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BHUTAN DEVELOPMENT BANK LIMITED
QUARTERLY NEWSLETTER



"Your Development Partner"

Highlights

of the Quarter

July-September
2024

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TRAINING PROGRAM ON FINANCIAL LITERACY TO POTENTIAL BORROWERS AT THE GRASS-ROOTS LEVEL



KEY HIGHLIGHTS OF THE PROGRAM:

No. of participants trained: 4,071

Women participation: 59%

Gewog centers covered: 30

Dzongkhag: 19



Supported under the Asian Development Bank (ADB) Technical Assistance (TA) “Rural Finance Development Project Loan” Milestone 21 – Financial Literacy program to potential borrowers, embarked on conducting the program with a dedicated team from the Bank, spread across (east, west, north, and south) and reach the furthest remote corner of the country. The program transcended across different age, gender, dialects, culture, background and occupation etc.

Personally, I would like to express my deepest gratitude to ADB for giving me the opportunity to be part of the program. The experiences enabled me to take on additional responsibilities, provided a great learning avenue, and gave me a deep sense of satisfaction as it will have a noble impact on the lives of the rural population. Traveling to far-flung places and interacting with the innocent, remote rural populace gave me a paradigm shift in my overall outlook, awakened my sense of duty, and deepened my feelings for the people. I am confident that the program will positively impact the lives of the people, whether personally or in business, by fostering improvement through better and more efficient financial management. This includes improved financial choices, decision-making and management in their day to day lives. That is, Savings plans and goals for meeting emergency fund requirements, future investments, and retirement planning will definitely improve the quality of living and provide security and protection for the people.



The importance of money for living and future security which is only possible through better management of personal finances (needs, wants and vices), profitable investment through proper management, business plan, risk management, book/record keeping, controlling expenses, budgeting, financial planning etc. were well articulated to the audience through lectures, group works, life examples, question and answers sessions, and participant presentation. This would have definitely opened up their insights for meeting the day-to-day challenges of their lives.



The Fin. Lit journey, enriched with valuable experiences and memories, shall remain etched in our minds for times to come!

Agriculture and livestock activities, as important focus sectors alongside other productive sectors, were also highlighted. Information on financial choices, including recent products available, understanding how to develop a business plan, awareness of “do’s” and “don’ts,” and the latest procedures and processes, enabled the Bank to connect with, market to, and sensitize borrowers about the Bank’s businesses and positions. This will enhance the Bank’s business prospects in the near future and improve the quality of its portfolios.



The generous support and instrumental role of ADB in materializing and bringing such a program to the grassroots level were clearly communicated in all centers before the start of the program. On behalf of the Bank, the participants, the team involved in the project, and myself, I would like to once again express our deepest gratitude for all the support provided. The positive impact on individuals will truly cascade to the community and the nation as a whole, thereby contributing to the economic development of the country and furthering gross national happiness. The feedback from participants, such as “much-needed program,” “very relevant to their everyday lives,” “never before attended such programs,” and “possibility to cover all 205 Gewogs of the country?” are indeed gratifying, to say the least



Contributed By:
Ms. Pema Choden
Focal and Trainer for Financial Literacy
ADB Project



BDBL'S REMARKABLE TURNAROUND: FROM MAKING A LOSS TO EARNING PROFIT

Bhutan Development Bank Limited (BDBL) turned around from making a loss of Nu.192.44 million in 2022 to earning a profit of Nu.378.92 million in 2023 which was due to major reforms in the Bank.

The bank faced an increasing number in non-performing Loans (NPLs) accounts and amounts from 2018-2022, resulting in the Royal Monetary Authority (RMA) issuing a loan moratorium for the Bank in 2022.

In 2023, the new Management team led by the new Chief Executive Officer (CEO) implemented new reforms in the Bank, especially in terms of credit policy whereby reducing the NPL from 20.08% to 14.6% and introducing performance-based contracts for the General Managers. The Ministry of Finance (MoF) also appointed new Board members and Board Chairperson.

The RMA gradually lifted the loan moratorium for the Bank and the Bank leveraged on the excess liquidity by generating Nu.307.82 million in investment income. The Bank also reduced costs by halting capital expenditure and streamlining its workforce.

In 2023, BDB and NCSIDBL amalgamated into a single entity with a combined capital of Nu.1.94 billion, it became one of the highly capitalized Bank whereby strengthening the capital base and the pay revision helped the Bank in retaining its employees due to the high attrition rate.

