Investing yourself is self-love and self-respect. It is indeed the most profitable investment you will ever make. If you are not investing in yourself, then you are only wishing the things to happen. Don't wait for the miracles to happen, create your own future.

Investing yourself is engaging in doing meaningful and productive work. Reading is the best investment I suggest as you get to

learn many new topics every day. You can grab your favourite book and read and review. Books are the windows through which you can see the world. Cultivate the habit of reading books. If you are a lazy person, start by reading one page daily, and then you will see the real magic a few days later.

Invest in your creativity. Learn new things daily, consistently to feed your dull brain with innovative ideas, knowledge, and wisdom. Time is one of the most valuable resources we human being waste. Time and tide wait for none. If you utilize properly, you are benefited and vice versa. Time cannot be retrieved, so make the best use of it. Invest in your health. Health is wealth. You can earn/make wealth but you cannot bring back health once it is not taken care well. Exercise daily. At least invest an hour exercising and eat a healthy diet. Likewise, invest in your self-confidence, relationships, finance and invest in your knowledge, talents and skills.

If you think you have not invested in yourself, start investing henceforth. It is never too late. Do it now or never. As mentioned above, Investment in yourself is the best investment you will ever make.



*Sonam Duba  
Credit officer  
Lhamoizingkha*

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## Our Gyenkhu

"If we-the king, government, and people work together like members of one family, we can emerge unscathed from any adversity that we may encounter." - His Majesty the king Jigme Khesar Namgyel Wangchuk.

The corona virus pandemic has currently hit the global whereby the whole world is facing the challenges.

Thousands of people have lost their lives; seeing them dying every day makes us live in pain. The Covid 19 hit the world like a high magnitude earthquake that can destroy everything. However, I am very confident to say that we Bhutanese are truly blessed as our lives is totally saved because of continuous selfless care, sacrifice and concern of our King, Prime Minister and our frontliners.

According to the report of Ministry of Health, Royal Government of Bhutan (11th December 2020) so far 434 COVID-19 cases has been confirmed in Bhutan with no deaths and 395 people recovered which means that the recovery rate of COVID-19 is more than 80%.

Though our country is small in size but smart in making decisions; so many COVID -19 respond programs were implemented which includes Loden-UNDP COVID-19 Response Fund; health emergency team; COVID 19 task force team were deployed in every parts of the country so that we will be in safer side. People were encouraged to start farming for

the self-sufficient purposes, all these efforts were made for us. Therefore, think about our King's hardship that he has gone through to save you and me, remember our leaders and the frontline workers' difficulties to save us. There is a vast difference in what we do and what we say therefore let's all of us say 'No' to any illegal activities and let's never violate any of the COVID-19 protocols as His Majesty the King has rightly quoted "a careless person's mistake will undo all our efforts, it will undo everything we have achieved so far so we must stay alert."

Ganga Devi Ghalley  
Intern

## BDB staff to serve its clients

The nation faced another challenging times as second national lockdown began from 21<sup>st</sup> December 2020. BDB was prepared for the second lockdown from the experience from earlier lock down. The Financial service was carried on daily basis for easier access to our customer.



**Figure 1** Thimphu, HO : Our frontline workers being tested for COVID -19 and ensuring the essential Banking services which was provided uninterruptedly.



**Figure 2** Punakha : By following the Covid protocols, BDB task force staff of Punakha Branch has provided essential banking services to chubu geog clients along with one desuup escort. Clients were very satisfied with the services provided.



**Figure 3** GEDU : BDB Dungna GFO under Gedu Branch provided essential banking services to drukingsa village under Dungna gewog. The staff have undergone RT-PCR test before going into field with the help of desup, medical team and gewog administration



**Figure 4** P/ling : In this challenging times, we understand our customer expectations. BDB phuentsholing staff provided essential banking service at Torsa housing area.





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