The Bank declared Nu.153.48 million as a dividend for the second time in its entire history in 2023. With the gains, the Bank aims to achieve quality credit growth post-moratorium and overcome manpower issues caused by attrition.

By:- Office of the CEO



BDB AND ASIAN INSTITUTE OF TECHNOLOGY SIGNED MOU AND MOA FOR CAPACITY BUILDING PROGRAMS

On July 15, 2024, Bhutan Development Bank Limited (BDB) and the Asian Institute of Technology (AIT) signed a Memorandum of Understanding (MoU) and a Memorandum of Agreement (MoA) to foster cooperation and enhance capacity building for BDB employees.

Mr. Karma Tshering, Board Chairman, signed the MoU, and Ms. Tshering Om, CEO of BDB, signed the MoA on behalf of BDB with AIT President Prof. Kazuo Yamamoto signed the agreements on behalf of AIT. Dr. Sumana Shrestha, Director of International Affairs at the Office of International and Public Affairs, AIT, attended the signing ceremony and coordinated the partnership.

The MoU aims to enable cooperation between BDB and AIT for capacity-building programs through academic degree programs and short-term training programs for BDB employees. The agreement encompasses the development of capacity-building initiatives, including certificate and professional master's degree programs, short-term training programs, and the execution of joint research projects of mutual interest.

The MoA defines the roles, responsibilities, and coordination mechanisms for BDB employees participating in Master's degree programs at AIT. It supports BDB's capacity-building program plan, enabling employees to earn Master's degrees in various academic disciplines according to AIT's regulations.



The Asian Institute of Technology (AIT), based in Thailand, is a premier international institution of higher education. Established in 1959, AIT was the first of its kind in Asia, created to address the region's increasing demand for advanced education in engineering, science, technology, management, research, and capacity building. AIT's mission is to cultivate highly skilled and dedicated professionals who will lead the sustainable development of the region and facilitate its integration into the global economy.

The partnership between Bhutan Development Bank Limited (BDBL) and the Asian Institute of Technology (AIT) marks a pivotal advancement in the professional and academic development of BDBL employees. This collaboration underscores a strong commitment to capacity building and mutual growth, offering employees access to advanced academic programs and specialized training. Through this initiative, BDBL aims to cultivate a highly skilled workforce capable of driving sustainable development and contributing to the bank's long-term success.



By:- Office of the CEO

BRANCH MID-TERM REVIEW MEETING



The Bhutan Development Bank Limited (BDB) held its Mid-Term Review Meeting from June 22 to June 25, 2024, at the Ariya Hotel in Thimphu, where key stakeholders, including the Board Chairman, CEO, General Managers, and Branch Managers, gathered to assess the Bank's performance and improve operational efficiency. The primary focus of the meeting was the performance assessment of each branch regarding financial status and market position, allowing managers to identify strengths and areas needing improvement. The approach was crucial with evolving market dynamics, requiring branch offices to adapt strategies to explore growth opportunities and differentiate themselves.

The discussions emphasized the importance of staying informed about market trends and customer preferences, as well as monitoring competitor activities to identify opportunities for competitive advantage. Enhancing customer service practices was highlighted as critical, with an emphasis on streamlining processes and regularly gathering customer feedback to align branch activities with the bank's overarching strategy, fostering accountability and a culture of continuous learning.

The CEO's opening remarks set clear expectations for developing actionable strategies throughout the meeting, aimed at achieving significant improvements and ensuring responsiveness to customer needs. The Board Chairman presented a comprehensive overview of the bank's future, focusing on the four pillars of success and the five basic powers of effective leadership and management.

The four pillars of success include income, which refers to the financial resources and revenue streams necessary for sustaining and growing the organization, emphasizing the need for robust revenue to ensure operational stability and support growth initiatives. Customer service was noted as vital for fostering customer loyalty, stating that quality interactions lead to positive word-of-mouth, crucial for long-term success. Rules and regulations, which encompass effective frameworks and policies essential for consistency and compliance, were highlighted, stressing the importance of clear systems in managing risks and streamlining processes. The workforce is a critical asset, stressing the significance of investing in employee development and fostering a positive work environment to empower staff in executing the organization's strategy.

The five basic powers of leadership portrayed were legislative power, which allows leaders to create, modify, and enforce rules, essential for ensuring alignment with strategic objectives. Reward power involves influencing behaviour through incentives, enhancing motivation, and aligning individual efforts with organizational goals. Expert power, held by leaders with specialized knowledge, fosters respect and trust, enhancing the organization's capacity for innovation. Reference power is based on personal relationships that enhance leaders' effectiveness and contribute to a positive organizational culture. Coercive power, while ensuring compliance, should be used cautiously to avoid harming morale.



*Facilitator, Dasho Gembo Dorji,
Legal Chief*



*Word of Wisdom from the
Honourable Board Chairman*

The meeting also addressed several key issues and resolutions, including few such as lengthy documentation, with a targeted resolution by August 15, 2024. Poor underwriting practices with targeted capacity-building program expected to complete by September 30, 2024. The consolidation of branches was necessary by conducting a feasibility study and evaluation by September 30, 2024. Similarly, the current digital payment solutions require improvement with plans to enhance e-Pay services and develop a strategy for digital onboarding by September 30, 2024.

There are also initiatives discussed, such as establishing correspondence banking relationships by September 30, 2024, to address the absence of such critical connections and stabilize the inconsistent SMS notification issue by August 31, 2024.

Overall, the meeting aimed to address these issues and develop strategies that enhance the bank's effectiveness and responsiveness in a dynamic market environment.

In conclusion to the meeting, the Chairman urged our branch offices and leaders to implement the four pillars of success with kindness and compassion, expressing optimism for the future and encouraging collective efforts to make 2024 better than years before.

By:- Office of the CEO

BHUTAN DEVELOPMENT BANK LIMITED (BDB) IS AWARDED THE ISO/IEC 27001:2022 CERTIFICATION BY THE BRITISH STANDARDS INSTITUTION (BSI), INDIA

bsi.  

Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2022

This is to certify that:

Bhutan Development Bank Limited
Corporate Head Office
Post Box: 256
Norzin Lam,
Chubachu
Thimphu, Bhutan
Bhutan

Holds Certificate No: **IS 718711**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2022 for the following scope:

Information Security Management System at Bhutan Development Bank Limited (BDB) applies to Information & Communication Technology, Data Centre, Disaster Recovery, Facility Management, Administration and Human Resource department.
This is in accordance with Statement of Applicability (SOA) Version 1.0 released on 13th September 2023.

For and on behalf of BSI:


Theuns Kotze, Managing Director Assurance - IMETA

Original Registration Date: 2024-05-03
Latest Revision Date: 2024-05-03

Effective Date: 2024-05-03
Expiry Date: 2027-05-02

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An electronic certificate can be authenticated [online](https://www.bsi-global.com/ClientDirectory).
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Further clarifications regarding the scope of this certificate and the applicability of ISO/IEC 27001:2022 requirements may be obtained by consulting the organization.
This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.



The Bhutan Development Bank (BDB) has achieved a significant milestone by being awarded the ISO/IEC 27001:2022 certification by the British Standards Institution (BSI), India, on July 23, 2024. BSI, the UK's national standards body, is globally recognized for developing technical standards and providing certification services.

BDB earned this prestigious certification after undergoing a rigorous evaluation, highlighting its unwavering commitment to enhancing its information security management system since 2019. The official certification date was May 3, 2024.

The milestone, initiated in 2019, underscores BDB's dedication to safeguarding customer information and funds. By achieving this certification, BDB is demonstrating its adherence to international standards and embracing a culture of continuous improvement. This accomplishment reflects BDB's proactive approach to maintaining the highest levels of information security, ensuring the trust and confidence of its customers.

By:- Office of the CEO

HIS EMINENCE THE FIFTH PADTSELLING TRULKU RINPOCHE VISITED THE BHUTAN DEVELOPMENT BANK LIMITED (BDB)

July 29th, 2024



On July 29th, 2024, His Eminence the Fifth Padtselling Trulku Rinpoche visited Bhutan Development Bank (BDB) to open the “Padtshelling Jangchubpelri Sanga Dorji Thek-pi Chhoetshok” current account. The event was not only significant but also auspicious for the institution.



During His Eminence’s visit, Rinpoche bestowed blessings upon the bank and its employees, wishing for their prosperity and the overall betterment of the bank. This visit and the opening of the new account symbolize a deep spiritual connection and a hopeful future for BDB, reinforcing the bank’s commitment to serving its community with integrity and dedication.

The blessings from Rinpoche are seen as a positive omen, encouraging the bank to continue its mission with renewed vigor and purpose.

By:- Office of the CEO

BDB NGANGLAM BRANCH ORGANIZED AN AWARENESS PROGRAM AT NGANGLAM PEKHARCHOLING DRATSHANG

“Save Today, Secure Tomorrow!”

On July 26, 2024, the BDB Nganglam Branch organized a significant awareness event at the Nganglam Pekharcholing Dratshang, which saw a participation of 43 monks. The primary objective of this event was to educate the monks about the various financial services offered by BDB, with a particular focus on savings interest rates and the benefits of saving. Additionally, the program provided detailed information on other facilities available to them.

Throughout the event, the monks were engaged in discussions about the importance of financial planning and how it can aid in their spiritual journey. The bank representatives emphasized how having a secure financial foundation can help the monks concentrate on their spiritual practices without the burden of financial worries.



Contributed By:
Ms. Karma Choden
Banking Assistant
Nganglam Branch

By the end of the event, the Branch had successfully opened 6 regular savings accounts for Lopens aged 18 and above. These accounts are tailored to meet the financial needs of adult monks, ensuring they have access to funds when necessary. Furthermore, 35 minor savings accounts were opened for younger Lopens under the age of 18. These accounts are designed to instill the habit of saving from a young age and to provide financial security for the future.

This initiative by the BDB Nganglam Branch highlights the bank's commitment to supporting the holistic well-being of the monks. By addressing their financial needs, the bank enables the monks to focus more on their spiritual growth and less on financial concerns. This event not only showcased the bank's dedication to its customers but also reinforced its role in the community as a supportive and caring institution.



TRAINING ON “RISK-BASED INTERNAL AUDIT MANUAL, 2024”

On August 19th and 20th, 2024, Internal Auditors and elected officials from the Credit Review Unit (CRU) and the Risk Division participated in training sessions on the “Risk Based Internal Audit Manual, 2024.” This training aimed to enhance their understanding and practical application of the manual. The sessions were facilitated by Dasho Jigme Rinzin from Jigme Audit & Financials Pvt. Ltd., the General Manager (GM) of the Internal Audit Department (IAD), along with other departmental GMs and IAD colleagues.

Day 1: Inauguration and Overview

On 19th August 2024, the Chief Executive Officer (CEO) led the opening ceremony of the training, with an offering of a butter lamp and the recitation of Tashi Tsepa. After offering a butter lamp and ceremonial prayers, the GM, IAD welcomed the CEO, Internal Auditors, and colleagues from the CRU and Risk Division. The CEO delivered an inaugural address, setting the stage for the training sessions.

The training program began with the GM of IAD introducing the mandate and importance of the bank, followed by an introduction to the “Risk-Based Internal Audit Manual, 2024.” Next, the GM of the Finance and Treasury Department shared insights on the financial statement preparation process and methods to analyze statements from an audit perspective. Several officials from the Credit Department presented updates on recent developments, including the credit-scoring model, loan restructuring guidelines from RMA, and new products launched. They also identified areas exposed to risk. The GM of the Banking Department concluded the morning session with a discussion on recent changes within the department, including updates to manuals and new assignments.

The afternoon session featured the Officiating GM of the ICT Department, who shared critical information regarding audit matters such as AMC, contract agreements, licenses, and the Standard Operating Procedures (SOPs) for all servers. The Chief Legal Counsel from the Legal Division then addressed operational prerequisites for litigation and challenges faced during legal proceedings due to incomplete documentation and other lapses. This was followed by the GM of HR/Admin, who discussed new developments within the HR/Admin Department, including the Organization Development Exercise, the PMS rating manual, and revisions to the Internal Service Rule.

The evening session started with a presentation by the Deputy General Manager of the Risk Management Division. The session focused on monitoring risk, detailing the types of risks faced by the organization—such as Environmental, Liquidity, Credit, Operational, and Technological risks—and how to manage these risks using the TARA Model (Transfer, Accept, Reduce, Avoid). The first day wrapped up with the GM of IAD presenting on the Pre-Audit, Audit, and Post-Audit procedures outlined in the newly developed “Risk-Based Internal Audit Manual, 2024”.

Day 2: Practical Training and Closing

On 20th August 2024, the second day of training commenced with Dasho Jigme Rinzin leading a session on audit planning based on risk identification and assessment, and annual resource gap assessment. Dasho Jigme Rinzin elaborated on how to identify and assess risks based on predetermined criteria, noting that these criteria may be adjusted as needed. He also covered the concept of materiality, emphasizing that the level of materiality depends on individual judgment.

The subsequent session featured senior colleagues from IAD, including Ms. Namgay Bidha and Ms. Sonam Choki, who shared their hands-on experience and procedural knowledge. They detailed the pre-audit, audit, and post-audit procedures, including specific procedures to check ATMs, tellers, and vault cash. Furthermore, they shared what to audit and how to audit during normal audits and concluded with the report drafting and observation resolution.

In the afternoon, the GM of IAD took the floor to discuss the preparation of draft and final audit reports based on the newly developed templates, along with a practical session. The GM emphasized the importance of maintaining working files during audits and outlined effective follow-up procedures with auditees.

The training concluded with a closing ceremony honoured by the Chairman of the Board Audit Committee (BAC), along with the CEO, and the management team. The BAC Chairman awarded certificates to all trainees, while the Chairman delivered inspirational and motivational remarks, acknowledging the trainees' efforts and the significance of their new skills.

This training program successfully equipped participants with knowledge and practical skills, reinforcing the bank's commitment to maintaining high standards of internal auditing and risk management.



Contributed By:
Mr. Sangay Dorji
Internal Auditor
Internal Audit Department

Mr. Thukten Dhendup joined our Bhutan Development Bank Limited (BDB) team as the ICT and Digital Banking Division General Manager, effective August 23, 2024. With 14 years of extensive experience in software development, database administration, and talent management, Mr. Thukten brings invaluable expertise to our bank.

Mr. Thukten has held various leadership roles, including Product Lead at Thimphu TechPark Ltd., and has previously worked with Bhutan Telecom Limited and Athang Private Limited. His remarkable contributions in these roles, particularly his award-winning initiatives at Bhutan Telecom Ltd., where he received the 'Best Initiative Award' in 2018, highlight his capability to drive innovation and excellence.



BHUTAN DEVELOPMENT BANK (BDB) WELCOMES

MR. THUKTEN DHENDUP AS GENERAL MANAGER OF ICT AND DIGITAL BANKING DIVISION



With his profound ICT, digital banking, and leadership knowledge, we are confident that Mr. Thukten will significantly enhance our digital transformation journey. We are excited about the future and look forward to advancing our digital banking services under his expert guidance.

*Welcome to the BDB family, Mr. Thukten
Dhendup!*

We are eager to achieve new milestones together.

By:- Office of the CEO

"WHISPERS OF THE SEASONS"

BHUTAN'S FUTURE:

The Role Of Bhutan Development Bank Limited

*In Drukyul's land where peaks touch sky,
We BDBL stands firm, its vision high.
With wisdom deep and heart so true,
It guides the dreams that come to view.
In valleys green and rivers bright,
It fosters growth with gentle might.
Through every loan and every plan,
It fuels the hope for every clan.
With every step in this great quest,
It helps each Bhutanese invest.
A future bright with endless scope,
In every dream, it plants the hope.
So here's to you, the Bank so grand,
In every village, every land.
Your strength and care are shining beams,
In Bhutan's ever-growing dreams.*



Contributed By:
Mr. Tshewang Penjor
Credit Assistant
Mongar Branch

"Bhutan Development Bank is there for you"

REFLECTION OF A TELLER'S HEART

A Journey with BDBL

*In the heart of the bank where numbers dance,
I find my place, a work of chance.
I stand with purpose, a part of
Bigger dream.
The vault holds secrets, both old and new
As I navigate transactions, swift and true
With each deposit and withdrawal made
I stand tall, unswayed by the parade.
Behind every desk, a story unfolds
With diligence and care, each
Transactions a thread
Woven by our hand, where the past and future are wed.
For every account and balance tallied,
Our dedication shines, where loyalty is reiled
With every deposit and loan secure
We build a future, steady and sure.*



Contributed By:
Ms. Dechen Dolkar
Teller
Tsirang Branch

Training on Green Climate Fund



BDB participants with Mr. Rahul Teku Vaswani, International Consultant and Mr. Ugyen Lhendup, National Consultant

The Green Climate Fund (GCF) plays a critical role in combating climate change by providing financial support for large-scale projects focused on reducing greenhouse gas emissions and enhancing resilience. GCF accreditation is essential for entities seeking to access these funds and implement sustainable projects. Initially, my understanding of GCF accreditation was limited to a licensing process for institutions meeting specific environmental standards. However, after attending the training, I realized that the accreditation process involves a structured framework that aligns with global efforts to address climate change. Before the training, I believed GCF accreditation primarily supported entities with climate-smart projects, assuming that institutions with environmental policies or low-carbon initiatives could qualify. Then, my understanding of the criteria was basic, focusing only on corporate social responsibility (CSR) practices and policies. I was also unaware of the technical requirements, such as fiduciary standards and gender policies, as well as the project development process, including proposal submission, funding cycles, and monitoring.

The training significantly expanded my understanding of GCF accreditation. Eligible entities for accreditation can be national or regional entities nominated by National Designated Authorities (NDAs), or international entities such as UN agencies and multilateral development banks. It is not simply about supporting environmentally friendly projects but involves meeting stringent fiduciary, environmental, social, and gender-related criteria. For instance, the Environmental and Social Management System (ESMS) includes 10 performance standards, such as labor conditions and community safety, which the accredited entities must follow. On the other hand, the GCF projects must comply with eight International Finance Corporation (IFC) performance standards, which cover areas such as community health, and biodiversity conservation. These safeguards ensure that GCF-funded projects not only address climate challenges but also mitigate negative social and environmental impacts. We were also shared some of the practical examples with real-world case studies that further clarified on the required steps we should take for drafting successful proposals. With that, I now understand the importance of aligning project goals with GCF investment criteria. Additionally, I have gained skills in stakeholder engagement, a key factor in the success of GCF-funded projects.



Contributed By:
Ms. Pelden Dema
Innovation &
Strategy Officer
IS Unit
Office of CEO

The monitoring and evaluation phase (to-do) after the accreditation process was also touched. Regarding monitoring and evaluation, I learned the importance of developing comprehensive implementation plans with clear targets, performance indicators, and reporting mechanisms. Regular monitoring and evaluation ensure compliance with GCF requirements and help assess project impact.

Though, the duration of the training was short (1 day), especially for participants new to the subject matter, the training met my expectations, offering a deeper understanding of GCF accreditation and project development.



UNDERSTANDING TECHNOLOGY TRENDS AND VENTURE CAPITALIZATION

20th to 28th August, 2024, GCBS

The program "Understanding Technology Trend and Venture Capitalization" was organized by GCBS from August 20th to 28th, 2024. Led by Professor Vincent Yip, the program aimed to enhance the knowledge and skills of Bhutanese leaders and managers in understanding the interplay between technology and economics.

Key topics covered included principles of micro and macroeconomics, high-end technology, innovation strategies, venture creation and venture capital financing, and implications for Bhutanese leaders and managers. The program emphasized the importance of understanding technology trends and venture capital dynamics in fostering innovation and growth in developing ecosystems.

The program highlighted the role of technology trends in shaping the landscape of startups, with a focus on trends like cloud computing, AI, blockchain, and IoT. It also discussed the vital role of venture capital in supporting startups in developing regions and providing funding and mentorship.

The challenges and opportunities associated with understanding technology trends and accessing venture capital in developing ecosystems were also explored. While challenges may include limited access to funding and infrastructure, these ecosystems also present unique opportunities for startups to address local needs and build sustainable businesses.

Contributed By:
Mr. Tashi Tshering
Credit Officer
Credit Department





In a strategic move, effective September 4, 2024, the bank has revised loan interest rates, significantly lowering rates for key sectors while increasing them for high-risk categories.



Unlocking Opportunity: New Loan Interest Rates Unveiled for Strategic Growth!

Effective September 4, 2024, the bank has implemented a new interest rate structure for its loan products, following the 196th Board meeting held on August 28, 2024. This adjustment aims to better align the bank's operational objectives, risk management strategies, and national priorities.

Significant reductions were made in interest rates for cooperative Loans, which saw a sharp decrease from 12.00% to 8.75%, Community Development Loans, which decreased from 15.00% to 11.25% and Home Loans, where rates dropped by up to 1.00%. This strategy reflects the bank's commitment to supporting critical sectors such as housing and community development.

On the other hand, rates for certain high-risk categories were increased, with Contractor Loans rising from 12.20% to 12.75% and manufacturing/industrial Loans increasing from a range of 11.30%–12.30% to a uniform 12.75%. This reflects the bank's focus on managing risks associated with capital-intensive and construction sectors.

While several loans received significant adjustments, key products like Personal Loans, Overdraft Loans, and Working Capital Loans maintained stable rates, ensuring consistency for borrowers in those categories. Overall, these changes illustrate the bank's balanced approach to fostering economic growth while effectively managing risk.

By:- Office of the CEO

ECONOMIC STIMULUS PROGRAMME (ESP) CREDIT LINE 2024

*BDB started
accepting
applications
starting September
2, 2024.*



*82 Applications
received so far!*



The Economic Stimulus Programme (ESP) Credit Line 2024, launched on May 19th, 2024, with a Nu. 15 billion backing from the Government of India, aims to rejuvenate Bhutan's economy following the COVID-19 pandemic. The program integrates fiscal and monetary policies, focusing on key areas such as affordable credit access, price guarantees, value chain management, skilling and training, market creation, and service improvement.

Its main objectives are to enhance domestic production, create employment opportunities, promote self-employment, strengthen foreign currency reserves, and support the development of new businesses.

The ESP provides concessional credit lines and reinvigoration funds to assist entrepreneurial ventures and businesses severely affected by the pandemic. The program's Concessional Credit Line (CCL) is designed to support both new start-ups and the expansion of existing businesses, particularly in sectors outlined by the Financial Institutions Association of Bhutan (FIAB). It includes primary agriculture, livestock, and production and manufacturing industries like cottage, small, and medium-sized enterprises (CSIs). The CCL provides low-cost credit to stimulate business growth, offering loans at reduced interest rates. Applicants must be over 18, hold a valid trade license, and have a clean Credit Information Bureau (CIB) record.

Another significant feature of the ESP is the Reinvigoration Fund (RGF), which provides financial relief to businesses that experienced substantial financial setbacks due to external shocks, such as the pandemic. The RGF supports distressed businesses, especially those with non-performing loans (NPLs), offering a path to recovery. It has two funding options: Modality I offers an interest subsidy of 4% on existing loans for three years, and Modality II grants additional loans with the same interest subsidy for businesses needing further capital.

The ESP covers up to 90% of the proposed investment, with a 4% interest rate applicable for the first three years, after which the Bank's prevailing rates shall apply. Both term loans and Overdraft Working Capital Loans (ODWCL) are available.

Repayment terms vary between loan types. For the Concessional Credit Line, repayment begins after a two-year grace period, while for the Reinvigoration Fund, it depends on the borrower's ability to recover. The government will redeem CCL loans beginning in 2029. However, if an RGF loan becomes non-performing, the borrower is required to repay the subsidized interest.

Overall, the ESP is a crucial initiative aimed at fostering economic recovery in Bhutan, providing much-needed financial support to businesses in distress, and contributing to the country's long-term economic growth.

By:- Office of the CEO

TRAINING ON BASIC CREDIT APPRAISAL TRAINING

The Basic Credit Appraisal Training focused on educating participants on the fundamental concepts and practical applications of credit analysis and loan management. The training covered key areas like understanding the concept of lending, credit appraisal processes, and the 5 Cs approach as an assessment tool for checking creditworthiness.



Market Appraisal looks at the product or service the borrower offers and its demand in the market. Participants were taught how to analyze various market forces using tools like the 4 Ps (Product, Price, Place, Promotion) and Michael Porter's Five Force Analysis.

Technical Appraisal focuses on production processes, determining how the product will be made and estimates production costs. It determines the technical feasibility of the project.

Management Appraisal evaluates the skills and reliability of the entrepreneur and his business management capabilities, considering factors like market perception, financial management, and operational efficiency. It also emphasizes the importance of leadership in business success.

And lastly, the **Financial Appraisal** involves estimating project cost, structuring financing plan, and conduct financial forecast which include key financial ratios such as the Debt Service Coverage Ratio (DSCR) to assess the borrower's ability to repay loans.



The course began with an introduction on credit and lending. Credit was defined as the process of extending resources to a borrower without immediate repayment, and lending emphasizes the recovery of the loan, ensuring the borrower's repayment capabilities. With Credit lending, it led into the core of the training purpose, which is the project appraisal process, a key part of credit evaluation that involves four main components, namely the market, technical, management, and financial appraisal.



The training also covered the Five Cs approach, i. Character, ii. Capacity, iii. Capital, iv. Collateral, and v. Conditions where each element plays a role in determining whether a borrower is creditworthy. That is, the Character assesses the borrower's reputation, while Collateral secures the loan with physical or virtual assets. The Capacity focuses on the borrower's cash flow and ability to service the debt. While Capital of the borrower is looked at for its equity contribution in the applied project and the Condition that we must assess of the economic conditions that are likely to impact the applied project of the borrower.



First Batch

The course also provided the detailed overview on the Loan Origination and Management, highlighting the importance of monitoring and supervision throughout the lifecycle and strategies on recovery processes, ensuring proper utilization of loans, and dealing with non-performing loans (NPLs).

Participants are also trained on using non-fund based appraisal instruments such as bank guarantees and letter of credit that allows bank to act as guarantor or do payments on behalf of borrowers in import and export transactions or during project financing. And lastly, the Risk Management and Loan Restructuring strategies are addressed. The strategy works as a tool for identifying and addressing early warning signs of potential loan defaults and addresses risk management strategies such as loan restructuring and handling of NPLs legally.



Second Batch



In conclusion, the training provided a comprehensive guide to credit appraisal, covering all critical steps in the evaluation and management of loans, from market analysis and screening of customers till loan recovery and closing. The training enables our participants to make informed lending decisions and lending to creditworthy borrowers that minimize risks associated with credit defaults and ensuring financial health of the Bank.

By:- Office of the CEO



"Poetic Reflections"



In the Heart of Bhutan's Fields

*In the heart of Bhutan's rolling plains,
I stand, a steward of hopes and gains,
With BDBL's banner held high,
To uplift dreams that reach the sky.*

*Through rugged trails and valleys deep,
Where rural voices softly speak,
We offer aid with open hands,
To nurture hopes in distant lands.*

*Pride swells when fields turn green,
From loans that spark what once was unseen.
Yet, shadows cast in cases stalled, Where calls
to defaulters go unheard, appalled.*

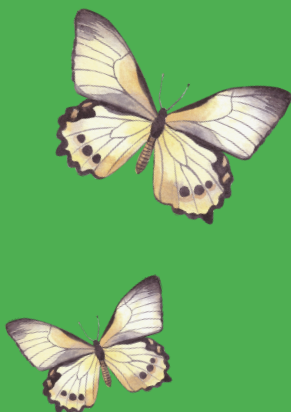
*Though some may jest and doubt our might,
We strive to turn the wrong to right.
With new staff from legal's light,
We face the challenge, bold and bright.*

*Amidst the hustle, kindness blooms,
In Trashigang's embracing rooms.
Support and care, a guiding thread,
In times of need, where hearts are led.*

*Feedback comes, both praise and plea,
For farmers, BDBL is the key.
Yet for giants, doubts do sting,
As apps falter and messages cling.
Still, hope endures with every strive,
Our purpose strong, our spirits alive.
In BDBL's embrace,
I find my place,
To serve with pride and endless grace.*



Contributed By:
Mr. Sonam Yoezar
Credit Assistant
Trashigang Branch



Visit to Kuensel Phodrang

on 28th September 2024 By Management and Team from BDB



BIDDING FAREWELL

On July 31st, 2024, we bid farewell to our two exceptional leaders, Mr. Bhawani Shankar Timsina, General Manager, Internal Audit Department and Mr. Jamba, Deputy Chief Manager.



As we reflect on their remarkable contributions to our bank, we recognize that Mr. Bhawani has been a transformative force throughout his tenure, leading us with vision and dedication since March 19, 1990. His relentless commitment to the smooth operation and functioning of Tsa-Wa-Sum has fostered a culture of collaboration that has inspired us all.



BIDDING FAREWELL



Similarly, Mr. Jhamba has played a vital role in our branch's success since June 21, 1986. His dedication to setting high standards for service and community engagement has greatly influenced our emerging young leaders, leaving a lasting impact across various branch offices.





As they both leave their second home, we extend our heartfelt appreciation for their dedicated service. BDB wishes Mr. Bhawani and Mr. Jhamba, along with their families, good health, prosperity, and success in all their future endeavors.

Thank you, Mr. Bhawani and Mr. Jhamba, for your incredible leadership and guidance. You will be greatly missed!



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